In Focus: Who's Earning What?

CHANNELS

JULY/AUGUST THE BUSINESS OF COMMUNICATIONS 1987

Building the Empire: How Tinker Fits Into Gannett's Master Plan

Gathered in what is to be Grant Tinker's new Culver Studios office are, from left, Tinker, Gannett vice chairman Doug McCorkindale, CEO John Curley and Broadcast division chief Cecil Walker.

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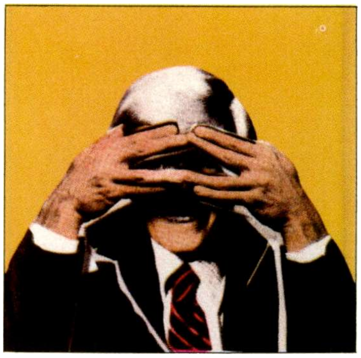
A WITT/THOMAS PRODUCTION

Play it Safe.

CHANNELS
THE BUSINESS OF COMMUNICATIONS
VOL. 7, NO. 7 JULY/AUGUST 1987



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Cover photograph: Bonnie Schiffman

PRESIDENT'S NOTE

The ABC's of Success

As September 1, the day people meters become the principal national ratings tool, draws near, the television community is increasingly concerned with assessing the impact the technology will have on program ratings and advertising revenues. The advent of the new audience-measuring technology and the growing competition between ratings services, while causing temporary uncertainty, can only lead to more accurate and fairer assessments of who is watching what.

The magazine business is not unlike the television business. Advertising success for both is driven by delivering audiences that advertisers want to reach. Also, advertisers in both markets demand independent verification of audience levels and involvement.

For these reasons I am pleased to announce the completion of *Channels'* first circulation audit by the Audit Bureau of Circulations (ABC). ABC audits our circulation records annually to verify both the number and job titles of the industry professionals who receive *Channels*. Results of the audit show that *Channels* reaches over 28,000 leading communications professionals.

While a circulation audit provides advertisers with verification that a publication is reaching the audiences they want to reach, it doesn't demonstrate whether the magazine is being read and how important it is as a source of information. To learn the answers to these and other questions, *Channels* engaged Frank N. Magid Associates, one of the country's leading television and media research companies, to conduct a thorough industry study to determine which magazines are most important. About 450 interviews were conducted with station personnel (general managers, program directors and others), station group executives, advertising-rep firms and program producers.

All of these interviews were done six months after the March 1986 launch of the "new" *Channels*. We were gratified to learn that many of the changes had not gone unrecognized. Most importantly, of the five magazines surveyed (*Channels*, *Broadcasting*, *Electronic Media*, *TV-Radio Age* and *View*), *Channels*, with its new design and editorial focus, finished a solid third (behind the two weeklies) in virtually all categories.

We also used this study to ascertain what business topics were of most interest to our readers. The Magid research showed that marketing and promotion are at the top of that list of concerns. Consequently, over the past couple of months, we have introduced several new features, including, most notably, a marketing and promotion section, called "The Selling Of. . . . "

We plan to continue to conduct these annual industry surveys in order to stay abreast of the rapidly changing television business. As we continue to grow and change, I hope you will let me know what you think of our efforts.

Paul David Schaeffer

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FROM MAKING UP

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LIFETIME IS ESPECIALLY FOR WOMEN.

A unique line-up of original, informative and entertaining programs like *Attitudes* and *The Regis Philbin Show*, are produced and scheduled specifically for her. She powered a 75% ratings gain last year alone!*

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(214) 960-0271

*A.C. Nielsen, Mon.-Sat. 7:30 AM-1 AM, January 1986-January 1987
+NSI November, 1986

TO BREAKING UP

The Dr. Ruth Show
Hosted by Dr. Ruth Westheimer

THE NETWORK FOR WOMEN.

Lifetime
CABLETELEVISION NETWORK SM

ESPECIALLY FOR WOMEN

Hearst/ABC—Viacom Entertainment Services

LETTERS

Simplify, Simplify,

In reference to "VCR Ad Test Results Due" [March *Reports*], can't Columbia Pictures gauge dealer and viewer reaction to VCR ads just by releasing tapes with inserted ad spots instead of investing millions in surveys, research, etc.?

It's true that commercials in movie theaters are already a way of life in Europe and South America. But Columbia and the advertising community should wake up—commercials in movie theaters are also a way of life in the U.S.A.

I'm a supporter of the ad industry, but not when costly research and surveys get in the way of simple initiative. The answer is just to let ad spots *precede* the feature. The viewer then gets a lower price on both rentals and purchases. Maybe it's too simple.

Diane M. Birringer
Milwaukee, Wis.

Golden Touch

Paul Schaeffer's recent President's Note [March] brought to mind your sixth anniversary, and it prompts me to tell you how important your magazine has become to my business reading.

Your profiles of industry personalities, markets and companies are first-rate. Your writers are clear and articulate. Your design is engaging. In short, it's a great book.

Daniel E. Gold
President
Knight-Ridder Broadcasting Inc.
Miami, Fla.

CBS's "Leadership"

The storm over network television news may be blowing itself out, but it has left some effects behind. One of those effects is that a myth long propagated is taking on new life. It has appeared in print and has been repeated time after time on the air without proof and without challenge. This is the myth that CBS was, until Laurence Tisch landed on it, the "undisputed leader" in television news.

The notion of "undisputed leadership" of course helps the story. "How are the mighty fallen!" is always a good angle. But has CBS been the undisputed leader? I spent more than 34 years (ending in January 1984) working for NBC News and competing with CBS, and I do not think so. I know many people, in and out of NBC, who do not think so.

Granted that over the decades CBS has had its success. Hasn't NBC? Weren't there nominating conventions at which we beat CBS badly? Election nights, too? How did each network's nightly news stack up against the other's, its documentaries, Sunday interviews, early morning shows, religious programs, instant specials, coverage of special events, coverage of breaking stories when regular programming was interrupted and the news department took over?

Before we hear any more about undisputed leadership, could some of these points be examined?

I do agree that CBS was way out ahead in getting itself written about and praised. It supported and publicized its newspeople in a manner and to a degree that NBC took a long time to catch on to. It used its news department to build a reputation for the entire network. Again, NBC was behindhand. These are some of the reasons the myth took hold in the first place. Journalistic superiority is, however, another matter. Let's see some evidence.

Edwin Newman
New York, N.Y.

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

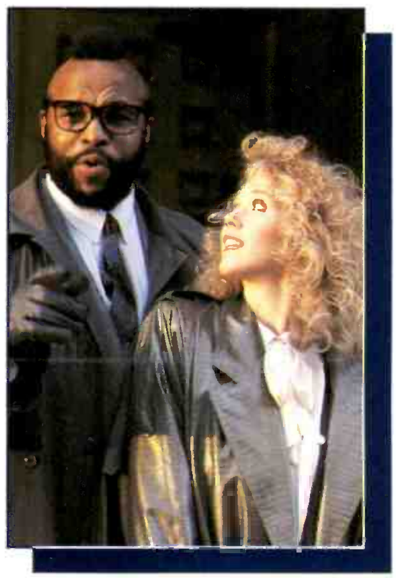
T and T is a

It's set to explode January, "Pity the poor competition!"

If you're looking for a hero with a heart of gold, you want Mr. T on your side! Just ask Tribune and TVX. They've enlisted "T and T" to battle in their toughest time periods and they're getting 24 half hours of double-fisted family entertainment.

"T and T" delivers dynamite action for the whole family. It's perfect for fringe or early access. Perfect to break through the glut of sitcoms!

"We looked at more than 150 half-hour pilots and concepts to fill our weekend access time periods for Tribune Entertainment. We selected only two. "T and T" is an outstanding crossover of action and humor. Good family entertainment." **Sheldon Cooper, President, Tribune Entertainment**



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T and T

A Nelvana production in association with Hal Roach Studios, Tribune Entertainment and Global Television Network.

NELVANA

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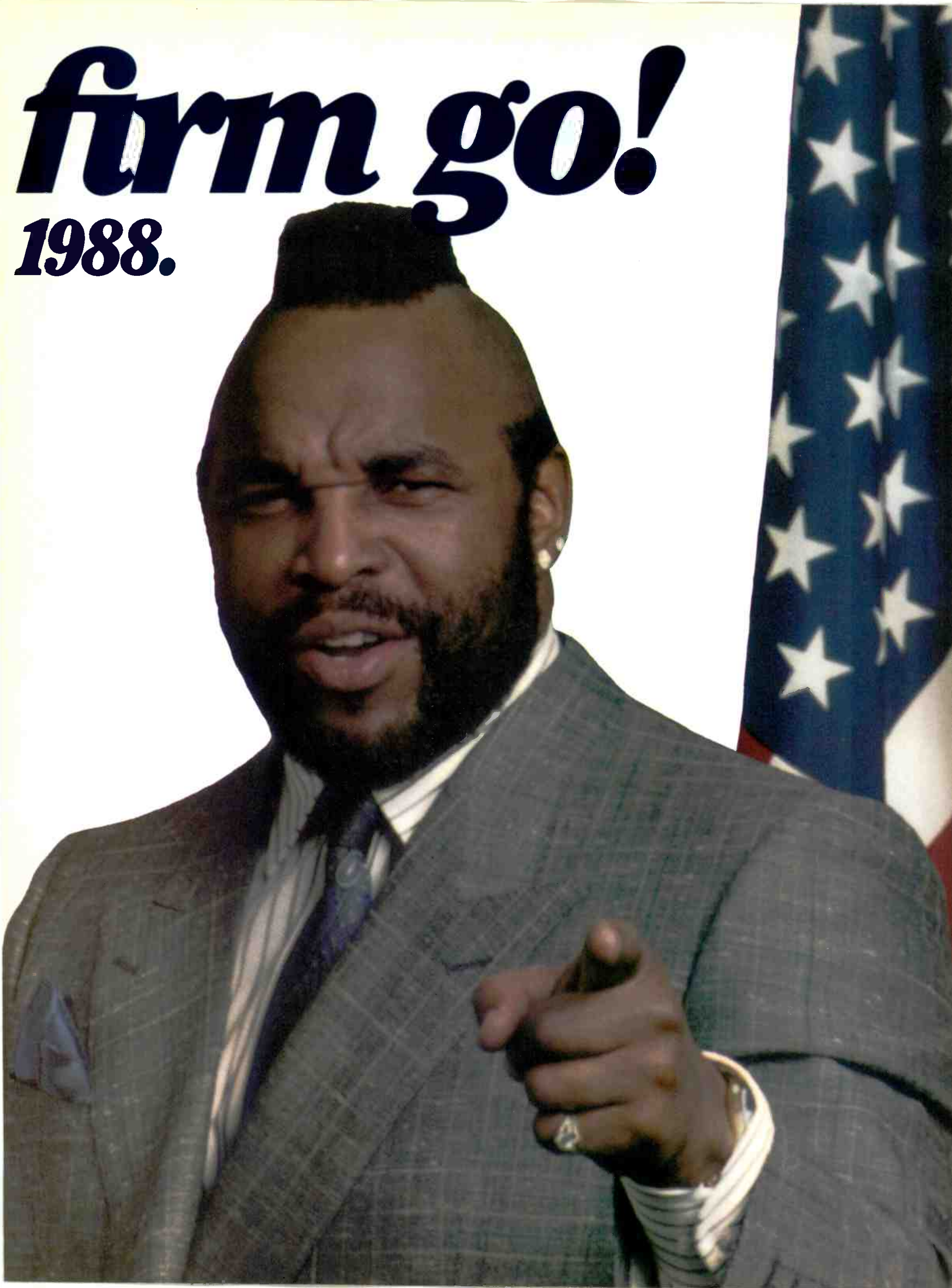

firm go!
1988.

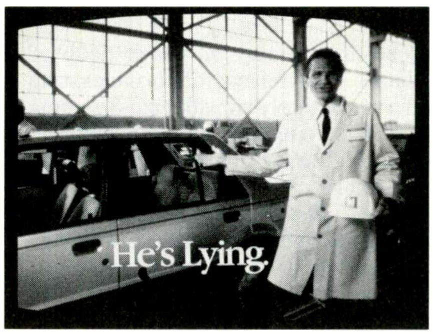
Barney

Great legs.

COLUMBIA/EMBASSY TELEVISION

A unit of Coca-Cola Television

Volkswagen increased its TV ad budgets 43 percent; Toyota is up 50 percent; Isuzu grew by 129 percent.



Advertising Dollars From Abroad Pouring Into U.S. Television

But will they bring relief or instability to the market?

The globalization of the U.S. economy is giving television advertising a distinctly foreign accent. While viewers in the U.S. watch TV on sets made in Japan, tape kids shows animated in Japan on Japanese- or Korean-made VCRs or watch shows shot on "runaway" sets in Canada, television ad dollars increasingly are coming from abroad.

Numbers from the Television Bureau of Advertising/Broadcast Advertisers Reports reveal that seven of the top 50 TV advertisers last year were foreign firms—up from six in '85. Foreign advertisers also showed a higher rate of growth, on average, in their TV ad spending than did domestic advertisers.

While this trend is evident in consumer electronics, it is particularly true in the cars-and-trucks category, which became the largest TV-advertising segment in first-quarter '87 as a result. In 1986, overall automotive TV advertising expenditures climbed a healthy 22 percent, to $2.1 billion. That increase reflects tremendous growth in foreign ad spending. Toyota's automotive division, for example, increased its TV ad spending in the U.S. by 50 percent, to nearly $160 million. Honda upped its budget 57 percent, to $70 million and Isuzu, pushing its popular "Liars" campaign, boosted spending 129 percent, to nearly $30 million. By contrast, General Motors increased its TV budget 10 percent, to $400 million, while Ford bumped spending up 12 percent, to nearly $300 million.

And not all the foreign growth came from Japan. Volkswagen bolstered its spending 43 percent, to $86 million, while BMW's $34.1 million represented a 26 percent increase. Hyundai, breaking in its new line of Korean cars, entered the TVB list at $43.5 million.

While the dollar amounts of foreign ad budgets aren't as dramatic as GM's, Ford's or Chrysler's, collectively they indicate that the lion's share of growth is foreign. This is especially true in spot TV, which grew 40 percent in 1986, compared with an 11 percent growth in network ad sales in this category.

"There's no question that the Japanese have been a major, major force in spot over the last two years," says Kenneth P. Donnellon, marketing v.p. for Blair Television.

Indeed, Suzuki Motor Co.'s spot spending went from $806,000 in 1985 to over $12.3 million last year—with not a nickel for network. Similarly, Toyota's spot spending jumped from $78.8 million in 1985 to over $126.6 million last year. Donnellon says that spot activity has been similarly brisk this year.

VCRs, stereos, radios and other electronic products have also generated dramatic revenue growth in spot TV. The electronics industry is playing a growing role in co-op advertisng and has become more visible on television.

But the globalization trends sweeping the U.S. economy are having a far more profound effect than of spurring growth in various categories. Direct foreign investment in U.S. companies is also increasing, as a result of the change in macroeconomic conditions. British and Dutch giant Unilever, for example, acquired Cheeseborough-Ponds last year, one of the biggest U.S. consumer-products companies and advertiser. As other foreign firms buy into U.S. companies, a larger share of TV ad dollars will come from foreign-owned companies.

This should come as no surprise, says L.F. Rothschild analyst Alan Gottesman: "The most attractive country on the planet to sell goods at a profit is here, but what's important [about foreign advertisers] is the creation of a new client. The emergence of new competition is tremendously stimulative to the advertising industry."

But if the trend continues, TV stations will be more vulnerable to changes such as currency fluctuations and bad economic times overseas. Indeed, it is possible that foreign advertisers could generate as much volatility in the spot market as they do growth.

MICHAEL SCHRAGE

Rosenfield to the Rescue

Blair's new owners must restore station confidence in reps.

Squeezed by heavy debt, high program costs and disappointing growth in advertising sales, local stations are feeling the pinch, and often the first place they look to cut costs is the hefty commissions paid to their national ad-rep firms. Many are now demanding that ad reps lower their fees or expand their services, one reason why the $6 billion a year rep industry has reported such mixed results lately.

But the uncertain outlook for ad reps does not daunt James H. Rosenfield, the former CBS executive v.p. who led an investor group that bought John Blair Communications this spring from Saul Steinberg's Reliance Capital Corp. "If this were a static and mature business, as some analysts claim, then I'd sure be worried," he says. "But I enjoy the challenge of proving that we can grow this company in new ways."


Rosenfield: Growing the business in new ways.

Rosenfield's first challenge will be shoring up relations with Blair's 133 client stations, many of which doubted Reliance's commitment to broadcasting and were actively considering dropping Blair if it remained under Steinberg. "[The Reliance ownership] created much more of a problem than people realized," Rosenfield says. "The stations perceived that Reliance was running the business simply to get it into shape to sell it, and in a matter of months the client defections could have been substantial. We convinced them they better sell it to us now or there would be nothing left."

Rosenfield predicts that Blair can more than make up for the loss resulting from Cap Cities/ABC's decision to move its national sales in house, which deprived Blair of some $100 million in billings. He is beefing up the morale and efficiency of Blair's sales force and going after clients in some of the 70 markets in which Blair is not represented. The recent erosions in ad-commission rates can be reversed, he says, by transforming Blair into a "one-stop" business that offers a full range of audience, programming and news-research services.

"I started out in this business in radio, just as television was coming on in the 1950's," Rosenfield recalls. "My father-in-law told me to get out—TV was supposed to be the future. Yet look what happened in radio. Then there were 800 stations making several hundred million. Today, there are 10,000 stations making several billion. New media don't drive out the old media. They just cause the business to change in ways that makes the whole picture larger."

RINKER BUCK

Home Rule Comes To A Former O&O

Viacom's KMOV is catching the spirit of St. Louis

You can't tell Allan Cohen, general manager of KMOV, St. Louis, that Ted Turner's abortive run on CBS was that bad a thing.

KMOV (formerly KMOX) was the owned-and-operated station CBS hurriedly sold to Viacom in December 1985, to raise cash for its elaborate stock-repurchase plan in order to ward off Turner's bid for the network. The sale seemed to symbolize everything that was happening in television during the wave of mergers and acquisitions—the troubles at the networks, the frenzied pace of station trading. But the big losers in the transaction, many feared, would be KMOX viewers, who would now be deprived of the resources and stability that network ownership supposedly had guaranteed.

Well, look again. Since May 1986, when Viacom formally took over the station and changed its call letters to KMOV, the station has surged in the ratings, climbing from a weak number two in the market to within striking distance of perennial market leader KSDK, the NBC affiliate owned by Multimedia. "This is a competitive market again," says KSDK v.p. and general manager William L. Bolster. "The difference has been made by one thing: the ownership change at KMOV."

Viacom's first decision when it took over last May was to retain general manager Cohen, a six-year veteran of the station who had often chafed under CBS's refusal to allow network preemptions. Viacom gave him carte blanche to program according to local needs.

Cohen promptly commenced an assault on the network schedule, preempting an hour a day and reshuffling three and a half hours daily of CBS's feed. (He runs the *Morning Show* earlier and *Late Night* later than CBS schedules them.) In news, he raided the talent at ABC affiliate KTVI, wooing away top-rated anchor Larry Connors, two reporters and several producers.

Overall, KMOV still trails market leader KSDK by 2 ratings points in sign-on-to-sign-off averages. But Cohen claims huge demographic gains (women 18 to 49, for instance, are up by 400 percent), and profits, he says, have now reached levels "comparable to the best station groups in the country."

"My bosses at Viacom have been sensational, primarily because they understood that this station had to be programmed as a St. Louis outlet," Cohen says. "We're a brand-new station here and it's fun to be a broadcaster again."

RINKER BUCK

Moved to KMOV: top anchorman Larry Connors.

TV Guide Takes On All Comers

Today's challengers find a heavyweight in fighting trim.

The champ, at 17.4 million subs, and two feisty contenders.

Once again, there's pressure on the bible of TV listings, *TV Guide*, to respond to the growing audience for cable programming. Newspapers such as the *Miami Herald* are improving their weekly TV-listings insert sections, and new entrepreneurs are making a run at the industry giant.

Boston's Cable Publications Inc. publishes monthly giveaways such as *Cabletime* as well as *Cable Choice*, which is sold in the Los Angeles market and has achieved 50 to 55 percent penetration. J. Robert Livingstone, president and publisher, says his guides, will inevitably "cause problems for *TV Guide*."

The newest challenger, former *Newsweek* president Mark Edmiston, heads an investment group which recently acquired the monthly *Cable Guide*. He says he'll put out a livelier, more entertaining magazine than *TV Guide*—one that also offers complete listings of network programs.

When it was faced with Time Inc.'s 1983 launch of *TV-Cable Week*, *TV Guide* changed in ways not predictable a few years back. "*TV Guide* could have become a white elephant," says Leo Scullin, senior v.p. at Young & Rubicam advertising agency. "But *TV-Cable Week* kicked them in the ass and caused them to improve." Reacting quickly and quietly, Walter Annenberg's *TV Guide* spent a reported $50 million to thwart Time. The staff was shaken up, coverage improved and advertisers were courted for a change.

As a result, *TV Guide* seems, in many ways, stronger than ever, despite some obvious problems. Its 17.4 million circulation is off from 1980's 19.3 million. What's more, it has felt a big drop in network-purchased ads.

TV Guide publisher Eric G. Larson acknowledges that the magazine ran 143 fewer network ad pages last year than in 1985. But other categories were up: 66 pages in food, 28 in autos, ten in drugs and 39 in retail. And while the networks inevitably buy cheaper, black- and-white ads, the growing segments advertise often in four color, at $100,000 a page.

Although 52 percent of *TV Guide*'s listings are now cable, they're not "system specific"—listing every last program on individual cable systems. Meanwhile, the competition gets stronger, producing better edited and designed magazines. Moreover, *Cable Guide*, by acquiring competitors, has raised its monthly circulation to six million. "Time got held up by treating its guide as a news publication," Edmiston says. "They should be nothing more than entertainment." JOHN F. BERRY

Fear and Loathing in Palo Alto

A First Amendment lawsuit gives cable the willies.

Sometimes it seems that whatever is ailing the cable industry is also ailing Palo Alto, Calif. First there were the oddball requirements cities pressed on cable companies back in the franchising frenzy of the late '70s (planting trees, for example). Palo Alto was something of an oddball in giving its franchise to an offshoot of a local grocery cooperative.

Then there was the fear of phone companies entering the cable business. In Palo Alto, Pacific Bell is building the system and leasing it back to the cable co-op. As for the fear of industry giant Telecommunications Inc., well, Palo Alto's got that, ever since TCI purchased Heritage Communications, which had been hired to manage the system. Now the concern is "overbuilding" (having two systems cover the same area), and Palo Alto has that, too, thanks to Century Federal Inc. and its First Amendment activist lawyer Harold Farrow. In lawsuits filed against the city, Farrow claimed that cities cannot restrict cable franchises, because cable is, in effect, a publisher protected by the First Amendment.

> Farrow's lawsuits have helped fan cable's overbuilding fears to such a degree that its support of full First Amendment status is beginning to erode.

Even as it switched on its first subscriber last May, the cable co-op's future was clouded. This was because a court ruling last December required Palo Alto to grant a license also to Century, allowing it to build a system that would compete with the co-op's.

Since the Century agreement is considerably less demanding than the original, which it supplants, the co-op derives some benefit from it. But that's small comfort. Says Peter Fechheimer, the co-op's general manager, "It's unfortunate that another company is coming in here, but we're going ahead."

The Palo Alto suit is one of three in California—the others being in Sacramento and Los Angeles—that Farrow filed in 1983 with the purpose of challenging the constitutionality of exclusive franchises.

While only a handful of overbuilds are scattered around the country, the Farrow lawsuits have helped fan the industry's overbuilding fears to such a degree that its support of full First Amendment status is eroding.

Farrow responds that "some cable companies are so afraid of competition that they're willing to rewrite the First Amendment. When you have an ordinary American company trying to do business in this field, the First Amendment should be protected. I think that's why they wrote the Constitution."

LUCY BALLARD

What's On

J · U · L · Y / A · U · G · U · S · T

NFL Goes Cable

by Cecilia Capuzzi

AUGUST 16: Cable's first nationally telecast **National Football League** game is carried by **ESPN** at 8 P.M. Eastern time. The preseason competition between the **Chicago Bears** and the **Miami Dolphins** is also the first game to be played at Miami's new Dolphin Stadium. On **November 8,** ESPN's opening game of the regular season pits last year's Superbowl champion **New York Giants** against the defending AFC eastern champion **New England Patriots**. ESPN is hoping affiliates will ante up ten to 15 cents per subscriber per month extra to carry the games and help defray costs associated with the reported $153 million, three-year deal with the NFL. The Big Three networks also carry NFL games. **ABC** has 16 weeks of Monday-night games ($377 million for three years), and **CBS** and **NBC** split the remaining 200 Sunday games. CBS concentrates on the NFC ($494 million); NBC on the AFC ($404 million). Network season opener is **Sept. 13**. The new, three-year, $1.4 billion package replaces the five-year, $2.1 billion package that expired in February.

. . . .

SEPTEMBER 1-4: With network budget cuts filtering down to television and radio stations, and stations trading at higher-than-ever multiples, pressure is on news departments to produce quality programs with limited resources. That's the focus of **Radio-Television News Directors Assn.'s** convention in Orlando. "We can't just take last year's budgets and tack on 10 percent anymore," says **Bob Brunner,** RTNDA chairman. An **AP-NBC** survey examines the state of radio news. With radio news-directors' salaries up 8 percent (their TV counterparts are up 2 percent), Brunner says there's a rebound in radio news. Much-requested seminars on AIDS coverage and Freedom of Information should be widely attended. ***60 Minutes*' Don Hewitt** receives RTNDA **Paul White Award.**

. . . .

SEPTEMBER 9-12: Station values will also be on the minds of radio execs attending **National Assn. of Broadcasters' Radio '87** in Anaheim, especially after last spring's $82 million purchase by **Infinity Broadcasting** of **Sconnix Broadcasting's KVIL AM and FM** in Dallas (the highest price paid for a radio property). AM-stereo standards and programming are also discussed as specialty formats—such as all-sports and all-business-news—emerge. Recent attention on "shock radio" has broadcasters concerned about jeopardizing licenses, says NAB's **David Parnigoni,** especially as a wave of license renewals hit this year. **United Stations' Dick Clark** and **FCC mass media bureau chief James McKinney** are featured speakers.

. . . .

SEPTEMBER 20: **NBC** launches ***Sunday Today Show,*** 8 to 9:30 A.M. **Maria Shriver** and *Today Show* correspondent **Boyd Matson** recycled to host program. **WNBC** weatherman **Al Roker** is the weekend **Willard Scott, Garrick Utley** is principal correspondent, **Bill Macatee** is sports reporter and **Marty Ryan** is executive producer, though the program really falls under direction of senior producer **Penelope Fleming**. ***Meet the Press*** is moved up from 11 A.M. to 9:30, immediately following *Today*. If all goes well, look for a *Saturday Today*.

. . . .

SEPTEMBER 20: **Fox Broadcasting** airs the ***Primetime Emmy Awards,*** the first time the program will not be seen on one of the Big Three. Fox bid $1.25 million annually for three-year rights to the show and also paid $250,000 for **Academy of Television Arts & Sciences' *Hall of Fame*** broadcasts. Fox publicity chief **Brad Turell** says Fox agreed to televise the entire awards ceremony and believes that was part of the reason the newly formed network's bid was received. (In the past, there were discussions by the Big Three about eliminating less flashy awards from the telecast.) But Fox also outbid the networks, which in the past three years paid $750,000 each and rotated the show among themselves. This year **ABC, CBS** and **NBC** offered a collective $900,000 a year. ●

CALENDAR

July 16-18: National Federation of Local Cable Programmers convention. Chicago Hilton. Contact: Sue Miller Buske, (202) 544-7272.

July 24-28: Public Radio training conference sponsored by National Federation of Community Broadcasters. Boulder Clarion, Boulder, Colo. Contact: Pat Watkins, (202) 797-8911.

July 25-27: NBC press tour. Century Plaza, Los Angeles. Contact: Kathy Graham, (818) 840-3656.

July 28: Syndicators' press tour. Redondo Beach Sheraton, Redondo Beach, Calif. Contact: Sandy Quinn, (213) 653-3900.

July 29-31: PBS press tour. Sheraton Redondo Beach, Redondo Beach, Calif. Contact: Peggy Hubble, (212) 753-7373.

Aug. 1-3: ABC press tour. Sheraton Redondo Beach, Redondo Beach, Calif. Contact: David Horwitz, (212) 887-7842.

Aug. 1-4: Assn. for Education in Journalism and Mass Communications convention. Robin MacNeil, keynote speaker. Trinity Univ., San Antonio, Tex. Contact: Sharon Murphy, (414) 224-7132.

Aug. 4-6: CBS press tour. Sheraton Redondo Beach, Redondo Beach, Calif. Contact: Axel Peterson, (213) 852-2118.

Aug. 16-19: Cable TV Administration and Marketing Society conference. Fairmont Hotel, San Francisco. Contact: (202) 371-0800.

Aug. 16-20: Video Software Dealers Assn. convention. Bally's, Las Vegas. Contact: Raymond Gianchetti, (609) 596-8500.

Aug. 30-Sept. 1: Eastern Show sponsored by Southern Cable TV Assn. Merchandise Mart, Atlanta. Contact: Nancy Horne, (404) 252-2454.

Sept. 7-9: Satellite Broadcasting and Communications Assn./Satellite TV Technologies International trade show. Opryland Hotel, Nashville. Contact: (800) 654-9276.

Sept. 11-13: Radio Sales Univ. training seminar, sponsored by Radio Advertising Bureau. Marriott Hotel, Portland, Ore. Contact: Joann Nimetz, (212) 254-4800.

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NEW YORK
MCA Broadcasting, Inc.

LOS ANGELES
United Television

CHICAGO
Fox Television

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CBS

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BOSTON
Hearst Broadcasting

DETROIT
Post Newsweek

ATLANTA
Gannett Broadcasting

PITTSBURGH
Cox Communications

TAMPA-ST. PETE

SEATTLE-TACOMA
Bonneville International

MINNEAPOLIS-ST. PAUL
Gannett Broadcasting

DENVER
Gannett Broadcasting

PHOENIX
Meredith Broadcasting

PORTLAND, OR
King Broadcasting

SAN DIEGO

ORLANDO
H & C Communications

MILWAUKEE
Hearst Broadcasting

CINCINNATI
Multimedia Broadcasting

NASHVILLE
Knight Ridder Broadcasting

CHARLOTTE
Cox Communications

BUFFALO
Howard Publications

OKLAHOMA CITY
Knight Ridder Broadcasting

COLUMBUS, OH
Outlet Communications

RALEIGH-DURHAM
Capitol Communications

SALT LAKE CITY
Bonneville International

PROVIDENCE
Knight Ridder Broadcasting

MEMPHIS
New York Times Bcstng

SAN ANTONIO
Harte-Hanks Comm.

NORFOLK
Knight Ridder Broadcasting

WILKES BARRE-SCRANTON
New York Times Bcstng

LOUISVILLE
Providence Journal Co.

DAYTON
Cox Communications

RICHMOND-PETRSBG
Nationwide Communications

FLINT-SAGINAW-BAY CITY
Meredith Broadcasting

MOBILE-PENSACOLA
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JACKSONVILLE
Harte-Hanks Comm.

WICHITA-HUTCHINSON
Kansas State Network

FRESNO
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ALBUQUERQUE
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Pulitzer Broadcasting

DAVENPORT
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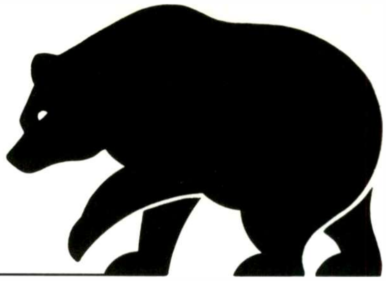
Bears



CEDAR RAPIDS-WATERLOO
Cedar Rapids Television

AUSTIN
Times Mirror Broadcasting

SPOKANE
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PORTLAND-AUBURN
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H & C Communications

SPRINGFIELD, MO
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Michiana Telecasting

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Texoma Broadcasters

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COLUMBUS, GA
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Eugene Television, Inc.

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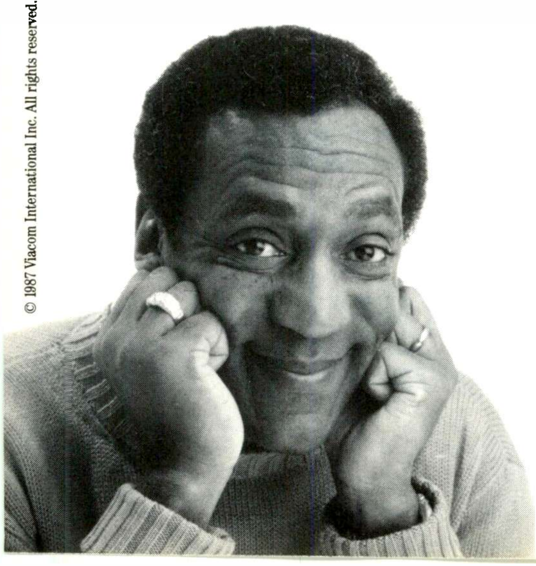
MEDFORD-KLAMATH FALLS
Freedom Communications



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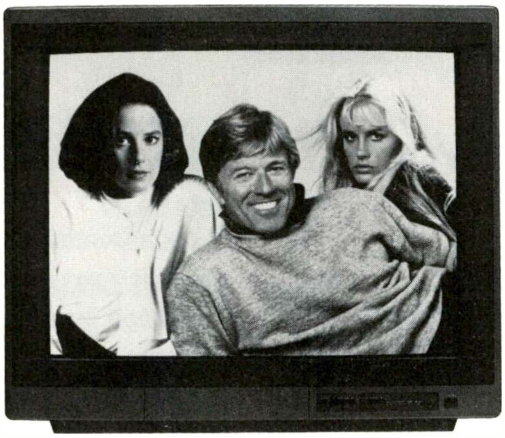

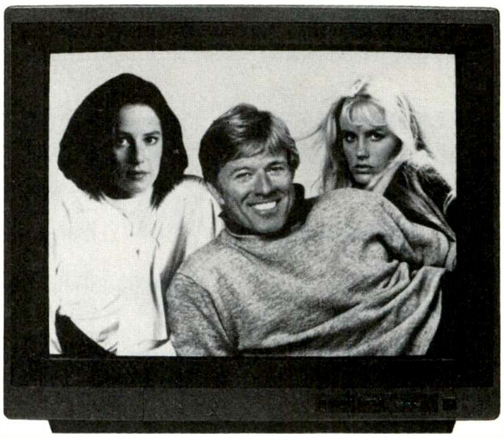

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Case of the Missing Kids

by Steve Behrens

One clue to syndicators' mystery lies in the glut of bartered cartoons.

Algebra problem: What is the result when you subtract *x* number of children from the audience of children's programs, and then subtract an additional *y* number next fall? Answer: Mass anxiety and generally falling ad prices among the barter syndicators selling dozens of cartoon shows in 1987-88.

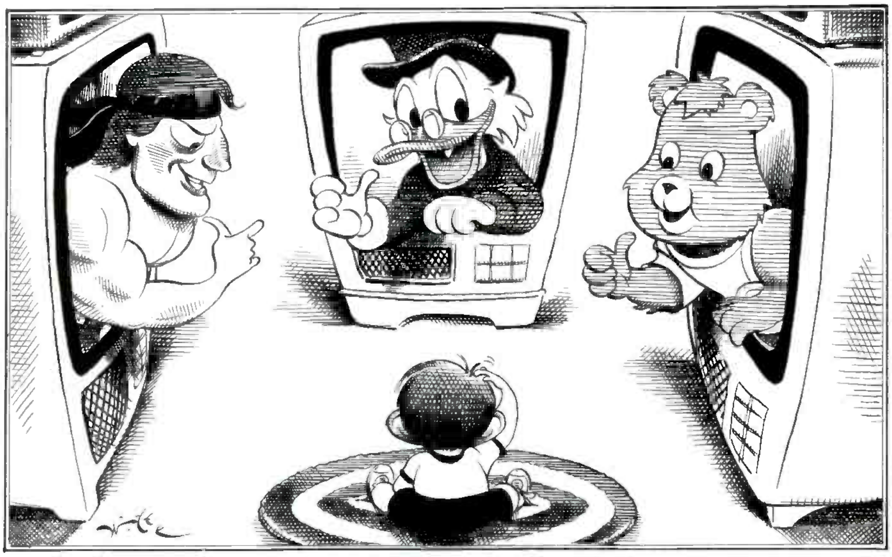
On top of the apparent audience loss kids' programming has suffered over the last year, it is the type most likely to suffer big ratings drops after Nielsen switches to people meters this fall.

The first developments in the mystery of the missing children had nothing to do with people meters. The bad news came from local-market diaries. Syndicators' number-crunchers began to suspect last fall that kids 2 to 11 were watching less kidvid, and the February sweeps confirmed the trend.

Worst hit were the hours from 3 to 5 P.M. In the top 50 markets, Nielsen reported that persons using television (PUTs) in the 2-11 age group had slipped 16 percent in the year since February '86, according to Teddy Reynolds, research v.p. at Petry Television. Nielsen reported declines in 33 of the top 35 markets and Arbitron in 32 of the top 35. Jay Isabella, programming v.p. at TeleRep, was so alarmed by these figures he sent up an SOS to Nielsen and Arbitron in April: *What* was going on?

Everybody had theories. Arbitron said that since Nielsen's and its ratings agreed, the odds were 3 million to one that children's viewing really was down. Researchers speculated that more kids were in day care or reading books or watching tapes instead of broadcast TV. Boston Media Consultants' Tim Duncan suspects that mothers have been reclaiming the TV set to watch Oprah Winfrey and the like.

It seems syndicators can also blame themselves. In the first quarter of '87, their first-run animated shows actually drew more total viewing than during the same period in '86, according to Duncan: 37.9 national gross ratings points compared with 33.2. But the shows' average household rating was down from 3 to 1.8 because barter syndicators were now distributing 21 shows, compared with 11 the previous year, by Duncan's count. For next season the number of shows will continue rising to about 36, says Rick North, advertising sales v.p. at Disney's Buena Vista TV.



MICHAEL WITTE

The growing selection of talking animals and superheroes may have split the juvenile audience, spilling over into more time periods and fragmenting viewership, says Petry's Teddy Reynolds. Fewer kids would be watching between 3 and 5 P.M. because some had already had their fill earlier in the day.

This kidvid glut has not only diluted audience but also ad sales. The average price per 30-second spot in syndication next season is down 35 percent from two years ago, *Advertising Age* estimated. North says advertiser spending for next season is about the same as last, but the total is split among more shows. And the problem won't melt away, because new cartoon series are piling on top of old ones, all of which must be aired many times to recoup costs. "It's not like the losers drop by the wayside," says Duncan. "They *can't.*"

The last thing syndicators needed this fall was to rely on people meters for their ratings. The reason: Kids aren't scrupulous about pushing the buttons, especially while viewing alone. According to Mike Mellon, Buena Vista research v.p., Cassandra data from diaries estimated that in February there were 1,030 kids per 1,000 households where sets were tuned to syndicated kidvid, while Nielsen's people meters counted just 680 kids per 1,000 homes.

Most barter syndicators quickly chose to ignore the people meters' demographics for the next year and to get that information from local diaries, as in the past. "They wanted to have at least *one* constant," says Duncan.

In the meantime, Nielsen announced several tactics encouraging kids to register their viewing by pushing their people-meter buttons. For example, parents are being asked to back-stop their kids' button pushing, and Nielsen will offer gifts as incentives to kids.

But research chiefs have empirical evidence suggesting that kids' viewing may never be measured perfectly. "If you leave a child unattended, he can do anything," says MCA's Don Micallef. Case in point is the one-person focus group whose father is Buena Vista's Mike Mellon. Mellon reports: "My 18-month-old daughter puts the remote control in the toilet." ●

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Starting Over in Dallas

by Cecilia Capuzzi

Heritage bought a cable lemon in Texas, but smart marketing is sweetening the deal.

Heritage Cablevision in Dallas has set a record. It raised subscriber penetration to 27 percent of the potential 380,000 cable homes in the three metro franchises it bought from Warner Amex in October 1985. With cable penetration averaging 57 percent nationwide, that hardly sounds like a record, but one has to understand the six-year history of cable in Dallas to be impressed.

In 1981 Warner Amex, like many other multiple-system operators at the time, had big plans for the burgeoning cable industry. It had just won the coveted Dallas franchise by wowing the city with Texas-sized ambitions: a 90-channel, interactive system complete with 19 local-access channels and four studios.

Warner, however, was in for several surprises. At the time, no MSO had built an urban system, and cost projections and schedules were based on simpler, suburban builds. Only six months after Warner began its Dallas build, construction delays, technical outages and customer-service problems mushroomed, breeding ill will among potential subscribers and city officials. Warner, realizing it had over-promised, asked the city for concessions, aggravating the touchy relationship. The company eventually dumped some $200 million into the operation with little hope of return, and cable problems in Dallas became a national media event.

In 1983, when former U.S. transportation secretary Drew Lewis was recruited to clean up Warner's financial mess, he sold the system to Iowa-based MSO Heritage Communications for $105 million following angry confrontations with the city council. The new owner took over a system with colossal image problems and technical obstacles to overcome.

Heritage's solution was a back-to-basics approach to marketing that stressed good customer relations and scuttled the giveaway gimmicks that have often characterized cable's marketing efforts. After cleaning up technical and service problems, Heritage conducted surveys of current and former subscribers to determine attitudes and to resell disconnects on the virtues of cable. As other MSOs begin new and expensive urban builds, Heritage's nuts-and-bolts approach provides valuable lessons for the industry.

For Heritage, the first task in turning the system around was to get its technical structure in peak shape. The Dallas subscriber base, Heritage director of marketing Sue Ellen Jackson says, felt "burned," and the system had to demonstrate that it could deliver on promises made to a skeptical public.

Some of the problems were an embarrassment. For example, poor-quality pictures—or no picture at all—were common throughout the system. The 3,500-mile, dual cable plant had never been "swept" to examine the cable, balance the amplifiers and make repairs. And the system's two-way, state-of-the-art Pioneer converters had high failure rates.

Customer service was also a problem. When subscribers were lucky enough to get through on the system's phone lines, they were often mistreated by an overburdened staff, and then kept waiting five to six days before their problem was fixed. Monthly bills were confusing, often six pages long. With the system's interactive capability, pay-per-view events were available with the push of a button and many subscribers unwittingly ordered them, unaware of the costs until the bill arrived. Fights and more ill will ensued.

To complicate matters further, the system's 80 channels of programming were arranged haphazardly on the con-

DAVID BURNETT/CONTACT

A tough sell: Young, transient and out for a good time, Dallas yuppies see little need for more TV.

verter. Pricing and packaging strategies were so complex that even salespeople had trouble explaining them. By the time the affluent sections of the city were wired, Warner Amex's reputation had sunk so low it couldn't sell to many of the homes it counted on. When Heritage took over, there were just 90,000 subscribers, or 23 percent penetration. According to Heritage's research, 40 percent of the potential subscriber base had never subscribed, and 29 percent were disconnects.

Besides, selling cable to the generally young, mobile residents in Dallas is tough to begin with. According to Heritage, market research showed that 25 percent of Dallas residents live in their homes for less than a year, compared with 12 percent nationally. Outdoor activities are popular in Texas, and with 13 over-air television signals to choose from, residents are generally uninterested in more TV. But disaffection with cable, says Heritage's Jackson, was mainly a result of consumer doubts that it offered something of value for their money—a problem that cable confronts across the country. "When that's the case," she says, "you've got to promote programming, because that's the product. You can't be selling special offers all the time."

But before Heritage could get down to selling programming, it had to sell confidence in the system. First, the company replaced its 85,000 two-way Pioneer converters with addressable Tocom converters, a massive undertaking that took five months and in the confusion contributed to almost 8,000 disconnects. Maintenance of the physical plant was upgraded, the phone system was improved and customer-service reps were retrained. The channel lineup was reconfigured to cluster premium services and group the most-watched stations and cable services on the first half of the box. Pricing and billing were simplified, and less complicated program packages were introduced.

The cleanup process took ten months, during which Heritage did no marketing. But it wasn't until June of last year, when the converter switch and channel realignments were completed, that subscriber numbers began to climb. Most of the 20,000 new subscribers came on during the last four months of 1986, after the changes became noticeable.

Jackson's study of disconnected subscribers also helped. The marketing test, which began last fall, offered free service for 30 days to a sample pool of 3,000 former subscribers. To test the effectiveness of different sales techniques, the group was split into three smaller groups of a thousand apiece. Each former subscriber received flyers stating "Now cable TV is a class act. And we'll prove it with 30 days of free cable."

Consumers doubted cable offered value for their money— a problem cable combats nationwide.

The flyers were mailed to the first and second groups, and the second group was also marketed by phone. Members of the third group were contacted by door-to-door salesmen. During the free trial month, all received two phone calls and two letters soliciting a response and encouraging resubscription.

Those contacted in person by salesmen had by far the highest response rate; 28.9 percent agreed to try cable again. The direct-mail group and those contacted by phone had a 2 percent and a 2.5 percent response, respectively. Of those who subscribed, 87 percent paid their first bill after the first month. After four months, 46.4 percent were still paying customers. (Of those that disconnected, 2.4 percent had moved, 11.4 percent chose to discontinue service and 39.8 percent were in collection.) Heritage considers the marketing test a success and the company will conduct similar campaigns, this time following up with more phone calls—or, as Jackson calls it, "back-door" marketing to nurse subscribers along.

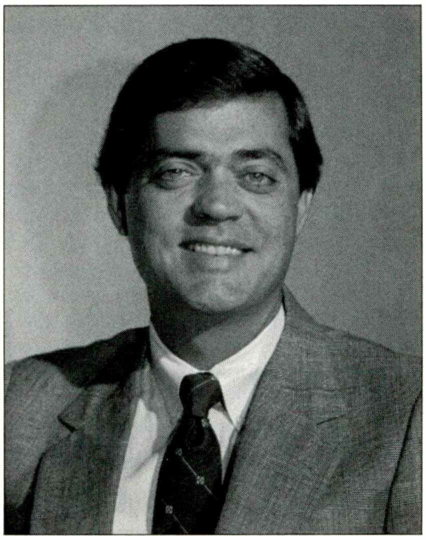
During National Cable Month in April, the system launched its first marketing campaign on radio, addressing the common reasons that residents don't subscribe to cable—too expensive, too much TV already—and promoted specific cable programs. Jackson says that since no offer was attached to the radio spots, it is difficult to track actual response to the campaign, though 7,000 installs were completed during April. During the same month, a ten-day free trial was offered by direct mail to 110,000 homes, and about 1,800 new subscribers signed up as a result.

In January, the system also took part in the Dallas Metro Cable Operators homes-passed preview. Six systems pooled $360,000 to run a total of six hours of sample cable programming for two nights on KDFI-TV.

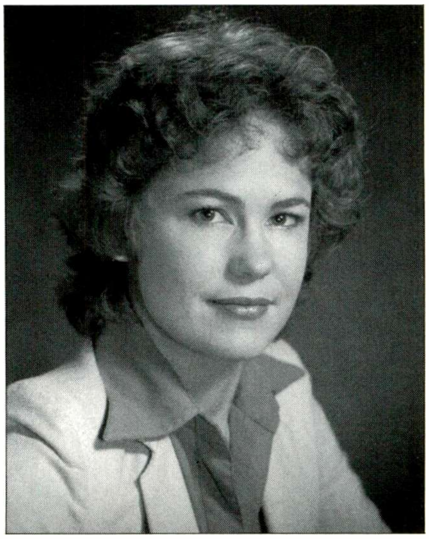
To date, Heritage has spent $30 million improving the system, and it says that it now shows a positive cash flow. General manager Joe King expects to collect about $43 million in revenues this year—but the system probably won't be profitable for two years. "It would be easy to grow the system faster," says King. "But then we'd get a lot of churn we can't handle. We want slower, steadier growth."

Heritage's commonsense approach may not be right for all cable systems, but it certainly offers an alternative for companies hoping to woo back subscribers disgruntled by poor service or a difficult new build.

"In the past, cable's gimmicky marketing was reinforced by success," says marketing director Jackson. "When we were building the first half of the industry's penetration, it was natural to use broad-based, offer-driven campaigns. We were selling to people who wanted more TV. Now we're selling to those who *don't* want more TV. Marketing is something very different today." ●

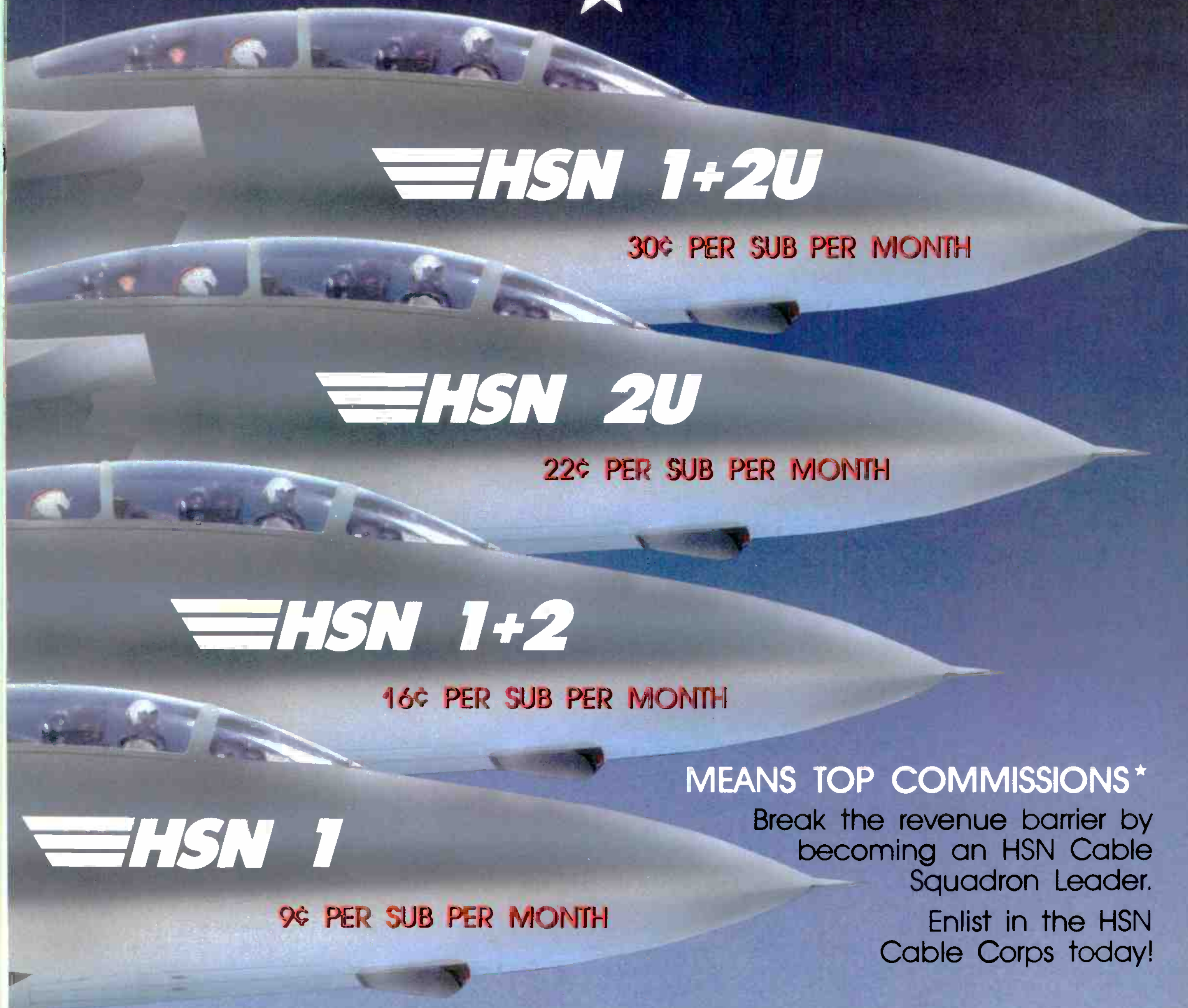


General manager King: Slow, steady growth.



Marketing head Jackson: Selling the skeptics.

TOP PERFORMANCE



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THE PUBLIC EYE

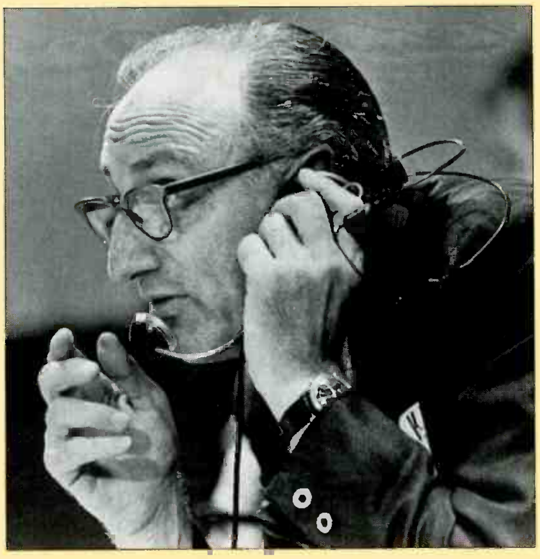
by Les Brown

Getting involved with the community is the way to beat the new players who think the game is all about entertainment.

HYPE IN A GOOD CAUSE

When Jerry Wishnow came down from Marblehead, Mass., to talk about the business he's in, I confessed to some incredulity. He runs a company specializing in public-service campaigns for local TV stations. With broadcasting largely deregulated and stations relatively free from worry about license renewals, selling public-service counsel to local owners would seem to rank on the futility scale with the legendary refrigerator salesman to the Eskimos.

But Wishnow said business is pretty terrific, and I had to believe him when he described his current projects. For WRC-TV in Washington he created "Beautiful Babies," a long-running effort to reduce the exceptionally high rate of infant death in the capital by promoting prenatal care to expectant mothers. For WCVB-TV in Boston the Wishnow Group developed "A World of Difference," a campaign against race prejudice, aimed principally at children. It has since been syndicated to 30 TV markets, including Philadelphia, Detroit and Miami, and recently won a Peabody Award for WCVB.



Martin Umansky in 1968. His hallmark: local involvement.

Wishnow is trading on the industry's new wisdom. Just when every station is free to concentrate on building profits by cutting costs, alert broadcasters have found that profits flow fastest to stations that are super-citizens of the community. The best way to achieve that kind of corporate sainthood is with what Wishnow calls "activist public service."

Most stations provide passive public service—spot announcements for social-service agencies. The activist kind differs by putting the station at the campaign's center, as its originator and chief promoter. This conveys the message that the station so cares about the community that it takes on and helps solve some big problems. Wishnow also refers to it as "promotional public service." I call it hype in a good cause.

The concept is by no means a Wishnow exclusive. The Gannett and Hearst TV groups are on to it today and believe in spending to establish their stations as leaders in local public affairs, knowing it will help make them leaders in local news and ultimately in revenues. Such exemplary locally owned stations as WCCO in Minneapolis and KING in Seattle have long been champions of community involvement. And of course the Group W stations are still at it, having more or less invented public-service-on-a-grand-scale more than 30 years ago. Wishnow is a product of the Group W system; he went off on his own in 1974.

Once he identifies the community problem to tackle, Wishnow enlists an appropriate social-service agency to spearhead the campaign and a commercial sponsor to bankroll it. After that, it's relatively easy to tie in the station for talent, creative support and airtime. For WRC's save-the-babies campaign, he lined up The March of Dimes and Blue Cross/Blue Shield; for WCVB's move against prejudice, he pulled in the Anti-Defamation League, the Boston Civil Rights Coalition and the Shawmut Banks. With all the partners working together promotionally, the campaigns are assured of making an impact.

Word is out in the industry that community involvement is good business. So it was fitting that the National Association of Broadcasters gave this year's Distinguished Service Award to a retired broadcaster who epitomizes the public-spirited station operator: Martin Umansky of KAKE Wichita. I blush to write about him because he's one of my best friends.

I met him 25 years ago when an editor sent me to Wichita to find out why ABC was number one there while running a miserable third nationally. It was hard not to love Umansky. He seemed personally involved in every station function and in everything going on in town. He worked with numerous civic organizations and was business manager of the community theater. He cared especially about KAKE's news operations and the Kansas political campaigns. Early on, Umansky was determined to be first with the election returns, and his became the station to watch on election nights. This preceded the industry's discovery that winning in local news almost invariably meant winning the whole ball game. I learned from that first visit in 1962 that the station might well be a more important brand name than the network.

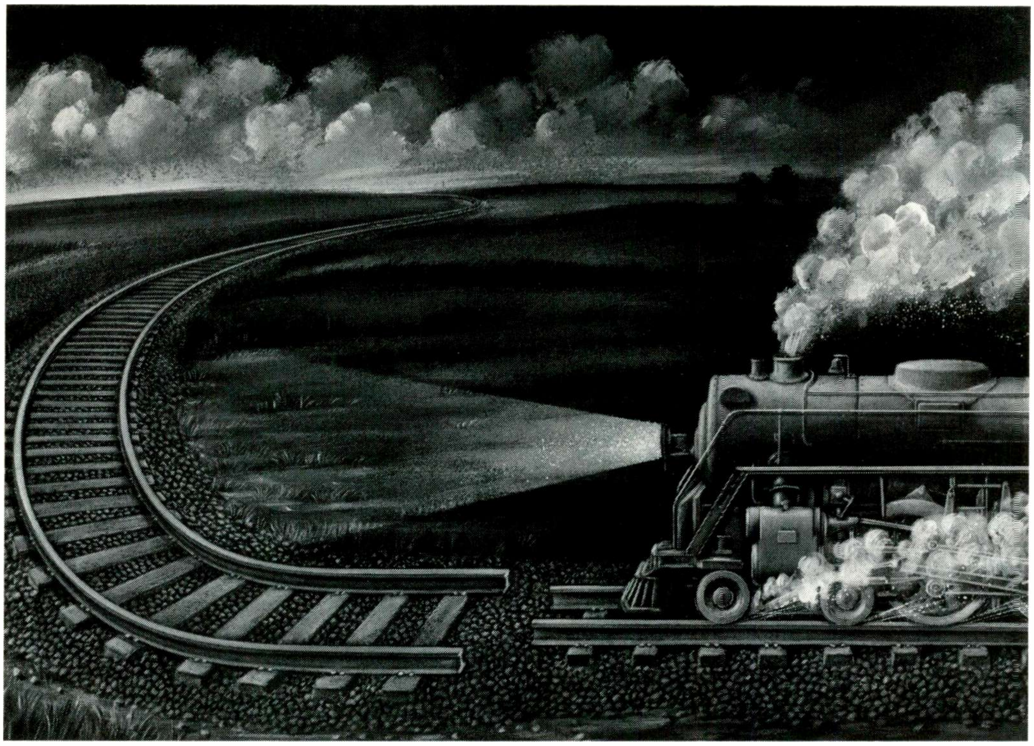
There's no point in detailing Umansky's local achievements here; it suffices that at his 70th-birthday surprise party last year, every prominent Wichita person attended with abundant affection.

For years, Umansky preached the gospel of "localism" to the industry with unflagging passion, even when fellow broadcasters tuned him out as a cockeyed zealot. Fortunately he's lived to be a prophet with honor. Everything Umansky upheld as a professional broadcaster is now the common wisdom. Getting involved with the community in a big way is the way to beat the new players who think the game is all about entertainment.

Odds are there will be more Jerry Wishnows plying their strange trade and, it's to be hoped, many more Martin Umanskys. And this will add up to the most positive trend in television since the great documentary binge that followed the quiz-show scandals. ●

Issues of the Information Age:

The way beyond Babel.



Imagine trying to build a railroad system if every locomotive manufacturer used a different track gauge. Every local stretch of railroad had its own code of signals. And in order to ride a train, you needed to know the gauges and the signals and the switching procedures and the route and the conductor's odd pronunciation of the station names.

The business of moving and managing information is in a similar state today. Machines can't always talk to each other. Proprietary systems and networks abound, with suppliers often jockeying to make theirs the de facto standard. The enormous potential of the Information Age is being dissipated by incompatibility.

The solution, as we see it, is common standards which would allow electronic systems in one or many locations to work together. People will be informed and in control, while the systems exchange, process, and act on information automatically.

AT&T is working with national, international, and industry-wide organizations to set up comprehensive, international standards to be shared by everyone who uses and provides information technology. We think it's time for everyone in our industry to commit to developing firm, far-reaching standards. The goal: to provide our customers with maximum flexibility and utility. Then, they can decide how and with whom to work.

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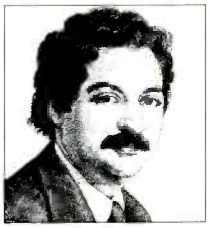
THE BUSINESS SIDE



by Merrill Brown

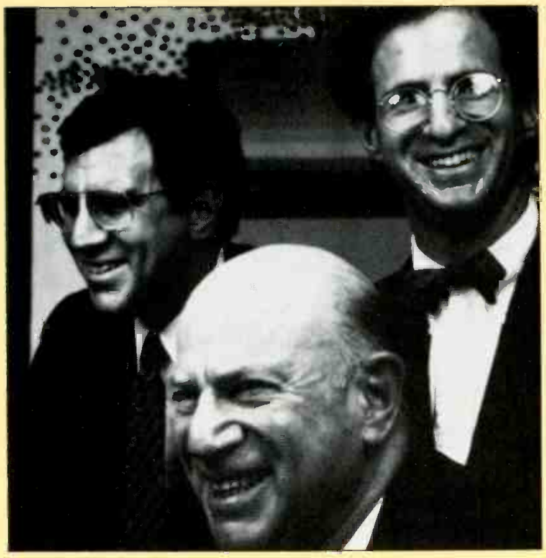
One of the unpleasant whispers on Broadcast Row is the fact that in *cabled* homes, Big Three network shares fell to under 50 percent during parts of April.

SO MUCH FOR THE DOG DAYS

Several remarkable developments in the media business over the summer haven't quite gotten the play they deserve because of reporters' vacations, the return of the Beverly Hills Cop and the sagas of Fawn and Donna and Jim and Tammy.

While one might suggest that this column ought to join others in summer hiatus, there still seem to be some big stories in the industry that aren't getting enough attention.

1) *News confusion.* Doesn't it seem we're at the point where one network's evening newscast is precisely like the others', or that at least that's the increasing perception of the American people? Isn't there now total ratings parity among the three broadcasts, and shouldn't the people responsible for these newscasts try to break out of the pack and avoid formula formats, predictable news judgments and so forth? Don't the scandals of the Reagan years—in government, business, and all around us—suggest that it's time to revive TV investigative journalism? It would be satisfying to more than a few viewers to see the networks, for a change, copy the enterprising reporting of their local-affiliate news colleagues and go chase tough stories, giving the networks the capability to lead their newscasts with stories other than such packaged non-events as the Venice parlay.



Next in line at CBS? Andrew (left) and James with Dad, Larry.

DUANE MICHALS

2) *More network blues.* If you're a network programmer, salesperson, planner or corporate type, shouldn't you be awfully concerned with the audience-share numbers now being analyzed from the spring? One of the unpleasant whispers that not too many Broadcast Row types want to talk about is the fact that in *cabled* homes, Big Three network shares fell to under 50 percent during parts of April. That's right, below 50 percent. I don't spend all my time wandering network corridors, but I don't sense worry when I do. Is that why NBC officials are considering spinning the network off from GE, or at least bringing in equity partners in order to spread the growing risk? There doesn't seem to be any evidence in the fall season plans that suggests blockbuster trends—shows or epic events that will stop the erosion. Isn't it time for the networks to spend more, not less, on programming to lure people back and, most importantly, to establish among viewers, especially young ones, the significant place in American lives for national television networks?

3) *Brain drain redux.* A couple of television professionals needled *Channels* recently for suggesting that there's a shortage of future management talent in network television. With word now that much of the layer of management just below NBC president Bob Wright is likely to leave next year, and with the obvious teetering of the top broadcast management teams at ABC and CBS, the difficulty of imagining who will run the networks in 1990 must be terrifying to Welch, Murphy and Tisch. It also helps explain why Larry Tisch had such a tough time last year coming up with names of qualified, experienced executives to run CBS and why he is said to favor his own talented though young sons to succeed the Tisch/Paley regime. Isn't it farfetched to imagine the entire broadcasting leadership, particularly the network brass at CBS and ABC, surviving the 1987-88 season unless they show a marked gain in performance? Guessing about that succession begins this fall.

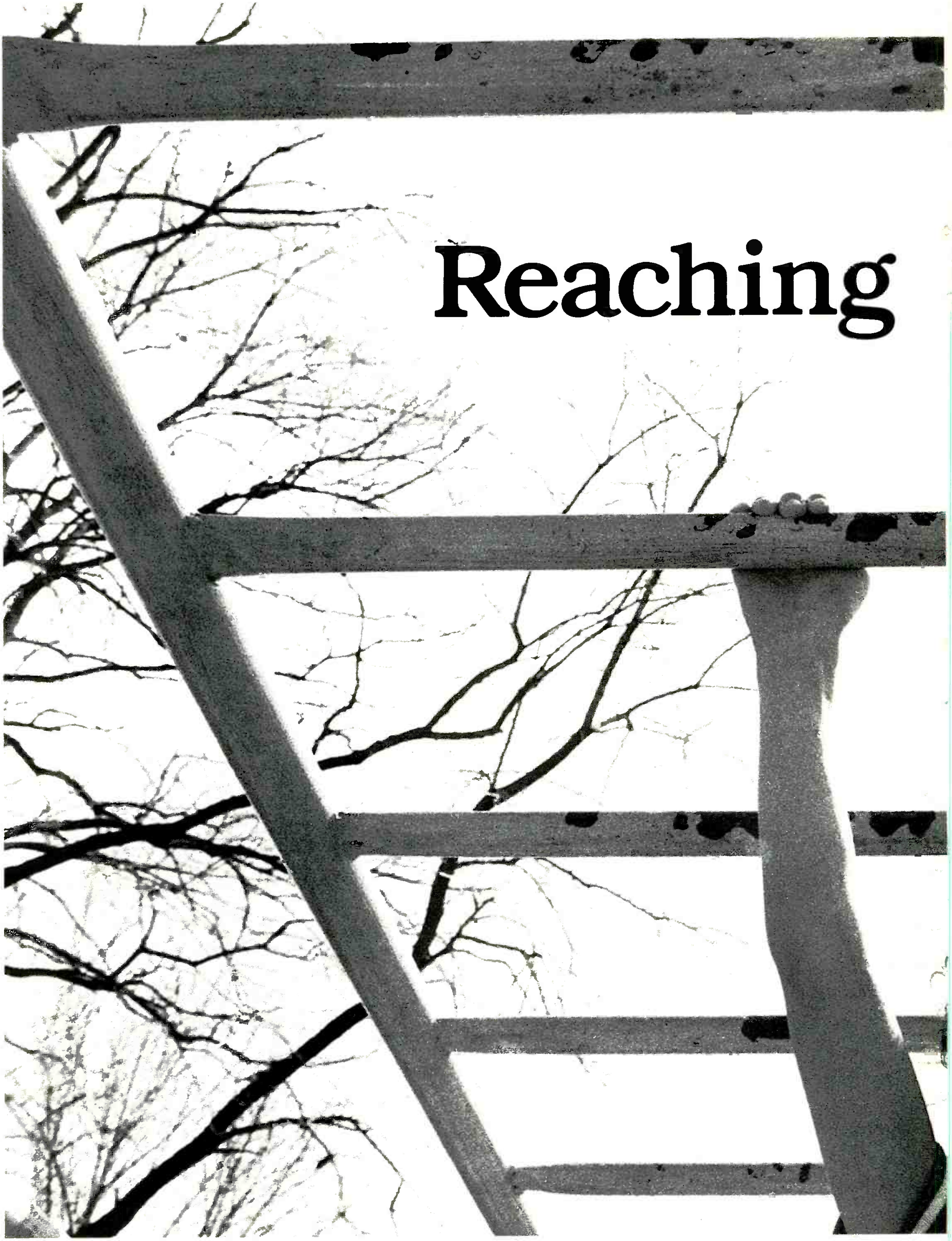
At New York cocktail parties a while back a popular pastime was to list qualified candidates from within the media business who might run CBS. It was not an easy exercise and the serious talk usually started and stopped with Gannett's Doug McCorkindale and MCA's Sid Sheinberg, with other names like Terry Elkes, Bob Pittman, Nick Nicholas and Mike Eisner on the next tier.

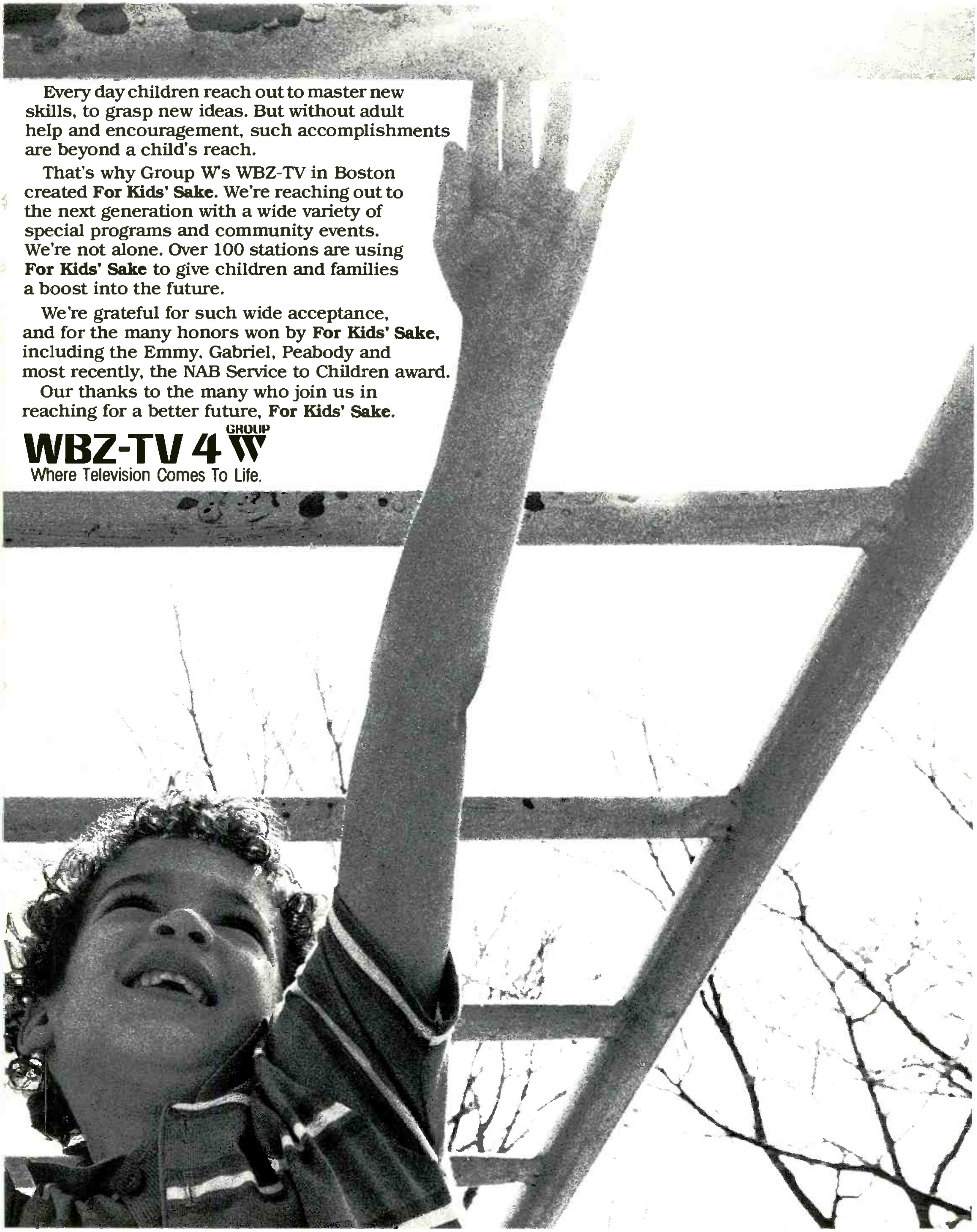
4) *Wired.* The explosion in cable-system acquisition prices absolutely boggles the mind. With Jack Kent Cooke's McCaw and First Carolina deals, each apparently worth $2,000 a subscriber and well over 13 times cash flow; the growing talk of foreign—particularly Japanese—money looking hard at the cable industry; and Time Inc.'s now saying it's seriously moving into a system-acquisition mode, it would appear that system prices might be pushed even higher. Although it's hard to imagine anyone making a bad cable-system acquisition, the escalation in activity and the steep price rise is likely to lead some newcomer to leverage a cable acquisition to the gills, run into trouble and bring some sanity back to the marketplace.

Another risk: If the investment people working on these acquisitions are basing the deals on holding the property for a few years, they have to be assuming significant increases in subscriber penetration, which, of course, would be a good thing for cable.

But if that development, no sure thing, doesn't take place, the consumer's monthly bills will have to soar, multiple tiering will increase, subscribers will balk and the political risks for the industry will become substantial. Cable industry leadership ought to keep a careful watch on the systems being bought by the Cookes of the world. Somebody is going to have to foot the bill. ●

Reaching




Every day children reach out to master new skills, to grasp new ideas. But without adult help and encouragement, such accomplishments are beyond a child's reach.
That's why Group W's WBZ-TV in Boston created **For Kids' Sake**. We're reaching out to the next generation with a wide variety of special programs and community events. We're not alone. Over 100 stations are using **For Kids' Sake** to give children and families a boost into the future.
We're grateful for such wide acceptance, and for the many honors won by **For Kids' Sake**, including the Emmy, Gabriel, Peabody and most recently, the NAB Service to Children award.
Our thanks to the many who join us in reaching for a better future, **For Kids' Sake**.
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Where Television Comes To Life.

Looser, Yes, But Still The Deans of Discipline

by L.J. Davis

A quarter of the networks' censors have been laid off, and many of their taboos have fallen. CBS has even trusted some of its programming executives to wield the blue pencil part-time. Has national television simply outgrown its lifelong need for standards and practices?

Once shame was invented, Broadcast Standards and Practices was inevitable.
—Melvin S. Heller, M.D., clinical professor of psychology at Temple University and consultant to ABC

At a time of conspicuous austerity at the three major networks, when even the once-sacred news divisions are not exempt from the budget-cutter's ax, one unit found in each company stands out from the others as an unloved example of corporate bloat: the division of standards and practices. The three S&P operations together have been spending more than $15 million a year and have deployed 150 professionals. They cannot for a moment be mistaken for profit centers, for S&P does not sow and neither does it reap; it censors.

Only the news is exempt from its oversight. "We examine every single commercial," said a seemingly thunderstruck Robert Wright, early in his tenure as president of NBC. "Every single piece of film that goes on the air is examined. It goes through our compliance or review groups. I didn't think the networks still did that. They do."

In the network world, standards and practices remains the dean of discipline, and almost no one likes the dean. Until recently, however, the censors have never found it so difficult to justify their continued employment, and the

Banned: using an explosive special-effects squib to simulate a bullet blowing off somebody's head, on ABC—or for any purpose, on CBS.

PHOTOTEQUE

L.J. Davis' last article for Channels *was a profile of NBC president Robert Wright.*

The Tastemasters: NBC's Daniels, CBS's Dessart and ABC's Wurtzel.

ILLUSTRATION BY CARL FISCHER

networks' newfound frugality is not the only reason. Incest, impotence, homosexuality and abortion have become almost commonplace prime time fare, and network commercials are giving viewers unmistakable (though certifiably nontitillating) glimpses of Playtex Cross Your Heart brassieres on actual bare-shouldered women rather than mysteriously empty and levitating in midair.

"There's virtually nothing any of the networks will prevent you from writing about," says producer Steven Bochco, who has warred with the censors for years over *Hill Street Blues* and other shows. When S&P takes issue with him, Bochco says, it's over the choice of words he puts into actors' mouths. The climate is positively refreshing to independent producer Peter Greenberg, a former Paramount program development v.p. "We used to put a lot of 'fucks' and 'hells' in the script as distractions," he says. "Now the networks are more trusting of writers and producers."

Off-limits: making "in" jokes about drugs, or suggesting that promiscuous sex is socially acceptable, on ABC.

PHOTOTEQUE

The viewer no less than the new ownership could easily assume that S&P divisions withered and fell off the organizational charts some years ago. In fact, they survive, and even the markedly racier Fox Broadcasting network has hired an S&P adviser, Don Bay, a onetime NBC and ABC West Coast censor. But the three older networks' S&P divisions survive only in reduced circumstances: Altogether they now employ about 120 professionals—down 25 percent within a year. And in what may very well be a harbinger of the future, Laurence Tisch's CBS has reduced the program-practices workload, spot-checking only

20 percent of game-show episodes, for instance, and cutting its S&P staff from 80 to 32 warm bodies over the past two years.

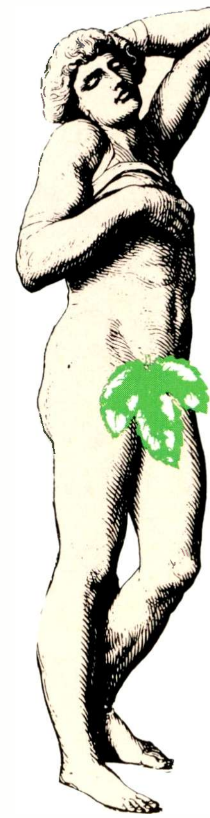
Observers, including some at the network, speculate that CBS is slowly abandoning censorship altogether, a notion that George Dessart, the new v.p. in charge of programs and practices, vigorously denies. The staff, he says, will continue to scrutinize children's shows, dramas based on fact, theatrical films, game shows and commercials, and will depart from past practice most significantly in oversight of series: "It seems to us that it's unnecessary to have an editor full time on the set of a show like *Newhart*, which has a very clearly defined set of parameters. The producers know the things that will raise a red flag and they will send them to us for consultation. We will maintain contact through the first ten screen episodes of a new series, but once the content and characters have been established, the day-to-day monitoring will be done by the programming department."

This puts two hats on the heads of the network's Hollywood program executives, and some find the situation awkward—playing both good cop and bad cop with the producers they oversee. A plot contrivance in CBS' *The Young and the Restless*, for instance, recently had program executive Bob Bowden on the set, altering a prop—carefully applying a Band-Aid to the centerfold nude photo of a male character in the soap. Suggesting that S&P could entrust such duties to program executives would have qualified as heresy as recently as a year ago.

S&P has had a clear sense of its mission: safeguarding the network's external relations with advertisers, affiliates, viewers and, ultimately, the Federal Communications Commission. "My job," one former censor says plainly, "was to protect the licenses of our owned-and-operated stations when they came up for renewal. Period." Over the years the censors have drawn and cautiously redrawn a line across the moral landscape—the line between what is permitted on TV and what is not. It is only a byproduct of the industry's self-defense, but it has become perhaps the most widely recognized, if not the most profound, value system in this secular country. Now CBS' censors have surrendered supervision of most prime time entertainment to the programming department, whose first allegiance is to the network's ratings, not to prudence.

Network television's liberalization began in earnest in the 1960s when NBC, then the perennial second-place network but also the innovator, first introduced a regular weekly series of theatrical films. And when series like *All in the Family* became network successes, their producers gained leverage, allowing them to make more outspoken programs. The spread of cable, with its uncensored films, also played a role in relocating the limits of acceptability, as did a circumstance that is not often taken into account in the heated atmosphere surrounding S&P: to wit, while many censors are infuriating nitpickers, many are also friends of topical drama and the creative process.

Actively discouraged: having characters consume alcohol when they could just as easily be tossing back club sodas, on ABC.



Taboo: letting a comedian make a joke about "McNuggets" and grab his crotch, on NBC, though such has happened on the Fox network.

"We did a lot of things that the affiliates hated, but they got used to it," says one former censor. "I remember going to an affiliates' meeting where everybody was after me because of a scene we'd let pass in a theatrical movie, but I found, as the years went on, the affiliates said less and less, until last year there were no comments at all. The audience and the affiliates have been conditioned by cable, and they no longer expect the sanitizing that used to take place."

Network programs have typically been scrubbed so thoroughly that they shine from every angle. Unlike legitimate theater or publishing houses, with their narrower audiences, the networks strive to internalize all of the diverse, often intense preoccupations of American society. They are made timid by the very breadth of the audience a network needs to reach. For example, though polls show that—in the seventh year of the AIDS epidemic—60 percent of Americans favor the broadcast of condom commercials, the networks have refused to rescind their bans, nevertheless permitting the big-city stations they own to decide individually whether to accept ads emphasizing disease prevention. "You have to remember that we are a surrogate for 200 affiliates who know their markets better than we do," says Alan Wurtzel, ABC's vice president for broadcast standards and practices. The network can, in its own programming, handle issues as controversial as birth control "in depth and with balance," he says, but in commercials some advertisers would try to advocate a position, which ABC could not permit.

Still, the networks' search for balance and moderation can sometimes produce results that are a trifle odd. "We once wanted to discuss the five commonly known methods of birth control on the show," says Bruce Paltrow, executive producer of NBC's *St. Elsewhere*. "They negotiated it down to three. It's the capriciousness of the system that gets to you," he says. At CBS, Barney Rosenzweig was persuaded to trim the number of gang rapists in one episode from seven to four. "It beats me why four is better than seven," he says, "but there you are."

"The crazy thing is, you never know what they're going to do," says Chris Elliott, who writes for NBC's *Late Night with David Letterman*. "It depends on what kind of a day they're having. Once we had somebody call a guy an 'asshole' on tape. You'd think they'd blip the last half of the word. Instead, they blipped the first half. You had a guy calling another guy a 'hole' on network television. Try and figure it."

S&P executives concede that their review process is subjective, but deny that they fly blind. "We do our little tests," says an NBC censor. Ordinarily, when Don Johnson's cop character takes severe exception to something on *Miami Vice*, NBC lets him say that it "sucks eggs." But a few months ago, when the *Golden Girls'* story had the eldest, Sofia, searching her soul after a heart attack, she was allowed to use the original expression experimentally in a remark to Bea Arthur. "You know, Dorothy," she said, "death sucks." The scene ended, the commercial came up and within days hundreds of complaints had come in, instead of the usual 20 or 30. "Then," says the censor, "you know you've used a word Middle America is not ready for."

ABC, where the scientific method is much in vogue, has devised a more rigorous decision-making tool called the Incident Classification and Analysis Form, used to identify unacceptable levels of rough-and-tumble. A similar system, devised by George Gerbner, dean of the Annenberg School of Communications at the University of Pennsylvania, once rated *Shields and Yarnell*, a slapstick comedy show, as one of the most violent shows on TV; also ranking high was *I Dream of Jeannie*, which the censors had already subdued by decreeing that Barbara Eden's navel be filled in. The flaw in Gerbner's system was that it couldn't distinguish between parodic and serious violence; but ABC believes it has licked the problem by devising a system of categories. Locking a character in the trunk of a car, for example, earns a check mark as a weapons assault. Locking him in the passenger compartment, however, comes under the heading of confinement.

Even so, the human factor—the opinions and hang-ups of the individual censors—continues to dominate and confuse the process in ways that producers sometimes find to be irrational. "Alice Henderson, the former head censor at CBS, is a sophisticated and intelligent woman," says a departed underling. "But Alice simply would not tolerate the words 'doing it' as a euphemism for the sex act. Then George Dessart replaced her, and all of a sudden 'doing it' was all right."

Compounding the confusion is the fact that not all time periods are created equal. For example, there is a great deal of mostly adulterous sex on daytime soap operas—2.19 acts an hour on CBS, according to one recent survey, 2.18 per hour on ABC and 1.64 on NBC (which may help explain NBC's lagging daytime ratings). But the afternoon indiscretions continue year round on the apparent assumption that children take no vacations, or that they watch no television when they do. Sex and other so-called "mature" themes then fade from the networks until 9 o'clock in the East and 8 o'clock in the Midwest, apparently on the assumption that children's bedtime has arrived, though one curious researcher discovered that kids in the heartland actually stay up later than those on the seaboard.

Beyond the pale: showing black maids, or gangsters with Italian names, or effeminate hairdressers, on ABC, which opposes stereotyping.

Whoa!: claiming in a commercial, on CBS, that your brand of skin cream prevents aging (though it's okay to say it makes skin soft and young-looking).

Verboten: showing a live model stripped down to her brassiere in this Playtex commercial (or any other ad) before 9 A.M. or after 4 P.M., on NBC.

Nor are all producers or all shows created equal, no matter what time period they occupy. "It's on the established series like *St. Elsewhere* where the audience has come to expect something a little different, that we might allow the limits to be pushed out a bit," says Ralph Daniels, NBC's v.p. of broadcast standards. But even the producer of an early-evening sitcom, Gary David Goldberg, can't think of a situation he'd consider using in *Family Ties* that would run afoul of Daniels. "It goes back to Grant Tinker's attitude, which is 'We trust these people—it's their show and we trust them.' "

A large and vocal faction of the creative community has seldom known harmony with S&P, of course. "Around the network, Al Schneider is called the Pope, but not to his face," says an angry producer, referring to the scholarly ABC v.p. for policy and standards to whom Alan Wurtzel reports. "Why should he have that much power? He takes the position that everybody in America believes everything they see."

The network censors began to gain in power 50 years ago, when it was all much simpler. In the days of single-sponsor network radio programs, the policeman's lot was a happy one. The sponsor patrolled its own programs and the network's department of continuity acceptance concentrated its attention on the taste and veracity of commercials. As they turned their attention to TV, the censors' rulebook grew rule by rule. To head off governmental regulation, in 1952, the National Association of Broadcasters gave the industry its widely adopted Television Code, a series of mostly vague guidelines covering morality and violence, as well as the amount of advertising to be aired.

"Things began to change with the quiz show scandals between 1958 and 1960 and a growing governmental concern over televised violence—the Kefauver hearings, the Eisenhower commission and so forth," says the veteran Al Schneider. "Then in the 1960s you had the Newton Minows at the FCC trying to define the public interest and concerned with consumerism as it related to commercials, especially substantiation of claims and plugola. It was in the '60s that standards and practices began to come into its own."

Then, in 1974, following a simply tremendous to-do over an NBC movie, *Born Innocent*, in which a girl was graphically raped with a mop handle, the FCC and broadcasters informally established Family Viewing Time every evening until 9 Eastern time. "What we're trying to do," Richard Kirschner, program executive at CBS, told a group of outraged writers from MTM, "is not offend the most uptight parent that we can imagine watching with his children." Ironically, the televised mayhem did not abate in the slightest but simply migrated to the later evening hours, which became, in *Variety*'s memorable phrase, a "corridor of gore."

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More than a year of extensive test marketing proved that Festival expands the pay-TV business by reaching the resisters:

• 50% of Festival subscribers are content objectors under 50—the other half comes from the hard-to-sell 50 + age group.
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nt they didn't want pay television.

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A big reason for this performance is Festival's unique programming lineup—first-rate fare that's consistently entertaining, yet never offensive to viewers with more traditional tastes and values. It's programming carefully chosen for its distinctive target audience, so that Festival entertainment *is* quality entertainment that's always welcomed home.

So why not call today and find out why Festival is really something to celebrate.

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Family Viewing Time lasted but a few years, and the NAB discontinued its television code in 1982 after the Justice Department found its advertising provisions in violation of antitrust law, but by then S&P was firmly entrenched. Instead of putting the censors out of work, the great liberalization in permissible subject matter that took place in the 1970s gave the censors an important new set of constituencies. "In 1972, you had Maude's abortion, which mobilized the pro-life people," says Kathryn Montgomery, a UCLA academic who is preparing a book on television and its pressure groups. In 1974 the rape on *Born Innocent* shocked many a viewer, and in 1980 NBC put on *Beulah Land*, a miniseries about the antebellum South that outraged blacks. The networks found themselves under assault by a bewildering variety of pressure groups. "They had the law in back of them, and they were able to file petitions against the licenses of the owned-and-operated stations," says Montgomery. "That frightened the networks badly. Essentially, they institutionalized the pressure groups and made them part of the decision-making process." The liaison assignment fell to S&P.

Each network laid on a small staff of social scientists and consulted academic specialists in sociology and child psychology, and each made itself available to meet with any interested outside party who seemed reasonably sane and in command of a constituency. NBC actually formalized the practice: Since 1979, the network and its producers have exchanged views roughly every 18 months with representatives from interest and ethnic groups—meetings that are not without effect. "I talked with an Arab-American gentleman at the last one," says Bruce Paltrow, no friend of censorship. "He wanted to know why we always portray his people as nothing but terrorists or tycoons. He had a point."

When the point doesn't get through to producers, S&P, as defender of audience sensibilities, steps in. "I think, given the tension between S&P and the creative community, we end up with the best possible product," says ABC's Wurtzel. "We'd have a lot of nerve if we tried to tell a Tennessee Williams how to write a play, but it's a lot different when you're trying to crank out 22 episodes of a program. As time goes on and pressure mounts—and remember, there's only so much talent out there—everybody goes for the cheap joke and the easy way out, and problems like stereotyping and excessive violence develop."

Television has been criticized for oversimplification since its beginnings, and it is precisely here, on the issue of quality and depth, that at least some censors believe they have a genuine role to play. "If anything, I would say that we *add* complexity," insists Wurtzel. "If you have a program that advocates a single point of view, it's simplistic, by its very nature. Aside from such issues as basic human rights, there are very few good-guy/bad-guy situations. We do a lot of research and we insist that the entire story be told. I am not in the business of keeping shows off the air; I am in the business of putting them *on* the air in conformity with our guidelines. We have a policy that says, basically, 'exposition not advocacy.' We want balanced views on our network, but our critics also forget that we are *required* to have them," says Wurtzel. "The government's Fairness Doctrine requires it."

Proscribed: showing anyone practicing hypnotism on NBC. (The order reportedly came down after David Sarnoff awoke from a trance in a fury.)

•

Out of bounds: involving the tongue in a kiss, or showing actresses dazed and exhausted after an orgy, on ABC.

•

Inappropriate: playing a rape scene for erotic interest, or otherwise fusing sex and violence, on ABC.

The critics are not mollified. "Sure, they'll discuss controversial subjects when they're safe," replies Lila Garrett, a veteran scriptwriter. "For example, wife abuse. They've discovered the women's revolution now that it's practically over—that's a nice safe topic. With all this insistence on balance, television presents a problem, suggests no solution and assigns no blame." There's bitterness in Garrett's complaint. "The way to write for television," she says, "is to make a lot of noise and make sure it's about nothing."

Sometimes, the censors' insistence on balance—on presenting a difficult issue without offending anyone—achieves results that border on the bizarre. "I can perfectly well see the reason for 'broadcast standards,' says prominent producer Frank von Zerneck. "But what we have here is censorship pure and simple, with no appeal from their decisions no matter what they say. I did a movie for NBC called *Hostage Flight*, about a domestic airliner that was hijacked by a group of Arab terrorists. They made me change them into one Frenchman, one German, one Italian, one Arab and one Irishman—a preposterous mixed bag that made no sense whatever. In the end, the script called for the passengers to hold a trial in the manner of *Twelve Angry Men*, and there was to be an execution over international waters. Instead, they made us have a gun go off by accident. I had no choice. It was either make the changes or drop the project."

The networks' censors remain on the job today, even at CBS, when the programs at hand are ticklish dramas like von Zerneck's. Surely they will sin again on many occasions and will shine on others—forcing a producer or writer to think. When the program at hand is a bread-and-butter CBS series, however, there will be no overseer wearing the S&P hat full time. With only the emissaries of the programming department on guard, it's easy to imagine a new bust-and-boom cycle for the networks' censors.

If the networks' programming departments have justly been viewed as the in-house champions of creative freedom, they're also known for a long and deplorable infatuation with violence. "Violence," says one former censor, "is the industrial effluent of the television business, the toxic waste that gets past the pollution-control device. And at CBS the pollution-control device has just gone onto a part-time schedule. The whole thing will come tumbling down at CBS the moment they try something that the public will not accept." •

Grant's Back & Gannett's Got Him

The nation's largest newspaper group steps up its effort to become a major presence in television. While hunting for new stations, it is also building a production studio, with Grant Tinker in charge.

by Jeri Baker

The Gannett Company is very, very rich.

Forbes, on whose *500* list it ranks 138th, predicts its 1987 cash flow will be the media's largest. It has the highest market value—now almost $8 billion—of any publicly owned, diversified media company. It spent nearly $1 billion in 1986 to add to newspaper and broadcast holdings, which now include 93 dailies, 39 nondailies, eight TV and 18 radio stations. Even so, it suffered only a slight slowdown in earnings, after 19 years of consistent gains. Its logo is a "G" about to eclipse the globe.

What the company covets, however, is respect, and that has proven elusive. *USA Today*, the flamboyant four-color daily with a cheerful, cursory approach to news—chief executive John Curley calls it brevity—is the multimedia company's most widely known hallmark. But Gannett's indisputable success, as owner of the largest-circulation newspaper group, largest outdoor advertising company and broadcaster to 10.1 percent of the nation, suggests that it has perfectly crafted its print products for the TV-bred generation with a short attention span. *Its* audience, certainly, and perhaps *the* audience.

And now, just four years after the creation of *USA Today*, and with the same enterprise that prompted its launch in a skeptical climate, Gannett has entered television production as 40 percent partner with Grant Tinker in GTG Entertainment. The undertaking could provide the company with a cornerstone in television as solid and as visible as *USA Today*. Tinker comes as close to guaranteeing success as anyone can, and his luster may allow Gannett to partake of what all its executives refer to longingly as his "class."

Not that Gannett executives aren't highly regarded on Madison Avenue and Wall Street. Shearson Lehman Bros.' Alan Kassan and Oppenheimer's Dennis McAlpine apply superlatives to Gannett's newspaper management, and assess its broadcast management as "good." And it is clear that a new, youthful generation has come to the helm. "It's because of our growth," says the 48-year-old president and CEO, John Curley. "It gave a lot of us more opportunity than we might have had earlier."

Curley, a former Gannett journalist and editor who became a friend and favorite of chairman Allen Neuharth, was head of Gannett News Service when it won a Pulitzer, the first time a news service had done so. He also served as *USA Today*'s first editor. But he was still a mildly surprising choice for his current role, especially so considering the respect accorded longtime chief financial officer and company vice chairman Doug McCorkindale, point man on Gannett's many acquisitions and formerly general counsel.

Curley himself was surprised when Neuharth, at a board of directors' meeting last year, named him chief executive officer. Neuharth's own predecessor, Paul Miller, stepped aside just before retiring, and Neuharth decided he wanted a lengthier, more graceful transition the next time around. By giving up his CEO title to Curley, he has made it a virtual certainty that Curley will follow him as chairman when Neuharth retires in 1989.

Curley is credited with a thorough understanding of office politics and can be a deft representative in company forums. He is also quick and lucid, characteristics that have no doubt contributed to his stand-out role at Gannett. Grant Tinker, a longtime critic of corporate mannequins, lavishes praise on his Gannett suitors, and adds, "And I'm beginning to see

The GTG partners at a quiet Culver Studios soundstage (from the left): Gannett vice chairman Doug McCorkindale, Gannett broadcasting president and CEO Cecil Walker, Gannett president and CEO John Curley and GTG Entertainment president Grant Tinker.

BONNIE SCHIFFMAN

that John Curley isn't just another tall guy in a suit, either."

Curley is also a unique judge of talent, as is clear from the startling choice he made to head the company's broadcast division: Cecil Walker, plucked from the executive vice president/controller slot at Gannett's KUSA-TV in Denver. According to former employee Tom Bonner, now executive v.p. at KARK-TV, Little Rock, Curley determined that "people weren't being stroked enough." Curley knew Walker was renowned for his people skills and brought him in to be acting president and general manager of WXIA in Atlanta, broadcast headquarters until the move to Washington, D.C., is complete sometime late this year. His first day on the job, Walker went up to the receptionist, a universally loved long-timer, and said, "You're the best receptionist I've ever dealt with and I'm glad to be working with you." The story, Bonner recalls, spread like wildfire.

Early in 1987, Walker, 50, was named president of the broadcast division, which by then included Gannett's languishing radio stations. The boyish-looking, 22-year Gannett veteran travels strenuously, in keeping with his commitment "to have a physical presence at the stations and industry meetings." He also brings together station managers to "present their missions and their goals" and calls monthly meetings on community-affairs activities.

It wasn't until the '80s, when it entered broadcasting in a major way, that Gannett confronted the competition it had evaded in one-newspaper towns. It also discovered what community-affairs efforts could do to enhance its competitive stature and, as Cecil Walker puts it, "to have our stations identified as good corporate citizens."

From its 1906 founding, the company grew its newspaper business by acquiring small, monopoly properties, turning them a matching shade of beige and collecting nearly inevitable profits. Alan Neuharth said in 1985 that the company went into the black "in the minor leagues" because it had "no guts" for the big media deals.

During this decade, however, Gannett has acquired stations in the major-league markets, along with executives who were broadcast veterans. (Never able to find good broadcast management, Gannett had sold all its stations except WHEC, which, uncharacteristically, was thriving in Rochester, Gannett's earliest headquarters.) In 1979, it completed a $372 million merger with Karl Eller's Combined Communications, a station-group and outdoor-advertising company, and in 1986, it acquired the Detroit-based Evening News Association, a newspaper and broadcast company, for $717 million.

The acquisition of Combined provided Gannett with stations in Phoenix, Atlanta, Denver and Oklahoma City, as well as Al Flanaghan, who became head of Gannett Broadcasting. ENA brought it Austin and its plum in Washington, D.C., WDVM, which was renamed a characteristically patriotic WUSA and is sometimes referred to internally as "The Nation's Station," as *USA Today* is "The Nation's Newspaper."

As a result of its acquisition binge, Gannett's long-term debt at year-end 1986 was $1.2 billion, 42 percent of capital and up steeply from 1985's $492 million. But CFO McCorkindale projects a decline to $1 billion in debt—33 percent of capital, still above its traditional 20 percent—by the end of 1987, "provided there are no acquisitions, and no one can ever be too sure about that with this company." If not, he says, Gannett could return to the 14 percent annual earnings gains it averaged for the last 10 years. Among other things on the acquisition list are four more TV stations, to bring Gannett to its FCC-permitted 12. But that may not happen soon. Says Walker, "We've looked at everything available, but prices have moved up too fast. We're not interested in dog properties and we're not at all desperate. We've never thought in terms of broadcasting being x percent bigger or x percent of the company on a certain timetable." (The two ENA stations brought the Gannett Broadcasting component to about 13 percent of the company's revenues, up from 9.9 percent in 1979.) But broadcasting

'We're in the business always to be at the top. We're a news and information company. We want to be a news and information leader.'

lagged in the first quarter of 1987, says Curley, with TV results erratic and radio still showing a decline.

In the markets in which it now broadcasts, Gannett has contrived two tacks: If a new property's news operation is weak, the parent spends lavishly to shore it up. And it promotes the station as the one that solves community problems. The selectivity among strategies is the major difference between Gannett's management of newspapers and its management of TV stations. Newspapers, with the exception of *USA Today*, get a thorough going-over that makes them so recognizably siblings that they could only be part of the Gannett family. In contrast to its lean newspaper operations, stations are made richer but otherwise unchanged unless changes are obligatory.

To a large degree, Gannett's broadcast tactics have succeeded. WUSA, for instance, was solid under ENA and, under Gannett, ranks number one in the D.C. market for its 5, 6, and 11 P.M., its noon and its 6:30 A.M. newscasts. Its Sunday morning *Capital Edition* is number one in its time period among affiliate stations. So is *22/26*, another Sunday morning locally produced public-affairs show. Ones and twos are scattered liberally by A.C. Nielsen among the seven other Gannett stations' rankings in local news and public-affairs productions. The one Gannett independent, WLVI in Boston, looks weak against its siblings at number four, but beats the market's other independents handily. KPNX in Phoenix was always strong, so Gannett spent to build plant and equipment, leaving programming alone. "The nice thing about Gannett is that it provides resources to do quality news, but doesn't overrule us," says Perry Boxx, news director at KOCO in Oklahoma City. "We're the only station with a Washington bureau that covers local news." Says KPNX's Bill Nichols, "Gannett leaves us separate but allowed us to grow much faster than other stations here."

WXIA in Atlanta was at the other end of the spectrum when Gannett purchased it in 1979. It needed huge amounts of management attention and spending. Thus it was the first in the market to get a news helicopter, and it lured news personalities from competitors with breathtaking increases in salaries. " 'We're going to be number one. Don't let's quibble about how much it costs,' seemed the motto," says one former employee. Walker put it with more finesse: "We're in the business always to be at the top. We're a news and information company. We want to be a news and information leader."

Nowadays, WXIA is prime time leader by a hair and is a perfect example of how Gannett comes by its reputation for community service. The Gannett Foundation, which elected Neuharth its chairman in 1986, turned 50 years old in 1985. It makes grants in communities served by Gannett media properties. WXIA's local evening news covers the annual fall luncheon at which 40 to 50 Foundation grantees are honored. And the station's own community-service awards are given prime time coverage annually. Though these eleven (for Channel 11) $1,000 awards come out of the station's budget, it would be difficult to buy the kind of publicity the Foundation grants bring, at no cost to WXIA.

With lukewarm broadcast operating margins (33 percent, says Shearson's Kassan) and inexorably rising program costs, Gannett is seeking profits in program production. Seven months into the life of GTG, it is abundantly, sometimes amusingly clear that there is not yet a master plan. Gannett knew it wasn't the

SCOTT MACNEILL (3)

FINANCIAL HIGHLIGHTS: 1985-86 AT A GLANCE

(In thousands except per-share amounts)

	1986	1985	PERCENT CHANGE
Operating revenues	$2,801,497	$2,209,421	+26.8
Net income	276,404	253,277	+9.1
Net income per share	1.71	1.58	+8.2
Long-term debt	1,201,370	491,565	+144.4
Total assets	3,365,903	2,313,218	+45.5

THE GANNETT STATION PICTURE

STATE	CITY/STATION		CHANNEL/NETWORK	RANKING*
Arizona	Phoenix	KPNX-TV	Channel 12-NBC	#2
Colorado	Denver	KUSA-TV	Channel 9-ABC	#1
District of Columbia	Washington	WUSA-TV	Channel 9-CBS	#1
Georgia	Atlanta	WXIA-TV	Channel 11-NBC	#1
Massachusetts	Boston	WLVI-TV	Channel 56-Ind.	#4
Minnesota	Minneapolis-St. Paul	KARE-TV	Channel 11-NBC	#2
Oklahoma	Oklahoma City	KOCO-TV	Channel 5-ABC	#3
Texas	Austin	KVUE-TV	Channel 24-ABC	#2

*Sign on-sign off

only suitor awaiting Tinker's triumphant recessional from NBC. So minutes after he walked out of the NBC elevator for the last time, freeing himself, by his own rule, to talk to potential employers, Gannett had arranged for his arrival at the Waldorf Tower to meet with Neuharth, Curley, McCorkindale and former NBC chairman Julian Goodman, who is now a Gannett board member. They offered Tinker, as their partner, untrammeled freedom to do as he chooses. He wanted a studio; they spent $24 million to buy him Laird International, now called The Culver Studios, and committed at least $15 million to refurbishing it. "They didn't blink. Our deal is, it's their money and my work," says Tinker, to whom Neuharth himself underscored the advantage of having a partner on the other side of the country instead of leaning over his shoulder.

Tinker brought to the deal a nonexclusive "huge, multiseries commitment" to CBS. He says his plan is to concentrate on network series first, "in order to get ourselves up to speed." Next might be made-for-TV movies. "Then maybe ["but a long way down the road," says McCorkindale] a feature movie here or there."

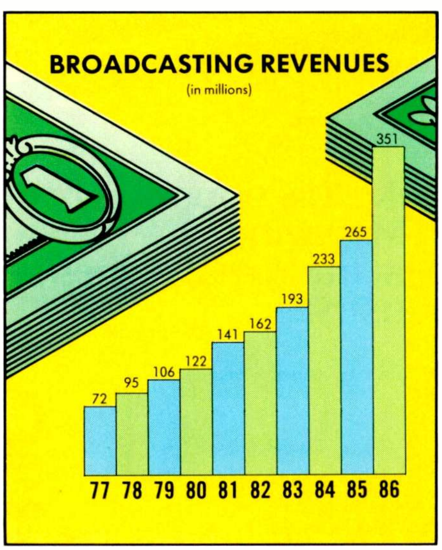
There is no ambiguity about why Gannett finds production attractive. As Walker put it, "Shows are going to be very expensive and accordingly profitable for someone. Our involvement works well toward a balanced portfolio, if you will. If we're going to be paying more as station owners, we have a chance now to participate in that on the other side [as program suppliers]."

Tinker, having been on both sides, figures he's "a little more conversant with the hardening network attitudes toward cost containment. I don't want to make it sound as though I have some secret no one else knows. I don't. Our intention is to do affordable programs. We have to."

The belligerence with which Curley rejects questions about the scope of Gannett's production hopes suggests he's heard one too many inquiries about another network in the making. No such thing, he insists. Other executives echo him that if Tinker had not been free, they would not have gone seeking a producer/partner right now. But Walker and McCorkindale do not deny, as Curley does, that such a project had been on earlier agendas. Says McCorkindale, "We've been interested in production for several years. We did *The Indomitable Teddy Roosevelt*, which won awards for ABC last year, for instance," and, with partners, *Rituals*, a soap-opera flop, and *Small Wonder*.

Perhaps the most ambitious effort was a five-year contract with MacNeil-Lehrer Productions. Gannett provided seed money to start MacNeil-Lehrer-Gannett (with no creative input from Gannett), which produced for PBS the flagship *Newshour*; Jim Lehrer's *My Heart, Your Heart*; and *The Heart of the Dragon* between 1981 and 1986, when the contract ended and was not renewed. ("It turned out they were just too busy," says McCorkindale.)

The two companies met through a small New York production house Gannett bought to do news and information programming. It was 1980, just after Gannett's Combined Communications buy, and Combined executive Al Flanaghan had become head of Gannett broadcasting. Almost immediately, Gannett began pouring money into USA Today. (It hasn't stopped yet. With the total investment estimated in the hundreds of millions and no return, a gleeful executive team announced in mid-June that the paper is moving into the black.) Production got little attention except from Flanaghan, whose idea it was and for whom—rather like Tinker's studio—the production company had been bought. A co-venture with Dow Jones got as far as a pilot for a Sunday morning business show, but seems one of the few projects



Gannett ever decided against because of the high cost. (The other is cable system acquisitions. While its peers streaked past it, gathering up properties, the company has considered cable too expensive, ever since prices were in the $800-per-subscriber range, less than half what they are now.)

Despite Gannett's experience making programs, a former official of the erstwhile production venture looks askance at GTG. "At least we fit in with the public-affairs and news shows they were doing. This Tinker thing is entertainment, a very different business."

Walker counters that GTG "is a little different, but certainly very compatible. We went into it with one of the best, who will be able to tie this venture into the businesses we're already in."

Can so much depend on Grant Tinker's ability to do that for the far-flung Gannett Co.? There's a sense that things are hanging fire until he does. Gannett has long been intent on using its multimedia resources to maximum advantage. *USA Today* itself was the product of a committee "looking at opportunities in broadcasting and in newspapers," says Walker. The company has rejected many producers with wide proposals to turn whole sections of *USA Today* into television material. It's now clear that they were waiting for someone like Tinker to oversee that endeavor.

Is GTG supposed to be not just a self-contained revenue source, but a wider connection as well between the Gannett businesses?

The answer is best seen in Tinker's hiring of *Today* show executive producer Steve Friedman. Friedman will head a new division, GTG East, that will produce a six-day-a-week, half-hour program modeled on *USA Today's* four sections—News, Money, Sports and Life—that will preview the next day's news each night. And that could mean the optimal output from a remarkable team—extraordinary talent on one side and extraordinary largesse on the other. ●

CABLE

MTV's Great Leap Backward

by Fredric Dannen

After an ill-fated attempt to broaden its appeal, the music channel has gone back to its hard-rock roots

Rocker David Lee Roth summed up the pop music world as: "Here today, gone this afternoon." If those words seem especially accurate now, some blame it on music video's gift of fleeting stardom. Detractors long predicted that the public would sour on it, and on its major purveyor, MTV: Music Television. By late 1986, it seemed they were right.

Launched in 1981, the 24-hour cable network was a smash. MTV revitalized the record industry by giving play to acts radio ignored. Its influence led moviemakers to long-form videos such as *Flashdance* and *Purple Rain*. The working title for *Miami Vice* was *MTV Cops*.

But after the network went public in 1984, MTV's hard rock gave way to mush, copying the Top 40 radio stations it once denigrated. Viewers, affiliates, advertisers and record companies grew perplexed, even hostile. Meanwhile, though MTV still hotly disputes the numbers, its Nielsens declined to half their all-time high. Before long, says the head of a big record label, MTV was "totally boring. People weren't watching it anymore."

Today, MTV president Thomas Freston is chastened. "There's an irresistible

Fredric Dannen is writing a book on the record industry.

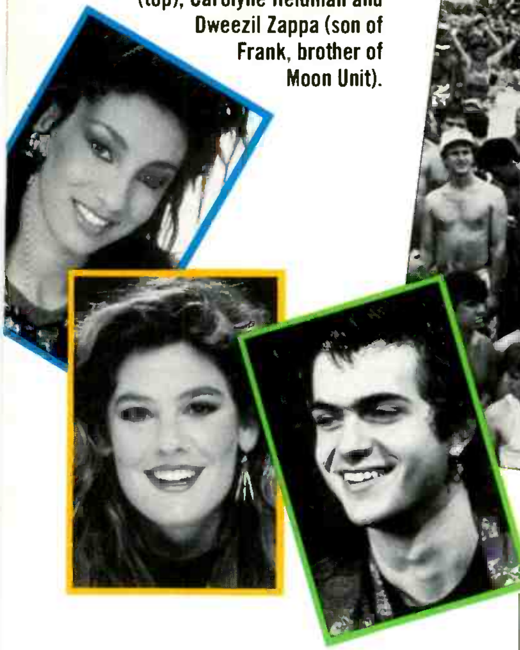
GARY GERSHOFF/RETNA LTD.

ROBERT MATHEU/RETNA LTD.

DAVE PLASTIK/RETNA LTD.

MTV's playlist is heavy on metal once again. New and breaking acts featured: from left, Cinderella, Poison and the Beastie Boys.

New among the V.J.s are Julie Brown (top), Carolyne Heldman and Dweezil Zappa (son of Frank, brother of Moon Unit).



force that tells you to broaden your appeal. When we went public we thought the sky would fall if we stopped playing Madonna and Bruce Springsteen every two minutes. We took the soul out of the channel." Under Freston, who's been calling creative shots since his ex-boss, MTV cofounder Robert Pittman, quit early this year, the channel has taken some big strides backward, toward its roots.

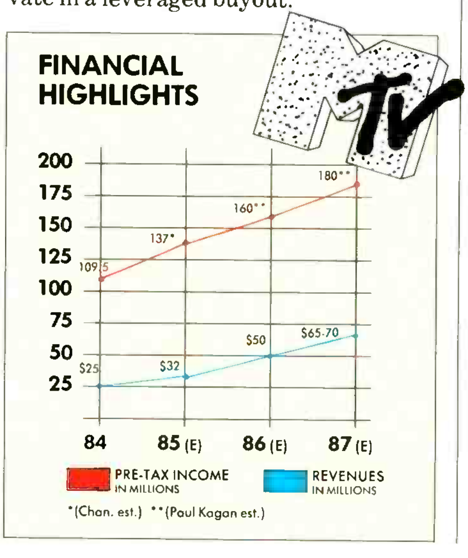
For starters, MTV dramatically cut its playlist, all but eliminating Top 40 balladeers such as Paul McCartney and shuffling them over to VH-1 (Video Hits One), aimed at an older audience. Heavy metal is once again MTV's dominant genre. New or breaking artists now make up about 40 percent of its playlist, versus 20 percent last year, and the network selects a weekly "hip clip" by a new act, which it airs in heavy rotation. Such breaking acts as the Beastie Boys and Cinderella have had huge MTV play—and lots of record sales. Meanwhile, live weekend programs appear every month.

There's been a staff overhaul as well. All five original VJs (video jockeys who introduce clips) are gone. And Freston has brought some new blood into top management, notably Lee Masters, now general manager for both MTV and VH-1. Pittman, head of Quantum Media, his own recording and music-video company, applauds the changes: "Tom felt that, good or bad, everyone there from the beginning was protecting the past."

The Freston-led reformation won approval of the network's constituents. "I believe MTV is coming back in a big way, after losing the cutting edge," says Nimrod Kovacs, marketing v.p. at Denver's United Cable. Adds Robert Buziak, president of RCA Records U.S.: "MTV is a major factor again. In a few months, we've seen them create a base for new artists. I've got to believe [MTV's] ratings are going back up."

Ad agencies also appear happy with MTV's rock revival. Liz Russo, a DFS Dorland cable buyer, says her clients were alarmed that a mellow MTV "would no longer appeal to their target audience." Russo says that concern has evaporated and that clients are also pleased that MTV now carries more specials, which enable the agency to associate its products with events and groups.

MTV's renewed popularity must be welcome news to Sumner Redstone's National Amusements, the new owner of Viacom, MTV's parent. The purchase marked the third change in ownership for MTV Networks, Inc. (MTVN includes MTV, VH-1, Nickelodeon for children and Nick at Nite.) MTV began as the creation of Warner Amex Satellite Entertainment, the defunct joint venture of Warner Communications and American Express. In 1984, Warner Amex sold one third of MTVN to the public. The network was then acquired by Viacom in 1986, after an abortive attempt to go private in a leveraged buyout.

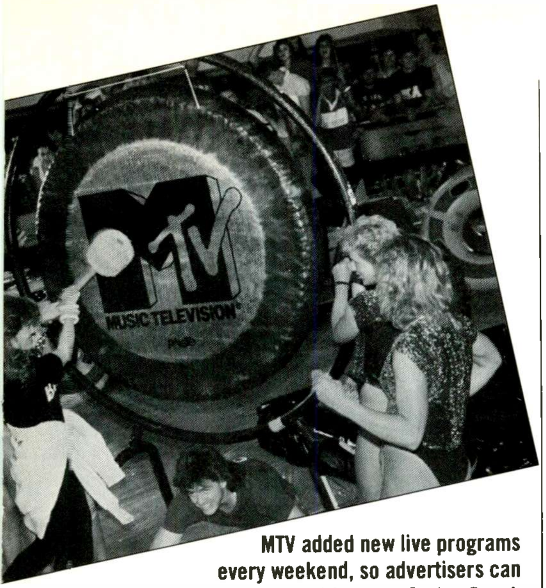


Viacom frustrated Pittman by vetoing diversification plans: It was already in many of the businesses he wanted to explore, he says, so he bailed out. Viacom replaced him with co-presidents Freston and Robert Roganti, former head of ad sales. "Viacom couldn't make a decision," explains an insider. But the contest appears over, with Freston the winner.

Viacom's purchase didn't come cheaply: It cost $550 million, more than eleven times 1986 estimated earnings, and a good $80 million above the network's leveraged-buyout offer. What's more, Warner Communications, the principal seller, garnered warrants for Viacom stock worth an additional $82 million when National Amusements bought. Though MTV lost more than $50 million in its first three years due to huge start-up costs in personnel and equipment—it was the first TV network to go stereo, for example—its debts were repaid with the proceeds of its stock offering.

MTVN has been in the black since then. Its only annual report, for 1984, showed pretax income of $25.4 million on revenues of $109.5 million (of which MTV contributed 70 percent). Media analysts projected that MTVN would earn almost $50 million in '86 and $65-$70 million in '87.

No one at MTV claims the channel will grow as rapidly over the next five years as it has in the past five. But MTV has an intangible asset that helps explain why Viacom was willing to pay a big premium to become its owner: a virtual monopoly. Other attempts to launch such a channel have crashed, the most dramatic being Ted Turner's Cable Music Channel, which started in October 1984 and folded before year end. But it had been considered so serious a threat that its debut, announced the day before MTVN became a public company, knocked an estimated



MTV added new live programs every weekend, so advertisers can combine product with event. Spring Break at Daytona Beach prominently displays the MTV logo

$3 a share off the offering price.

What Turner didn't count on was the sudden introduction of VH-1 for older viewers. When CMC was announced, Bob Pittman recalls, "We polled our affiliates and found that while almost no one was going to drop us, Turner could get 15 million subscribers in two years as a second music service. We thought, shit, if there's that big a market, we should be the second service, not him. Instantly, he was relegated from fighting MTV to fighting VH-1."

VH-1 has yet to turn a profit, despite start-up costs of only about $7 million, versus $45 million for MTV. It generates almost no affiliation fees since it's given free to any affiliate that carries MTV. General manager Lee Masters says, however, that VH-1 had a "phenomenal year" in 1986, and he hopes to see it cross the 20-million-household mark in 1987. There is still skepticism about the channel's prospects. Says *Billboard* magazine's Steve Dupler: "The idea of getting 45-year-olds to watch music videos is a flawed one."

There can be little doubt, however, about VH-1's value as a flanker channel to guard MTV's monopoly. The strategy mirrored HBO's creation of Cinemax—a ploy that impressed Pittman when he was running Warner Amex's The Movie Channel, a distant HBO competitor. Pittman learned another lesson from HBO: It's worthwhile to pay suppliers for exclusive use of their product.

A confidential memo written by Pittman in 1983 laid out this strategy in detail. MTV, he wrote, is a classic distributor caught between a producer (the record industry), and a retailer (the cable system). "The traditional solution for the distributor to protect his business is to lock up the shelf space and/or lock up the supply of the product." He urged that MTV's just-announced switch from free service to affiliation fees be used as a tool to get cable operators to sign long-term contracts in return for discounts because "we feel we will be most vulnerable to competition from new entrants over the next five years." His proposal: Buy exclusive rights to video clips, which had been given away free as promotional items.

Pittman's plan succeeded all too well, says Constance Wodlinger, chief executive of Houston's Wodlinger Broadcasting, which filed complaints with the Federal Communications and Federal Trade Commissions against MTV's exclusivity practices. The 24-hour music video service claims to reach more than 5.5 million broadcast and cable households. She charges that access to 75 percent of the cable industry and many popular videos were denied her because of MTV's exclusivity. The FCC terminated its investigation in May, "for lack of a basis to proceed further." The FTC's goes on.

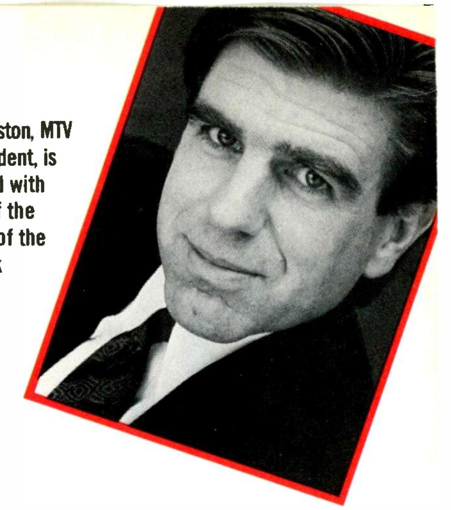
The lawsuit is not MTV's only problem. The controversy over its Nielsen ratings has yet to be resolved. The ratings service listed it at a robust 1.2 share in fourth-quarter 1983, during its run of *The Making of Michael Jackson's "Thriller,"* perhaps the most popular video of all time. But in fourth-quarter '85, MTV's ratings were suspended while the network and Nielsen argued. Nielsen's finding, finally released in April 1986, was 0.6—a drop of more than 30 percent from fourth-quarter 1984.

MTV still claims that the drop can be accounted for by a change in Nielsen's household sample: The number of male teens declined about 30 percent between May and September of 1985. That could not have been a reflection of real demographic change, snaps one MTV executive, "unless people were committing teen genocide." David Harkness, director of marketing at Nielsen Media Research, admits that "teens are a narrow demographic group, subject to great fluctuation, and when you're trying to measure that audience, there is a fair margin of sample error." He suspects Nielsen overstated the percentage of male teens before MTV's dropoff, however. Harkness hopes that the controversy will end when Nielsen switches to people meters this fall.

THE COMPANY PROFILE

Network	Launch Date	Subscribers*
MTV	8/81	33.4
VH-1	1/85	18.8
Nickelodeon	4/79	31.7
Nick at Nite	7/85	27.5

* (3/87) (IN MILLIONS)



Tom Freston, MTV co-president, is credited with much of the revival of the network

For now, the rancor still runs high. A year ago MTV became the first and so far the only cable network subscriber to the people-meter service introduced by AGB Television Research. AGB is Nielsen's rival for the people-meter business.

In the meantime, while MTV's return to its old format has mollified most of the record industry, the network still hasn't made peace with the biggest and most powerful record company, CBS. Though it continues to supply videos to the network, CBS had not renewed its exclusivity contract with MTV. Alvin Teller, president of CBS Records U.S. and an outspoken critic of MTV, questions whether videos, which can cost hundreds of thousands of dollars to make, are worth the expense. (The money that MTV pays for exclusivity covers only a small percentage of the cost.) In fact, CBS has scaled back production. "This beast was out of control," Teller says. "I was looking at a ton of money being spent on videos, many of which were no good. I also believe that an artist who has lots of hit videos has foreshortened a career with overexposure."

There are also signs of a video backlash on the part of recording artists. Hit acts such as Foreigner and Journey now refuse to make clips. Jerald Wagner, a leading music-industry consultant, also notes that record companies have proven unable to earn a profit on videos by selling them in stores. If videos continue to be a cost item, Wagner says, record companies will refuse to make them—MTV or no MTV. "Unless video sells off the shelf, I wouldn't give it forever," he adds.

Despite those warnings, Freston insists that music video—and MTV—are here to stay. "I agree that the novelty of music video is gone," he says. "But the trade-off is that it's been institutionalized. People by and large are fascinated with TV, and they love music. To think that you can't have success combining the two has to be wrong." ●

Babe In Toyland

Animator Andy Heyward has turned DIC into Hollywood's hottest cartoon factory. But is it just a front for the toymakers who back his shows? *by Patricia E. Bauer*

It's after six o'clock on a Thursday afternoon and the weekly development meeting at DIC Enterprises in suburban Los Angeles has been going on for over an hour. The young, hip writers and executives inside the conference room are alternately cheering and groaning as they float ideas for new television shows. Groping for words to describe a new character, one earnest program executive says, "I see him doing con jobs and stings. He's more like . . . ."

Andy Heyward, the company's boyish chairman, arches an eyebrow behind pink-framed glasses. "Why are you looking at *me* when you say that?"

"That's it! He's a huckster!" the man shouts as Heyward and the others dissolve in laughter.

For Heyward, the joke is a high compliment indeed. Over the past six years, he has used a knack for sales and deal-making to build his company from a tiny two-man operation into one of the world's largest producers of animated programming, with revenues approaching $100 million. Yet Heyward also symbolizes a new—and many say troubling—direction for children's television. DIC has flourished, in part, by crossing the traditional line between children's entertainment and toy commercials. This has been possible because the Federal Communications Commission has eased the rules governing commercial content of programming. "The villain is not DIC or the toymakers," says Peggy Charren, president of Action for Children's Television. "It is Ronald Reagan's deregulatory FCC, which has allowed the industry to pretend that an all-out sales pitch is entertainment programming."

This fall, while many companies are cutting back production in the wake of a glut in animated programming, DIC (rhymes with eek) is charging ahead. It has 330 half hours of animation in production, more than any other studio, and will see at least 60 half hours aired each week in the U.S., six on the three networks and the rest in syndication. DIC cartoons feature such recognizable characters as Dennis the Menace, Hello Kitty and the Popples, and are seen across Europe and Latin America. And, thanks to the company's booming licensing department, DIC characters grace everything from lunch boxes to slipper socks.

The DIC story is a tale of a company with a strategy uniquely suited to its era. In years past, the children's animation business was a quiet kingdom dominated by a few sleeping giants. Companies like Hanna Barbera and Filmation covered their costs with network license fees and counted on syndication to generate profits. But a proliferation of syndicated shows has fractured the market. Ratings for programs have dropped, advertisers are fleeing and license fees are flat.

At the same time, competition in the toy market has prompted manufacturers to seek starring roles for their toys in cartoons. Like its older competitors, DIC has embraced this trend and it now leads the industry in making toy-oriented

"Most Hollywood producers create programs based on concepts and then pitch them to networks and syndicators," says Andy Heyward, 38, chairman of DIC Enterprises. "They don't understand that shows have to be pitched to advertisers first—that's what television is all about."

PENNY WOLIN

shows with funding provided by toymakers or advertisers. Indeed, some of its rivals say that DIC's frenzied production of toy-driven shows caused the glut in the first place.

Heyward set up shop in Los Angeles in 1982, just as the networks began actively seeking new animators to broaden their program supply. While courting the networks, Heyward and DIC's founder, French entrepreneur Jean Chalopin, realized that the profits lay in syndication, merchandising and foreign markets.

Last winter, after a long internal struggle over the direction of the company, Heyward emerged as the dominant force, leading a $65 million buyout with Bear, Stearns & Co. and Prudential Insurance to ease out founder Chalopin and Radio-Television Luxembourg, the large European broadcasting company that originally spawned DIC. Heyward's ouster of his former partner only furthered his reputation as a tough, shrewd operator bent on conquering Hollywood on his own terms. Chalopin and RTL now share 15 percent of the company's stock; Heyward, who owns about 45 percent, hopes to take the company public soon.

For Heyward, the road to Hollywood began in nearby Beverly Hills. His father, Deke Heyward, was an entertainment executive at American International Pictures and later Hanna Barbera, and Andy learned Hollywood's curious sociology from such family friends as Dick Clark and Vincent Price. At 13, he got in trouble at school after developing a computer system for handicapping race-

DIC's shows rely heavily on tie-ins with toy lines and existing characters. *Hulk Hogan's Rock 'n Wrestling* (above, left) is based on the popular World Wrestling Federation star. *The Real Ghostbusters* was derived from the Columbia Pictures film. Originally, *Dennis the Menace* (center) was a comic strip, and *Hello Kitty* (below) is one of Japan's most successful toy lines. *Lady Lovely Locks* (top right) was developed by American Greetings and Mattel; *Teddy Ruxpin* came from Worlds of Wonder; and *The New Archies* was originally created for a line of comics.

horses as a science project one year, hardly endearing himself to teachers.

After studying philosophy at UCLA, Heyward landed his first job in Hanna Barbera's stockroom and eventually was promoted to story writer, later moving to Filmation. In 1981, he was introduced to Chalopin, who had founded the DIC Group in 1976 with backing from Radio-Television Luxembourg. Chalopin was producing animated shows in Europe but wanted to crack the American market, and he hired Heyward to translate his rapid-fire French and introduce him around the Hollywood community.

As the pair circled the globe peddling their ideas and setting up contracts with animation houses in the Orient, it soon became clear that Heyward's real skill was in business strategy. Indeed, Heyward's obsession with improving the company's revenues made it inevitable that he and Chalopin, who approached the business as a programmer, would part ways. "Andy is market driven," says Chalopin. " Many times shows would come to us that would be good for the company financially, but I did not like the concept. So I did them, but I was frustrated."

Within a year, DIC had launched a syndicated show, *Inspector Gadget*, and a set of specials on ABC called *The Littles*. DIC had 81 half hours on the air a year later, and the company's offices had moved from Andy's mother's kitchen to a series of temporary headquarters, finally ending up in an anonymous brick building in Encino. This fall, when the company settles into permanent space in a luxury building across the street from the prestigious Burbank Studios, Heyward will put DIC's name on the roof in huge letters.

DIC's deals fall into two main categories. On many projects, DIC solicits toy companies and advertisers to hire it to produce shows about specific characters or toy lines. DIC produces these shows at far below market cost by hiring and firing its nonunion employees according to the work flow and farming out its unskilled animation work to the Orient.

DIC's dream deals, however, are those in which it gets a big share of a program's backend while spending little or nothing up front. Syndicators, toy manufacturers, card companies and others participate in the financing of DIC's shows and in return receive a variety of benefits—from ad time to a share of profits. Many shows are supported by several participants at once.

The licensing agreement for DIC's *Dennis the Menace*, a syndicated series scheduled to move over to CBS this year as a mid-season replacement, is a typical deal. Judy Price, CBS's vice president for children's programming, could only afford to pay $150,000 per episode—much less than the

MAKING IT BIG IN ANIMATION (DIC REVENUES—IN MILLIONS)

'82	'83	'84	'85	'86	'87 (est.)
.005	3.7	11	29	50	100

average license fee of $250,000. Heyward, who had been coproducing the show with General Mills, agreed to a $150,000 licensing fee. General Mills is making up the remainder of the production costs. In return, CBS can air each episode four times; General Mills gets domestic syndication rights to the shows. DIC collects all revenues from foreign sales—no small matter, since the show is an international hit, seen worldwide in seven languages.

"Andy is very clever at coming up with ways to finance new shows," says Price. "We're putting up very little money to put DIC's first-run shows on the network and the threshold of pain is kept to a reasonable level."

Around DIC headquarters, advertisers are respectfully referred to as "clients," and they are a part of the fabric of the company's everyday life. Firms like Mattel, Coleco and Worlds of Wonder are encouraged to participate in virtually every aspect of their show's development, including characterization, scripts, story boards and animation. Filing cabinets are brimming with their voluminous notes.

"From the beginning, Andy envisioned this as a two-corporation process," says James R. McDowell, director of marketing services for Hallmark Properties, which coproduced its *Rainbow Brite* specials with DIC. "He openly invited us not only to participate with writers but to help him in the selection of writers." In the rare case that Hallmark is dissatisfied, a writer is pulled off the project.

Heyward's strategy is not without critics, however. The company cannot point to a library of big ratings hits like Hanna Barbera's *Yogi Bear* or *The Smurfs* that promise ongoing syndication revenue, and many question the company's long-range financial viability. Many also wonder whether Heyward has surrendered too much of his creative control to the toy companies.

"Some companies really want a quality product," says one DIC associate producer. "Then again, some of them just want to make sure the kids can see the toy. They wouldn't notice if the dialogue said 'See Spot Bark.' "

Such talk infuriates Heyward. "Just because something is associated with a toy line doesn't mean it isn't a good show," he says.

Drawing distinctions like these has always been difficult in the animation business. Dating back to Mickey Mouse, most animated characters on television have eventually sprouted toy lines and related products. (Filmation, for example, produced *He-Man* and the *Masters of the Universe* in conjunction with Mattel; Marvel Productions is producing *JEM* with Hasbro.) Yet Heyward seems to be pursuing toy companies more vigorously than his competitors, often creating shows to promote existing toys rather than allowing toys to grow out of shows.

Such deals allow DIC to trade on the name recognition of an existing character, and use someone else's money to finance their shows. A toymaker's involvement in a syndicated series also makes it easier to clear the show, because local stations know that manufacturers back their shows with ad buys and national promotion campaigns that boost ratings. Television tie-ins for their products also help toymakers justify their demands for premium shelf space with retailers. Everyone's commercial purposes are served by locking in a package before a show begins production.

DIC's methods for cementing such arrangements are sometimes ingenious. It recently formed a joint venture with Bohbot & Cohn Advertising Inc., a New York firm that buys advertising time for retailer Toys 'R' Us and 70 other kid-related advertisers. Bohbot & Cohn has pledged to help DIC clear some of its shows, and DIC clearly hopes that the agency will buy spots on the shows on behalf of its other clients.

"Most of the producers in Hollywood create programs based on concepts and then pitch them to networks and syndicators," says Heyward. "They don't understand that shows have to be pitched to advertisers first—that's what television is all about."

Where all of Heyward's ambition comes from isn't clear. But it's a palpable presence at DIC, as much as the cartoon characters and toys that adorn workers' desks. The talk in the hallways is about "what Andy wants"—live-action shows, big stars and even a theme park. "Andy loves money," says Chalopin. "He loves glamour and success. He wants to be a giant in the industry, and I think he will be."

Another Disney, perhaps—is that the plan?

"I was thinking about Walt Disney the other day," Heyward muses. "It's so difficult to do so much in a lifetime. I am 38. Do I have enough time to do the things I want to do?" ●

DIC'S FALL SCHEDULE

NETWORK

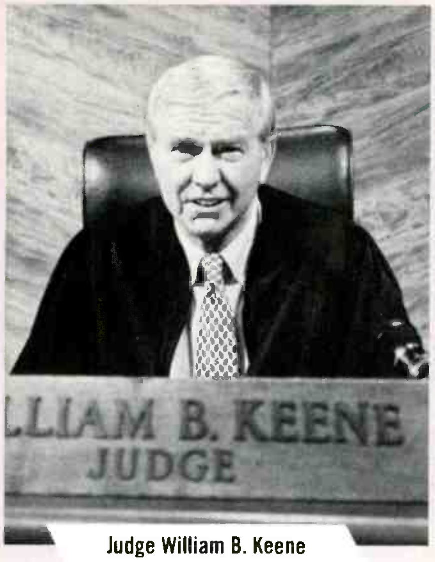
The Real Ghostbusters	ABC
Hello Kitty's Furry Tale Theater	CBS
Kidd Video	CBS
The New Archies	NBC
ALF	NBC
I'm Telling	NBC

SYNDICATION

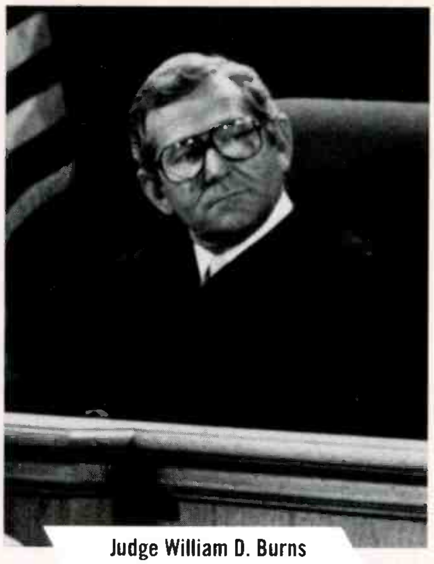
Dinosaucers
Beverly Hills Teens
Sylvanian Families
Starcom
The Real Ghostbusters
The Adventures of Teddy Ruxpin
Lady Lovely Locks
Popples
Zoobilee Zoo
Dennis the Menace
Inspector Gadget
Heathcliff
Archies (movie of the week)
Barbie and the Rockers (special)
Hulk Hogan (special)
Julie (special)
'Twas the Night before Christmas (special)

Inspector Gadget and Teddy Ruxpin have made him rich; now Heyward dreams of a theme park.

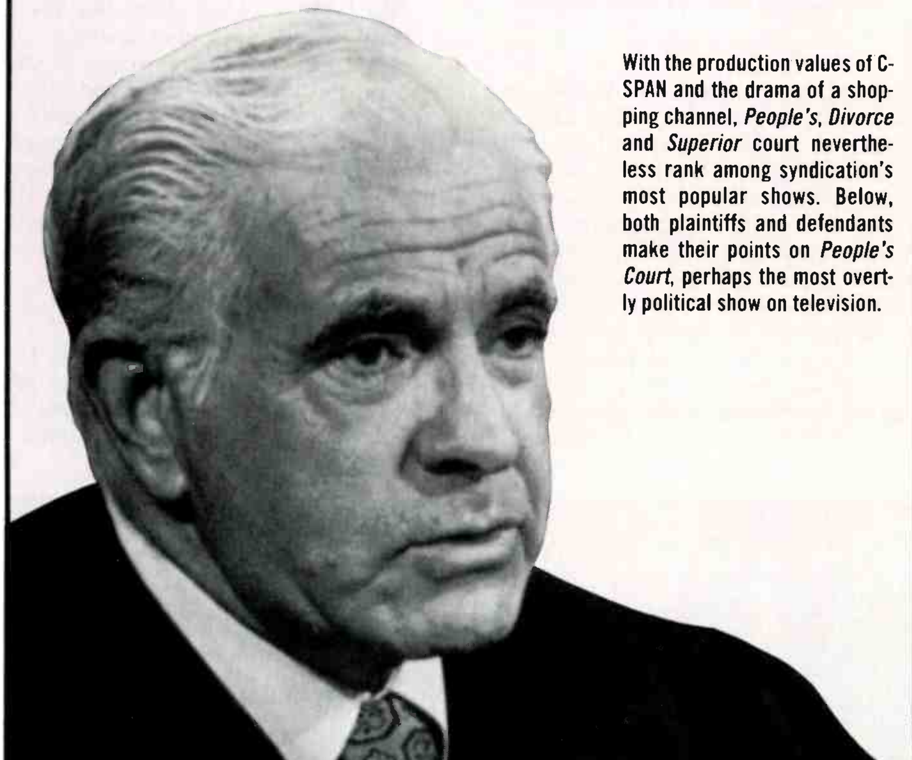
PENNY WOLIN



Judge William B. Keene

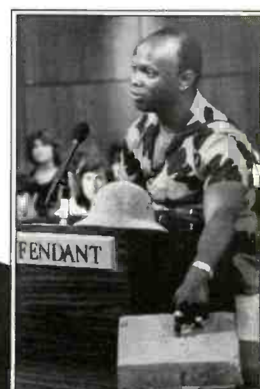


Judge William D. Burns



Judge Joseph A. Wapner

With the production values of C-SPAN and the drama of a shopping channel, *People's*, *Divorce* and *Superior* court nevertheless rank among syndication's most popular shows. Below, both plaintiffs and defendants make their points on *People's Court*, perhaps the most overtly political show on television.



The machinery of television celebrity has produced some unlikely stars over the years—Mssrs. Ed, T. and Whipple, Big Bird, Dr. Ruth and Ed McMahon—but none quite as implausible as the trio of stolid, retired jurists presiding over the current crop of syndicated courtroom dramas. Judges Wapner, Keene and Burns (sitting, respectively, in *People's*, *Divorce* and *Superior* court) would not on the face of it seem to possess the stuff of stardom, yet stars they have become—albeit of varying degrees of brightness. Wapner, of course, is the longest sitting and best known. He receives sacks of fan mail, autograph requests wherever he goes and even the adoration of women—*The Boston Globe* declared him "an international sex symbol." Only half facetiously, his name has been put forward for a Supreme Court seat, and his name is said to come up anytime pollsters canvass Americans about their Supreme Court preferences.

The success of the shows themselves will strike the first-time viewer as equally implausible. The acting on *Divorce* and *Superior Court* (*People's Court* uses real people exclusively) is as bad as it ever gets on national TV. There are no production values whatsoever—each show boasts a single, standard-issue courtroom set; "action" is when someone rises to testify; and the nearest thing to props are the defective camshafts and dog-soiled carpets the plaintiffs on *People's Court* enter into evidence. Imagine a show that combines the production values of C-SPAN with the drama of a shopping channel and you have some idea of the level of excitement these programs reach.

And yet, people watch. *People's Court*

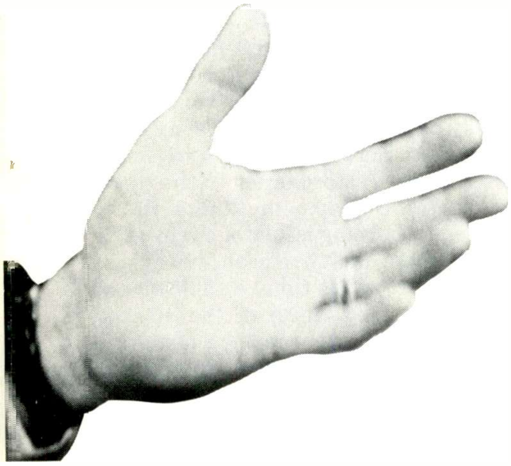
Contributing editor Michael Pollan is coauthor of The Harpers Index Book, *published this month.*

Reality Shows: The Syndicated Bench

Programmers have found a surefire way to raise ratings and keep audiences happy: Take 'em to court. *by Michael Pollan*

is the fourth-most-popular program in syndication, and *Divorce* and *Superior Court*—considering their more recent arrival—are not too far behind. Many stations have had great success "marrying" two or three of these shows in a block broadcast during the early fringe period (the period from 4:30 P.M. until the evening news begins). This scheduling makes sense: It would be hard to invent a smoother transition from the world of daytime soaps and game shows to the "real-life" drama of the local evening news. In fact, each of the three court shows has taken elements from the evening news (*People's* and *Divorce*, for example, have a "reporter" as an MC) and spliced it to genetic material drawn from one of the popular daytime genres. The resulting creature may not be a thing of beauty, but it is a strong competitor in the fringe-time ecology.

Consider *Divorce Court*, which possesses soap-opera genes in abundance. Each afternoon, it compresses the anguish of a terrible marriage into an anguishing half hour of television. "Real" lawyers argue before formerly real judge William B. Keene, who sat in Los Angeles Superior Court for twenty years. Snow-haired, stern and quick to admonish the couples before him for their inevitable outbursts, he is the sort of judge conservatives praise with the epithet "no-nonsense." (Keene in fact was removed from the Charles Manson case after charges of grossly prejudicial conduct.) But Keene is nowhere near as tough as the couples that come before him.



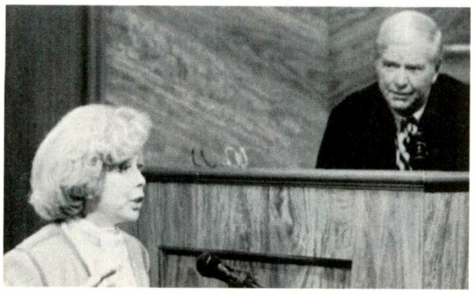
According to the disclaimer at the beginning of each show, these people are played by "actors," by which the producers warrant no particular ability—only that what happened to the litigants did not actually happen to the men and women we see on the screen. In fairness, it would be hard to act convincingly on *Divorce Court*, so exaggerated and unmotivated are the characters' statements and actions. No soap packs quite so much adultery, deceit and otherwise outrageous conduct into one half hour. In one typical case, a marriage fell apart after twenty years because the wife, now in her fifties, felt too self-conscious about her body to continue spending summers at her husband's cherished nudist colony. In his view, this constituted abandonment. To coax her to stay, he went so far as to solicit donations for her plastic surgery over the colony's p.a. system. Amazingly, she went along with this proposal, only then to fall in love with her plastic surgeon.

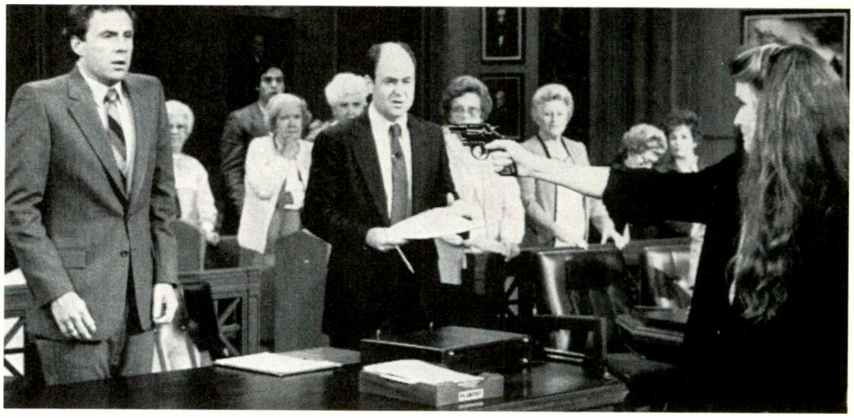
Everybody always gets to sue on the grounds of mental cruelty—except for the viewers, who would seem to have the strongest case. But for diehard soap fans, *Divorce Court* has an obvious appeal. Here they get to watch the usual crew of daytime adulterers, backstabbers, childnappers, wife abusers and philanderers finally get their comeuppance. At the end of every afternoon, Judge Keene comes along to dispense a strong dose of justice to the morally bankrupt world of the soaps.

If *Divorce Court* plays to the soap fan, *Superior Court* has something to offer viewers attracted to the more issue-oriented fare favored by Phil and Oprah. According to the show's publicity, *Superior Court* plays for "higher stakes" than the other courtroom shows. Its cases come from the newspapers, and deal with such hot and thorny topics as surrogate motherhood, product liability, sex discrimination, drunken driving and book banning. This sounds promising, yet the show is almost always dull. Though he has been on the air only one season, it seems clear that presiding judge William D. Burns, a former California juvenile-court judge, lacks the character and authority of his colleagues on the syndicated bench. (And colleagues they are: Judge Burns has actually quoted from Judge Wapner in his decisions; pretty soon we'll have a substantial body of TV law.) Everyone else on the show is alleged to be an actor.

Of the three big court shows, *Superior Court* has drawn the smallest audiences—high stakes notwithstanding. This points up one of the anomalies of courtroom shows—their relative popularity seems to be in inverse relation to their dramatic intensity. *People's Court*, where the stakes could not be lower, is by far the most popular of the shows. Its imitators figured that by heating up the cases they could drive up the ratings; that messy divorce and surrogate motherhood would have considerably more appeal

On *Divorce Court* (below), Dr. Joyce Brothers plays an expert witness in a case involving transsexuality. Right, a litigant re-creates a crime scene on *Superior Court*. The acting is as bad as it ever gets on national TV.





than a dry cleaner's malpractice.

Logically, *People's Court* should have been swamped in the ratings. The fact that it hasn't been is further proof of what might be called the Imitative Fallacy of TV Programming. It's one thing to rip off a hit, but you'd better understand first what factors contributed to the original show's popularity, else you steal the wrong elements. In this case, *Superior Court* producers Stu Billett and Ralph Edwards (who, ironically, produced *People's Court*) failed to see that it was not simply the compact dramas of the cases that made their first show a hit; much more important was the large role played by Judge Wapner (who, in the absence of lawyers, gets to ask all the questions) and the proven game-show appeal of watching ordinary people compete.

Indeed, *People's Court*'s true ancestor is the game show, syndicated TV's most populist (and, right now, most popular) genre. People much like ourselves vie for prizes by testing their skills in a fairly banal contest supervised by a likable, authoritative MC. The stakes of the contest don't matter—the "content" of *Wheel of Fortune* or *Jeopardy* holds no more intrinsic drama than the content of *People's Court*; trivia works just fine. (If tough cases make bad law, easy ones seem to make good TV.) Also like a game show, *People's Court* is, by television standards, activist: We get involved, take sides, throw answers at the screen. Game shows draw us into the vicarious experience of overnight success; *People's Court* feeds our fantasies of revenge against the dry cleaners, used car dealers and neighbors whose abuse we suffer every day.

In fact this involvement is not strictly vicarious. Like the game-show fans who besiege producers by the thousands for a chance to appear, *People's Court* viewers have actually heeded court "reporter" Doug Llewelyn's closing admonition to "take 'em to court." According to a recent article in the *Wall Street Journal*, the nation's small-claims and municipal courts are jammed every day with savvy litigants citing precedents from *People's Court*. In a sense, *People's Court* is, as its vaguely Maoist title hints, the most overtly political show on television: it teaches that the system is ours to use, that we need not suffer the marketplace's abuses silently, that we should take action to redress our grievances. Compare that to television news, where anyone who takes action is fanatic or deranged, and the government appears as a distant monolith that does nothing for us but extract taxes. Television news approaches the whole public realm with skepticism and irony, as an intermittently amusing spectator sport; with its upbeat, participatory slant, *People's Court* is, by contrast, the picture of political health.

Of course, Judge Wapner is the populist hero in this picture. Incorruptible, patient, intolerant of slickness or obfuscation, he comes off as the ultimate friend of the little guy. Though he can be witheringly skeptical of litigants' claims, he never treats the silly little issues before him with anything but the utmost respect. So single-mindedly concerned with justice is Judge Wapner that he can overlook the irony in the case of the man who sued a grocer for 75 cents for selling him a flat can of beer. It's the principle of the thing. Imagine what a news anchor would have done with such a case.

Judge Wapner and, to a lesser extent, Judge Keene, belong to a rare, all-but-extinct television species: adult figures of unambiguous authority. They wield no derisive irony, as the perennially boyish TV newsman does; neither are they the butt of any. They are, in fact, the television Dads of old, returned a bit grayer, but no less firm or wise or right.

This, I think, is the key to the success of courtroom drama in general, and *People's Court* in particular. These shows exploit our nostalgia for the stolid, omniscient Dads of *Leave It To Beaver*, *Make Room For Daddy* and *Father Knows Best* who were banished in the '60s, to be replaced in the early '70s by foolish reactionaries like Archie Bunker. Since then the last word has belonged to uppity wives and wise-ass kids—to an unruly crew of de-Bunkers. By the time Dan Rather moved into Walter Cronkite's chair, paternal authority had pretty much vanished from the screen.

In general, the conservative '80s have seen the resurgence of Dad on television (think of *The Cosby Show* and its host of prosperous clones). But in prime time the father has been updated and made hipper—it's a long way from Robert Young's paternalistic smile to the mugging of neo-Dad Bill Cosby. The syndicated court shows are for those who prefer their TV Dads unreconstructed—they represent the restoration of the TV patriarch to his rightful chair. In his paneled courtroom, Judge Wapner has re-created Ward Cleaver's paneled den: a quasi-sacred ground where Dad asked the questions, uncovered the truth and meted out benevolent justice to his children. The issues there were no more profound than those on *People's Court*—The Beave's softball smashes a neighbor's window; Wally pockets a quarter he finds—and they mattered just as much to the principals. At the end of each episode, Mr. Cleaver had set the world right again.

People's Court is the most popular courtroom show because Judge Wapner is the best and most visible Restoration Dad. It doesn't hurt that he looks like a cross between Robert Young and Supreme Court Justice Scalia. But equally important is the familiarity of his jurisdiction. Sure, it's satisfying to watch Judge Keene restore order to the moral chaos of the soaps, or Judge Burns resolve the burning issues of the evening news. But we don't live in either of those worlds. Most of the time, we inhabit the banal yet trying world of the marketplace, where selling someone a lemon is a capital crime and justice is a full refund. Not terribly exciting, perhaps, but it is our world, and Judge Wapner wants to set it right. ●

Reality Shows: The Syndicated Couch

Move over Phil and Oprah, the real shrinks are about to take over the practice. It may make for interesting TV, but will anyone get help besides the distributors? *by Joseph Vitale*

Being entirely honest with oneself is good exercise," said Freud about psychotherapy. But what would he have thought about exercising in full view of millions of television watchers? For years, Phil Donahue and, more recently, Oprah Winfrey have been practicing a kind of video therapy without portfolio. Now the amateurs will have to move over and let the professionals have a go at it.

Next month, broadcast stations around the country will debut two syndicated "therapy" programs, *Strictly Confidential*, from Blair, and *Getting in Touch*, produced by Dick Clark and Malrite. They join two others, *Our Group*, produced by Chelsea and LBS, and *People in Crisis*, from Lynch/Biller and Viacom, which premiered last month on cable's Lifetime network.

Of the four, *Our Group* and *Strictly Confidential* are dramatic re-creations using actors. Both, however, are hosted by real-life therapists. *Strictly Confidential*'s host is Dr. Susan Forward, radio psychologist and author of the best-selling *Men Who Hate Women and the Women Who Love Them*. *Our Group* features Dr. Barbara Levy, a family counselor and frequent guest on ABC's *Good Morning America*. It's clear that both of these "therapy-dramas" have appropriated the soap opera as their model and the soap audience as their market. And why not?

The acting style, with its long silences, meaningful stares and arched eyebrows, is similar; the camera work and directing (a penchant for close-ups) familiar. And soap fans will get some of the same gratification without having to endure weeks of exposition and plot twists. It usually requires hours of faithful viewing of the typical soap to discover what's really wrong with Marsha. On these shows, Marsha comes right out and tells you, usually within the first ten minutes.

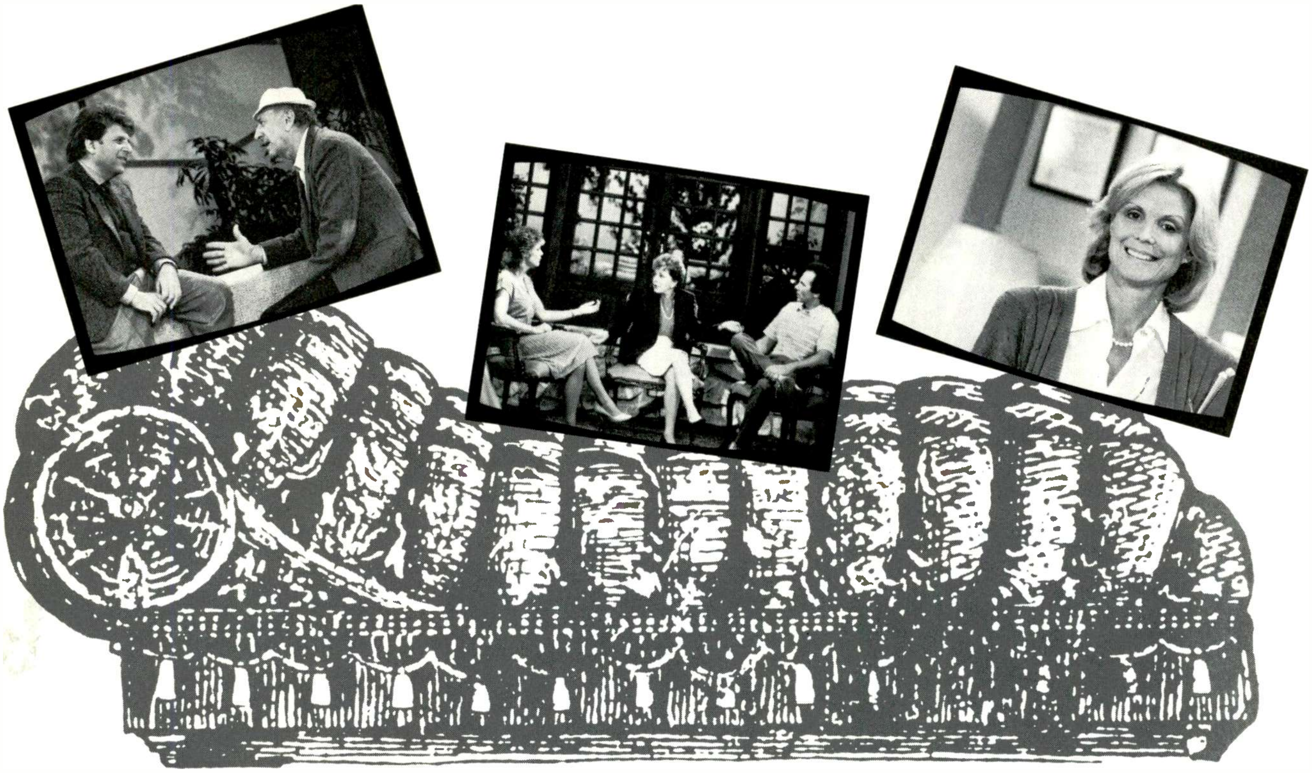
Strictly Confidential is the work of Donald Kushner and Peter Locke, the team that has produced television's most popular reality-based program, *Divorce Court*. That show's success has no doubt helped Blair win clearance for the new effort. Dr. Forward's expertise is in marriage counseling, and that's what *Strictly Confidential* is about—couples working through crises in an encounter-group setting. But from the look of the pilot, the matrimonial problems will skew decidedly sexual. One episode featured a husband and wife, Andrew and Marion, who had recently split. Andrew complained that his wife was frigid; Marion accused Andrew of getting her pregnant against her wishes by surreptitiously poking holes in his condom. Later, another husband in the group is diagnosed by Dr. Forward as being a "sexaholic," a condition, she says, "we'll have to do some serious work on."

Marion and Andrew's problems are certainly serious—probably insurmountable. But even after the two sling barbs at one another for most of the program ("Marion's in the *Guinness Book of World Records* for the most continuous headaches"), and following Andrew's revelation that he has had an extra-marital affair, Forward has them holding hands and promising to make amends. "I really feel terrific about this session," she purrs in satisfaction. What therapist wouldn't, after accomplishing the impossible in 22 minutes?

Of the two "re-creations," Lifetime's *Our Group* is clearly the superior drama. The writing, by Emmy and Peabody Award winner George Lefferts, is outstanding and the ensemble acting on a par with the best of the soaps. Assembled in a tastefully appointed living room, *Our Group* consists of an ex-husband and wife planning to re-marry, a retired cop who no longer feels useful, an overweight young woman who masks her loneliness in sarcasm and a dashing man-about-town who turns out to be a fraud.

What the producers of both of these programs have apparently failed to realize, however, is the folly of pairing accomplished actors with nonactors—namely, the therapists. Whenever a character begins to pull us into a dramatic monologue or when we're captured by the charged interplay of two patients, the wooden acting of the therapists reminds us that this is, after all, only make-believe.

If Lifetime scores with its ersatz ther-



TV gets therapy: (left to right) Dr. David Viscott counsels Jack Klugman; Dr. Susan Forward and guests; Dr. Barbara Levy.

apy, it fails with the real thing. Dr. Dan Kiley, of its *People in Crisis*, is clearly the most frenetic of the video shrinks, perhaps the most true-to-life, but also the most annoying. Physically confronting his analysands, challenging them, cheerleading them to personal revelations, this Kenny Rogers look-alike is fond of sending his patients and audience down the emotional rapids without a rudder.

When a mother who left her children ten years before tries to apologize to her eldest son, Kiley suddenly grabs her and pulls her around in her seat. "Don't give him any of that West Coast crap," he shouts, as his studio audience applauds. "Tell him you're sorry the way you just told *me*." Dr. Dan's aversion to psychobabble doesn't mean he's above leaving his viewers with a few of his own pearls. "Keep up the heart stuff and stay away from the words," he implores a patient midway through a session. "Walk in his shoes," he urges the prodigal mother. And he closes *People in Crisis* with this advice: "If you have money problems, see a banker. If you have a stopped-up drain, call a plumber. If your relationship is stopped up, call a helper."

What transpires on Dr. Kiley's couch may, indeed, be closest to what actually takes place in therapy, but his high-octane analysis may eventually fry his viewers' nerves.

By far the most engaging of the new shows is *Getting in Touch*, with Dr. David Viscott. A best-selling author and popular radio psychologist, Viscott is master of the easy hand and the gentle touch. For one thing, the problems he confronts are far less threatening. A recently divorced woman is troubled because she can't bring herself to clean her closets. Viscott deduces that the junk gives her something to hang on to in lieu of hubby. A father is gently chided by his wife and five daughters for being manipulative. Viscott's advice: "Your daughters are the children of life, learn from them."

From time to time on *Getting in Touch*, celebrities will drop by to bear their high-profile anxieties. On the pilot, Jack Klugman reveals the psychic cost of maintaining his integrity as an actor. It's all a bit pat, a bit formulaic, but the show's relaxed, upbeat atmosphere seems not only most suited to the medium but also most likely to attract the viewers who look to television for this kind of help.

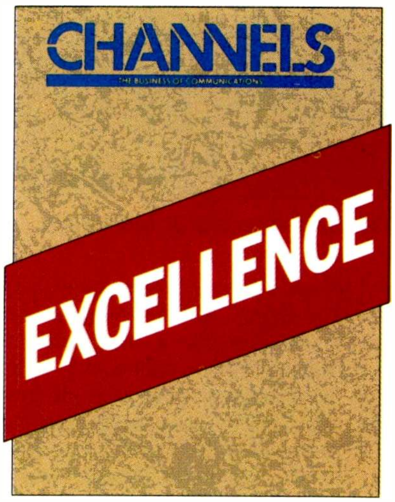
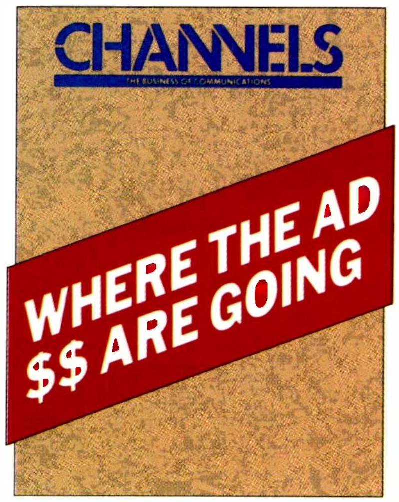
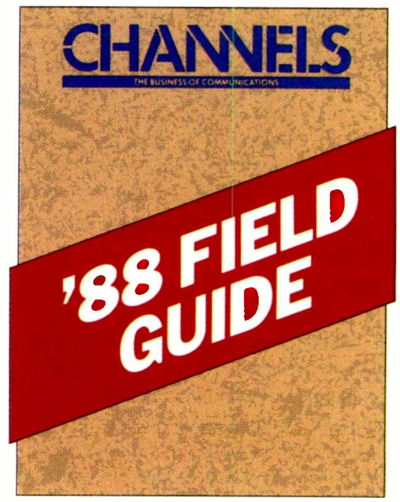
Therapy and broadcasting are old couch-mates. For years, radio shrinks have plied their trade on call-in shows. In fact, two of the new video therapists, Forward and Viscott, are basically adapting their radio formats to a new medium. In a sense, radio was the first to co-opt therapy as entertainment, proving that people with psychological problems could be, well, entertaining. Listen to any of the radio shows and you'll notice that the more outlandish the caller, the longer he'll be allowed to stay on the line.

But what prevailing mood has produced this year's bumper crop of TV therapy shows? Even though broadcast television has had a fling with the genre before, today's shows may be benefiting from the new, open attitude toward therapy. In the past, the perfect family was the one without problems. Now, thanks to self-help books, popular magazines and television itself, we know that the perfect family is the one that deals constructively with its problems (the problems are a given). Today, people are therapy-shopping, looking for the one that will fit their needs and busy schedules. These shows, whether real or enacted, will provide them with a glimpse of the process, encouraging many of the reluctant to dive in.

But there may be a hidden downside for real-life shrinks. Since many of our habits and much of our social intercourse is formed by television, it may be that a new generation of analysands, weaned on video therapy, will grow disenchanted with the real thing. Will they become restless if their analysts can't bring them to the proper dramatic heights each week? Will ordinary-looking doctors lose business to their more telegenic brethren? Will therapists soon face longer silences, more meaningful stares and higher arched eyebrows than ever before? And will patients feel cheated if their problems can't be resolved at the end of 22 minutes?

It's possible that some people may derive catharsis from their short sessions with the video shrinks. For the rest of us, it will be the ultimate in voyeurism. ●

GUARANTEED 4th QUARTER RESULTS

OCTOBER	NOVEMBER	DECEMBER
		
The annual *Excellence* issue honors outstanding individuals and companies in television, including programming, broadcasting and cable. Space closing is September 15.	**This month's special section, "Where the Ad Dollars Are Going," analyzes the fastest-growing markets and categories of television buys. Space closing is October 15.**	**The annual FIELD GUIDE, the most comprehensive survey of the electronic media, assesses major industry trends and the outlook for the future. Space Closing is November 6.**

Who's hot in programming? Where are the ad dollars going? How will the business shape up for the coming year? These are the topics television professionals are talking about as the new season begins, and CHANNELS guarantees you maximum exposure to this audience with our fall lineup of special issues. For additional information, please call Joel A. Berger, Associate Publisher, (212) 302-2680

CHANNELS
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IN FOCUS

CHANNELS

THE BUSINESS OF COMMUNICATIONS

$ALARY REVIEW

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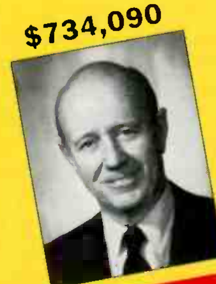


Former *Good Morning America* host David Hartman (top, left) is paid at least $1 million to produce three prime time programs for Cap Cities/ABC; Chairman Thomas Murphy (right) receives $734, 090.

The television industry over the past two years has crossed a historic watershed. The realities of the new, competitive marketplace have caught up with a maturing industry, abruptly ending a period of robust growth that lasted almost 40 years. The three networks are now controlled by new owners, changes largely brought about by erosions in national audience shares and advertising revenues. Even the mighty cable industry, with subscriber penetration seemingly stalled at 57 percent, and Hollywood producers, facing resistance by the networks to the high costs of programming, are feeling the pinch. It's only a matter of time before these financial pressures begin to exact a toll on salary levels throughout the industry—and indeed, there is some indication that they already have.

"New people have paid a pot of money for the networks because they feel that they can make more money than the previous ownership," says Joel Chasemen, Post-Newsweek station group president. "But there are only two ways to do that. One is to increase revenue, the other is to decrease costs. With advertising revenues so soft, they've been left with only the second alternative."

As in other industries that have retrenched in recent years, the new frugality in the media business will be enforced in a lopsided way. Most of the savings will be squeezed out of salaries at the middle and lower ranks, while top executives continue to reward themselves with generous salary hikes and bonuses. The annual

Gallagher Report survey of the media's 100 highest-paid executives, released this spring, revealed that average compensation for top executives rose 11.7 percent last year, with seven out of ten receiving pay hikes.

The salaries paid to highly visible stars on entertainment shows and to network news anchors and correspondents also appear to be relatively safe, under the theory that there is a direct relationship between their popularity and a show's ratings. "Paying the stars is not what bothers the new owners," says a top New York media agent. "It's the overall nature of the organization that bothers them. The guy who is being hurt is in the middle to upper range, making $100,000 to $200,000 a year."

The largest share of the networks' labor costs is salaries paid to members of the technical and production unions, and contract negotiations with them over the past year have produced one important result. While the unions have secured modest pay increases for their members, work-rule changes and other concessions have considerably eroded their standing within the industry. Last year, for example, Capital Cities/ ABC concluded an agreement with its major technical union, the National Association of Broadcast Employees and Technicians (NABET), that set aside a requirement extending the union's expensive "master" contract to nonunion stations the company owns in Texas and North Carolina. On the entertainment side, the shifting of production to nonunion independent studios and moving of sets to Canada and right-to-work states in the South have significantly eroded pay scales.

A similar disparity can be seen in the salary gains registered in local broadcasting. According to a survey by the Broadcast Information Bureau, the average income of station general managers climbed to $96,890 last year, an increase of 11.5 percent. Sales managers' incomes rose to $77,747, an 18.4 percent gain. The income of program directors, however, declined, from $41,691 to $38,581.

Meanwhile, salary increases within television news departments trailed behind both national trends and the hefty gains of earlier years. A survey conducted by the Radio and Television News Directors Association showed that television news salaries climbed by just 2.2 percent last year. While news directors and assignment editors gained somewhat, median salaries for rank-and-file anchors and reporters remained virtually the same, at $26,000 and $16,900 respectively. The only exception was the booming radio field, where median pay rose 16 percent.

Within cable, the most interesting development is an apparent drop in general managers' salaries. According to a survey conducted by *Cable Television Business* magazine, the average salary of system general managers fell from $38,100 in 1985 to $37,000 in 1986. The decline is due no doubt to a variety of forces, including the flattening out of subscriber penetration rates, new start-ups and routine cost-cutting following mergers and acquisitions.

This *Channels* salary review is divided into four industry sections: the networks; local stations and broadcast groups; programming and syndication; and cable. The listings of top executives from publicly traded companies include both annual salaries and bonuses but do not reflect the value of stock-purchase options. Separate tables in all four sections list average salary levels for important jobs within each industry.

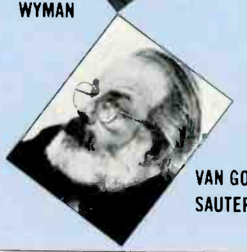
ADAM SNYDER

The Golden Parachute

Many corporate critics denounce golden-parachute deals for top executives as a relic of the past. But an uncertain business climate and its trappings—hostile takeovers, asset sales and shareholder dissatisfaction with profits—often make it necessary for companies to guarantee new executives that their long-term compensation is secure, even if their jobs are not.

Laurence Tisch's elevation to CEO at CBS activated a flurry of parachutes there. The network will pay ousted chairman Thomas Wyman a $400,000 lifetime annuity plus bonuses and lump sum payments of $3.2 million over several years. Former CBS News president Van Gordon Sauter will receive an annual salary of $300,000 until 1990, plus 50 percent of his scheduled bonus credits. Peter Derow, former president of CBS's publishing group, was paid $61,500 in base salary until the end of 1986 and will receive $800,000 in accrued bonuses and other payments in two equal installments in 1987 and 1988.

THOMAS WYMAN



VAN GORDON SAUTER

For most media and entertainment companies, the norm for severance agreements seems to be to pay executives' base pay for the life of their contract, while discounting bonuses and deferred payments. Joseph Curran, former senior vice president of King World Productions, received salary compensation of $263,000 in 1986 and will be paid $240,000 of deferred compensation spread out over 1987 and 1988. Former Warner Communications senior vice president Alberto Cribiore was paid $500,000 in severance and deferred compensation of $199,000.

RINKER BUCK

NETWORKS

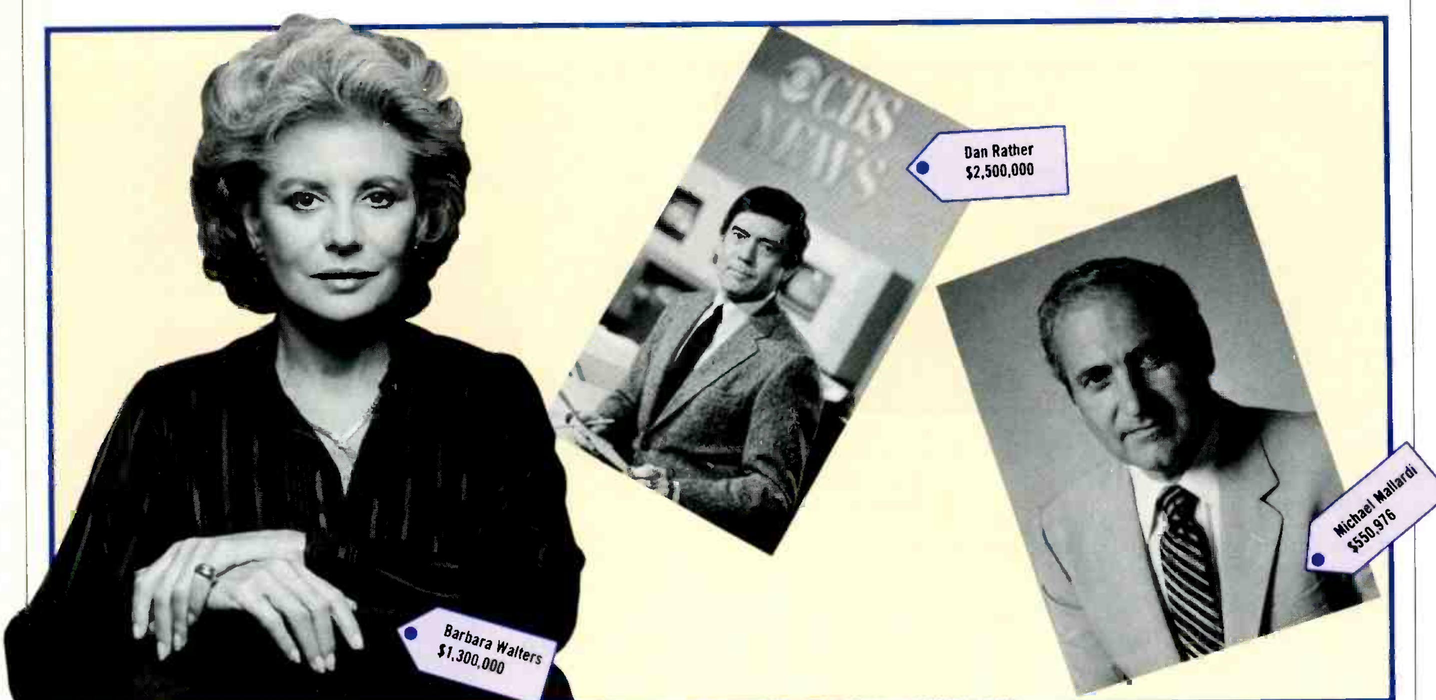
Compensation based as much on performance as on automatic raises—a common practice in other industries for years—is coming into vogue at the networks. The new regimes at Capital Cities/ABC, CBS and NBC are already exploring this as still another means of increasing productivity during a period of generally disappointing advertising revenues.

"What you'll see in the future is more pay-per-performance, with less escalation in the base pay," says Eugene P. McGuire, vice president for labor relations at NBC. A typical example, according to McGuire, is an upper-management executive with a current base pay of $100,000 and a performance-bonus factor of 20 percent, and thus the potential of making $120,000. A few years from now, McGuire says, that executive will still be making $100,000 in base pay, but the performance factor will be raised to 50 percent. The executive may then earn as much as $150,000, but only if specific sales, budget or programming goals are met.

In middle management, base salaries will probably continue to rise, but at lower rates than before. At NBC, McGuire says, average merit raises for executives and nonunion workers have dropped to 5 percent, down from 7 percent two years ago.

Further down the ladder, the prospects are even bleaker. This year, according to figures compiled by the federal Bureau of Labor Statistics, average hourly wages for nonsupervisory and production employees in all broadcasting declined, from $10.96 an hour in January 1986 to $10.75 an hour in January 1987. Network wages have been a major component in the figure's steady rise over the past decade, and the recent leveling off reflects the more modest expectations of a maturing industry.

MICHAEL HOYT



JOHN F. WELCH JR. *Chairman and CEO, GE*	$1,687,617
LAURENCE A. TISCH *President and CEO, CBS*	$750,000
THOMAS S. MURPHY *Chairman, Capital Cities/ABC*	$734,090
DANIEL B. BURKE *President and COO, Capital Cities/ABC*	$697,414
JOHN B. SIAS *President, ABC Network Group*	$619,493
GENE F. JANKOWSKI *President, CBS Broadcast Group*	$678,393
MICHAEL MALLARDI *President, Cap Cities/ABC Broadcast Group*	$550,976
RONALD J. DOERFLER *Senior v.p. and CFO, Cap Cities/ABC*	$574,610
FRED J. MEYER *Senior v.p. for Finance, CBS*	$404,492
WALTER CRONKITE *Board member, correspondent, CBS*	$1,000,000
DAN RATHER *Anchorman, CBS News*	$2,500,000
TOM BROKAW *Anchorman, NBC News*	$1,500,000
BARBARA WALTERS *Special correspondent, ABC News*	$1,300,000

NETWORKS: *Average Salaries*	
Broadcast engineer	$67,600
Staff director (news)	$43,000
Television newswriter	$42,328
Graphic artist	$36,608
Stage manager	$30,250
Production assistant	$20,000
Desk assistant	$17,134

Sources: Writers Guild of America, Directors Guild of America, Institute of Electrical and Electronics Engineers

IN FOCUS/Annual Salary Review

STATIONS/ BROADCAST GROUPS

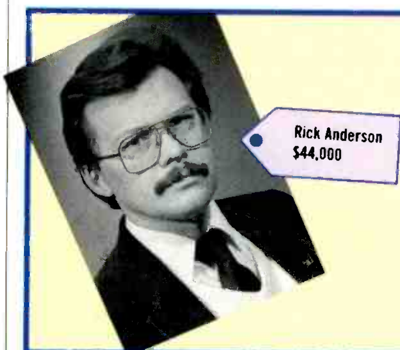
The changes sweeping through local broadcasting are shaking up the traditional station hierarchy. While news directors and promotion heads are rising in stature, program directors are falling behind, and salary levels are closely pegged to this trend.

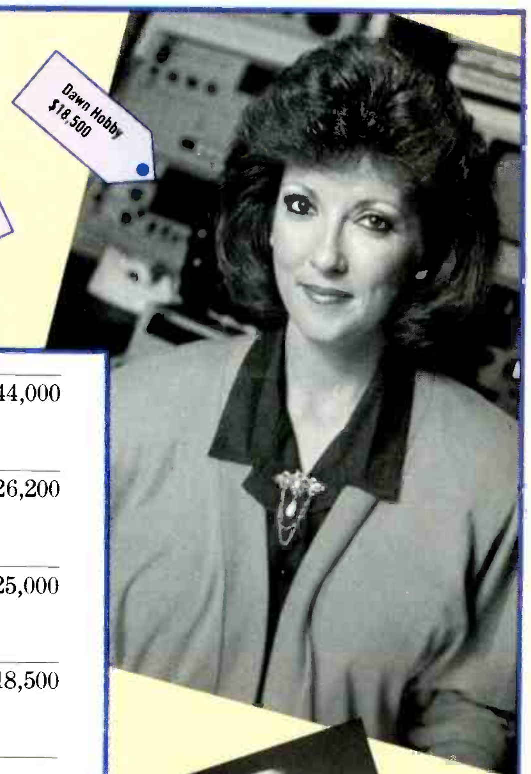
"As local television becomes more competitive, broadcasters are realizing that there are two things that really make a difference," says H. Richard Eldredge, executive vice president of Knight-Ridder Broadcasting. "You've got to be strong in news, and you must effectively promote your station's image."

Local news has become an important profit center in recent years, and stations are more willing to pay a premium for top news directors. In medium-sized markets, salaries have climbed as high as $60,000, compared with $45,000 five years ago. At affiliates in the top ten markets, salaries of $80,000 to $100,000 are now common.

The greater emphasis on promotion has led many stations to create distinct promotion departments—in the past, promotion was often a secondary function of programming—and recruit top talent to run them. According to a survey by the Broadcast Promotion and Marketing Executives in 1986, 53.7 percent of promotion directors earned over $35,000, compared with 19 percent in 1982. In major markets, salaries climbed into the $55,000 range.

Program directors, meanwhile, are being squeezed out of their jobs. Local programming is now largely the purview of news departments, and the high cost of syndicated shows has made it necessary for general managers to make the major buying decisions. As one station consultant puts it, program directors are becoming "just glorified traffic cops"—a major reason why their average salaries dropped from $41,691 in 1985 to $38,581 in 1986, according to the most recent survey by the Broadcast Information Bureau. RINKER BUCK



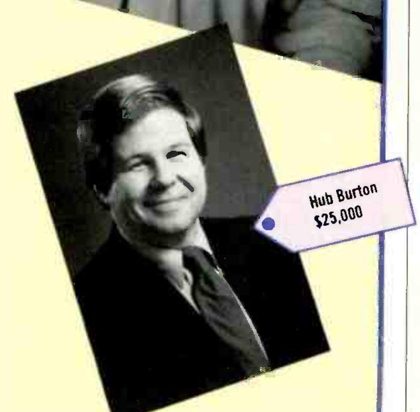


DONALD A. PELS *Chairman and president, LIN Broadcasting*	$870,000
W. ROGER SOLES *President, Jefferson-Pilot*	$650,000
EVAN THOMPSON *President of television division, Chris-Craft Industries*	$553,263
JOEL CHASEMAN *President, Post-Newsweek stations*	$421,605
JAMES DOWDLE *President and CEO, Tribune Broadcasting*	$402,383
DUDLEY S. TAFT *President, Taft Broadcasting*	$336,899
LAWRENCE R. BARNETT *Executive v.p., Chris-Craft*	$420,713
E. BLAKE BYRNE *Group v.p. for television, LIN Broadcasting*	$350,000
JAMES SMITH *V.P. of sales, Scripps Howard*	$205,000

RICK ANDERSON *Chief engineer for WPCQ-TV, Charlotte, N.C.*	$44,000
PAUL GREENE *Program director for KVAL-TV, Eugene, Ore.*	$26,200
HUB BURTON *Sportscaster for WGGB-TV, Springfield, Mass.*	$25,000
DAWN HOBBY *News anchor for WALB-TV, Albany, Ga.*	$18,500

STATIONS: *Average Salaries*	
General manager	$96,890
Sales manager	$77,747
News director	$36,400
Program director	$38,581
Promotion director	$37,000
Top news anchor	$38,000
Rank-and-file anchor	$26,000
News reporter	$16,900

Sources: Broadcast Information Bureau, Radio and Television News Directors Association, and the Broadcast Promotion and Marketing Executives.



CABLE

Cable may be television's growth industry, but you'd never know it by salaries at the system level. Though advertising, subscribers and total revenue rose last year, cable salaries ran from 5 to 20 percent below those in broadcast TV. Part of the reason is simple lag time—cable is a younger business. Part of it is strategic.

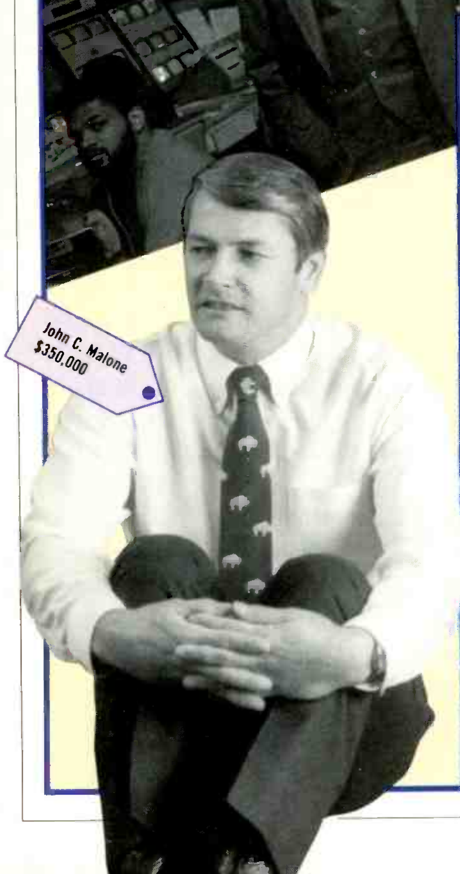
"The people who run cable are determined to run it as a business, not show business," says Susan Bishop, an executive recruiter specializing in the field. Victor Para of the Cable Television Administration and Marketing Society, which recently completed an industry survey, says it is difficult to get a clear picture of trends because wages differ greatly by region and system. "The general manager of a small 2,000-subscriber rural system obviously doesn't make what the general manager of a 200,000-subscriber urban system does," Para says.

The wage gap between cable and broadcast is reflected in the average salaries of TV station general managers and their cable counterparts. According to two recently completed studies, cable G.M.'s average $37,000 a year, while TV station general managers average $96,890, but there are significant differences in duties and responsibilities for their jobs.

Unions, of course, would serve to standardize pay among the technical and clerical staff, but unions have made little penetration in cable. Fewer than 10 percent of cable employees are unionized, and owners seem to like it that way.

"There have been clearly expressed resentments toward union activities on the part of owners and their representatives," says Arthur Korff, director of the cable TV department of the International Brotherhood of Electrical Workers. Cable installers have complained of late that their wages—some make as little as $4.55 per hour—are half those of telephone-company linemen.

JOSEPH VITALE



STEVEN J. ROSS *Chairman and CEO, Warner Communications*	$2,800,000
JOHN GODDARD *President, Viacom cable television division*	$1,269,687
TERRENCE A. ELKES *President and CEO, Viacom International*	$650,500
CHARLES F. DOLAN *Chairman and CEO, Cablevision Systems Corp.*	$400,000
GENE W. SCHNEIDER *Chairman and CEO, United Cable*	$370,916
JOHN C. MALONE *President, Tele-Communications Inc.*	$350,000
JIM C. SCOTT *Chairman and CEO, Scott Cable Communications*	$263,835
RICHARD C. SCHNEIDER *Senior v.p. of engineering, United Cable*	$165,319
WILLIAM J. ELSNER *Senior v.p. and CFO, United Cable*	$157,437
MARC LUSTGARTEN *Executive v.p. and director, Cablevision Systems Corp.*	$175,400
BURTON REINHARDT *President and director, Cable News Network*	$150,459
JOHN SIE *Senior v.p., Tele-Communications Inc.*	$148,798
BRUCE E. DAVIS *Executive v.p. and COO, Scott Cable Communications*	$96,989

CABLE: *Average Salaries*

Chief financial officer	$105,300
Regional vice president	$96,200
Mergers-and-acquisitions head	$94,700
Chief engineer	$79,800
Head of advertising sales	$65,900
Training manager	$42,200
Traffic coordinator	$14,600

Source: Cable Television Administration and Marketing Society.

PRODUCTION/ SYNDICATION

Like the rest of the entertainment business, TV production companies are talking about the need to cut costs. Independent-station bankruptcies, smaller ad revenues, increased competition for time slots and the efforts of stations to hold the line on programming prices have driven many companies into deficit financing.

But by and large, the savings have come from out-of-state, non-union shooting rather than from trimming executive salaries. Companies generally consist of small, highly paid business and creative teams. Once a deal is made, the company hires writers and producers who, in turn, put together the shooting crew. About 95 people, most of them unionized, have traditionally been needed to produce a half-hour sitcom. And although the size of the crews hasn't shrunk, more and more shooting now takes place in Canada and right-to-work states. (About half of all miniseries and TV movies are now shot outside Los Angeles.) Many union members are following, forfeiting overtime pay and benefits for work—a situation that increasingly rankles union leaders but which they are almost powerless to combat.

"We can't count on people who are desperate to rock any boats," says Marque Neal, business manager for local 531 of the National Association of Broadcast Employees and Technicians(NABET), which represents more than a thousand workers in the Hollywood community. Negotiated increases are also smaller—in the 4-to-10-percent range, much lower than in the boom years of the late '70s. But a bigger problem has been givebacks. "It's been the theme in all labor negotiations of the Reagan era and it's no different in this business," says Ken Moffitt, assistant to the president of NABET.

While the squeeze is on on the set, the executive suites remain relatively tranquil. Most middle-level management and sales executives still command six figures. "It's the biggest joke in the entertainment business," says a recruiter who specializes in production and syndication. "Everyone keeps talking about the need to drive prices down, but it still costs as much as ever to attract and keep good people. If you start to scrimp on salaries, your best talent will be lured away to the other producers."

In syndication and distribution, six-figure salaries are also the norm for the relatively small teams (about 10 people including top executives, regional sales v.p.'s and business types). But there the worries have been about takeovers, buyouts and the inevitable cutbacks that follow. "Everyone expects a shakeout," says one source familiar with the industry. "And soon."

TERESA KLINK

MICHAEL D. EISNER $3,378,000
Chairman and CEO, Walt Disney Co.

CHARLES W. FRIES $755,820
Chairman, president and CEO, Fries Entertainment

MERV ADELSON $621,988
Chairman and CEO, Lorimar-Telepictures

LEW WASSERMAN $550,000
Chairman and CEO, MCA Inc.

ARTHUR KRIM $333,833
Chairman, Orion Pictures

ERIC PLESKOW $333,833
President and CEO, Orion Pictures

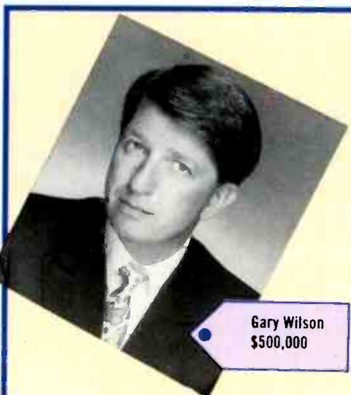
EARL A. GLICK $100,000
Chairman of the board and CEO, Hal Roach Studios

GARY WILSON $500,000
Executive v.p. and CFO, Walt Disney Co.

HARRY EVANS SLOAN $234,167
Co-chairman, New World Pictures

AVRAM BUTENSKY $225,000
Executive v.p. for domestic distribution, Fries Entertainment

OPRAH WINFREY $31,000,000
Her share of profits from The Oprah Winfrey Show



DON JOHNSON $100,000 per episode
Star of NBC's Miami Vice

PATRICK DUFFY $75,000 per episode
Star of CBS' Dallas

MELANIE MINTZ $16,144 per episode
Scriptwriter, CBS' Knots Landing

WILLIAM KLINGER $19.89 per hour
Special-effects foreman, The Quick and the Dead *(HBO)*

MIKE PRITCHARD $379 per day
Stuntman, made-for-TV movie Poker Alice

PRODUCTION/SYNDICATION:
Average Salaries

V.P. of business affairs	$125,000 to $200,000
V.P. of domestic sales	$175,000 to $450,000
V.P. of foreign sales	$175,000 to $350,000
Director of photography	$2,500 per week
Associate producer	$2,200 per week
Associate director	$2,000 per week
Script supervisor	$1,000 per week
Assistant producer	$600 per week
Go-Fer	$300 per week

Sources: National Association of Broadcast Employees and Technicians, and industry sources.

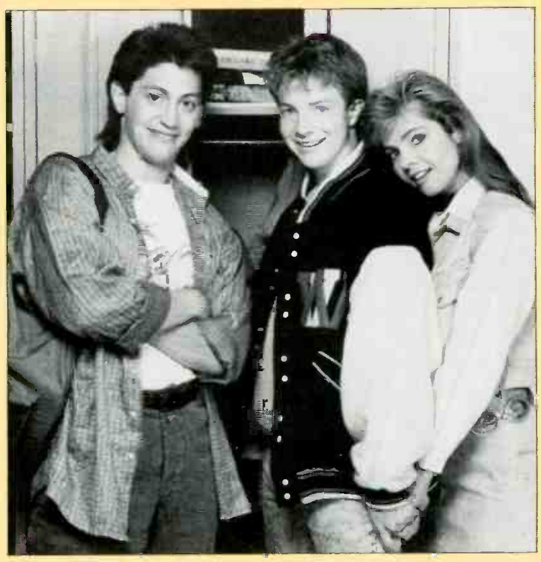
PRIVATE EYE

by William A. Henry III

AT FOX, THE QUARRY IS TEENAGERS

In commercial TV's heyday, executives always laughed off the idea of a fourth network. Start-up costs would be too steep, affiliate lineups too skimpy, the pool of untapped creative talent too shallow. And audiences who might not know the difference between a minicam and a jump cut could nonetheless spot—and insist on—quality production values. Yet despite widespread doubts about whether there remains enough ad revenue to back three networks, the past few months have witnessed probably the most serious, sustained and heavily financed effort at a fourth network since Dumont folded in 1955.

Digging into the deep pockets of Rupert Murdoch, Fox Broadcasting has spent up to a reported $150 million to compete in late night and on two weekend evenings. Most of the headline attention has gone to the failure of Joan Rivers, a natural side dish, in her first try at being a blue plate special. The more striking event has been Fox's ability to accelerate from nothing to airing nine mostly solid, respectable series, ranging from sitcoms both wry and raucous to a cop show, a spy spoof and a comedy/variety pastiche. A top executive at NBC who has been watching Fox says, "By and large, they look like network programs—the same quality." Fox's offerings fully match the average batch of new shows at the average network in an average year. There's no *Hill Street Blues* on display yet, no *M*A*S*H* or even a *Cheers*—but plenty of thoroughly professional, watchable TV.



***Adventures of Beans Baxter*: A saucy teen ripoff of James Bond.**

'The secret is to go to the same people who make network series, pay them more or less the same money and promise to put their shows on the air.'

The reason is simple, according to Fox v.p. Brad Turrell: "The secret is to go to the same people who make network series, pay them more or less the same money and promise to put their shows on the air." Performers include George C. Scott and Patty Duke, and producers and their past credits number James L. Brooks (*The Mary Tyler Moore Show*), Ed Weinberger (*Taxi*) and Stephen J. Cannell (*The A-Team*). The writing is a little racier than normal, notably on Cannell's cop show *21 Jump Street*. But there's no overall counter-programming ploy: Fox hawks another brand of a popular product.

The Sunday lineup started appearing in April and the Saturday shows came on line in mid-July. With them, it is plain that Fox is aiming strongly toward older kids, especially teenagers who may dominate family viewing (younger siblings defer on the basis of age, parents in a fervent effort to keep teens home and out of trouble). *Jump Street* focuses on crime in high schools and the baby-faced cops pass as students. This show takes its prom queens very, very seriously. *The New Adventures of Beans Baxter* turns a geeky 17-year-old into an accidental spy, taking his kidnapped father's place in "the network." It's a saucy ripoff of everything from James Bond to *Get Smart*, played with dead-on sincerity. *Werewolf*, which Fox officials held from advance viewing, has been billed as a combination chase—with hints of *The Fugitive*—and sentimental supernatural drama, capable of doing "any story that Michael Landon does on *Highway to Heaven*." But its title and basic subject matter appeal most readily to teens. In addition, there's the usual assortment of precocious wiseacres in *Down and Out in Beverly Hills*, a sitcom of the rich life spun off from the film, and in *Married . . . With Children*, a blue-collar sitcom whose people bump against the credit limits on their charge cards. Tracy Ullman's sketch comedy, an acquired taste, pitches a bit younger than *Saturday Night Live*.

Another clear trend is toward demographic targeting. The bumptious and brightly written *Married*, which presupposes that sex is the central basis of marriage and that the guys will go scurrying out to the garage at the first opportunity, leaving women in the kitchen, is clearly meant as a blue-collar backlash to yuppiemania. *Down and Out*, although set among the affluent, takes a gawky outside, Robin Leachish view and could appeal to the same Middle American types if it improves on its klutzy pilot, which wobbled between satirizing and embracing LaLa Land values. By contrast, the urbane *Duet* is about two couples, educated and trendy and full of *savoir faire*. The comic-relief duo are snobs; the central pair aren't, but could be. The show's natural audience is confidently upscale. Ditto for Patty Duke's *Karen's Song* about a fortyish, divorced career woman with a grown daughter who is trying to start life anew without losing her dignity. Its pilot is one of the best of the past decade, evoking a fully developed world.

The one hitch, as the NBC executive points out, is that Fox is apparently stuck with airing whatever it buys. Says he: "Brandon Tartikoff has pretty good judgment but I sure wouldn't want to have to air everything we purchase. You're bound to make some big mistakes." Fox already has: George C. Scott's White House comedy, *Mr. President*, generally has had no discernable point, certainly no bite or wit or even charm, and it is deservedly rumored to be ticketed for Plains, Ga. or San Clemency. Yet in truth similar bombs get onto the other networks every season. Financially, it's too soon to tell if Fox can survive. Artistically, Fox is already right in the game. ●

Loughlin's Lament

by Jean Bergantini Grillo

WARNING: Managing an indie may be hazardous to your health.

It all began with a harmless question. Joe Loughlin, vice president and general manager of Tribune Broadcasting's WGN-TV in Chicago, was enjoying a beautiful spring day in Denver, his first real vacation in years. As Loughlin ate lunch with friends at an outdoor cafe, someone cheerily asked him, "So, what's it like down at the superstation?"

Without really thinking, Loughlin suddenly blurted out, "It's a real pain in the ass."

His luncheon guests were surprised, but no one was more stunned than Loughlin. "I spent the rest of the day asking myself, 'Why did I say that?' "

One week later, he had his answer. Citing concern for his health and the impossible demands of his job, Joe Loughlin quit, walking away from the number-one independent station in the third-largest market, the crown jewel of Tribune's six-station group, and arguably one of the best positions in local broadcasting anywhere in the country. Loughlin's resignation was covered by the Chicago papers and the trade press, and clearly embarrassed Tribune executives, who initially attempted to talk Loughlin out of leaving and later expressed fears that the publicity might hurt his future in the industry. Loughlin was deluged with calls from friends, many of them worried that he was exiting due to an incurable illness.

"I told them that I was in very good health," Loughlin recalls. "But I wanted to stay that way."

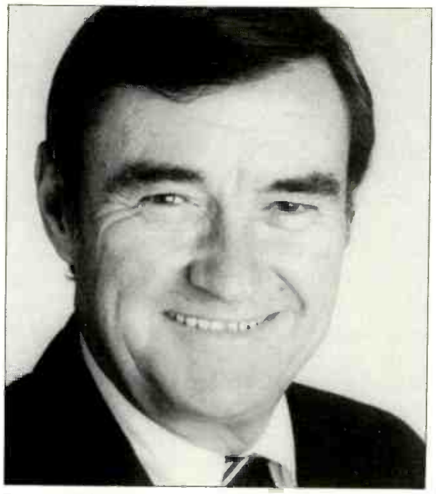
At least 30 percent of these "farewell" calls, Loughlin says, were congratulatory, and that was perhaps the most unexpected lesson of the experience. Many of his colleagues in the business were *glad*—for Loughlin's sake—that he was throwing in the towel. To them, the significance of Loughlin's decision stretched far beyond WGN and Chicago, symbolizing the frustrations of general managers at independent stations nationwide.

"There's no such thing as business-as-usual anymore," says Tribune Broadcasting president James Dowdle, who

brought Loughlin to Chicago four years ago to reorganize WGN after a long period of internal difficulties. "The job of managing a 24-hour indie today has placed extreme demands on general managers. Everyone is concerned."

The high cost of syndicated programming, the record number of ownership changes and the competition from start-ups have placed enormous pressures on independent stations. In the past, general managers were primarily responsible for programming and promotion, but today they must also be astute financial stewards and ruthless efficiency chiefs, juggling the needs of overworked staffs against the demands of profit-oriented owners.

Has the job become too much? The saga of Joe Loughlin at WGN is the story of a general manager who did almost everything right, yet still couldn't measurably improve his station's standing in the market. His experience suggests that owners and broadcast groups may have to lower their expectations about what general managers can achieve, and redefine the job in order to retain their best talent.



Former WGN-TV general manager Joe Loughlin

At 57, Joe Loughlin should have been at the pinnacle of his career. He began as a writer and announcer at a variety of television stations in the South, and then was news director and later general manager at Gaylord Broadcasting's WVTV in Milwaukee, transforming it from a struggling UHF to the leading independent in the market. In 1980, Tribune wooed him away to run its Denver station, KWGN-TV, and moved him to Chicago in 1983.

Then as now, WGN looked prosperous and healthy. Unlike New York or Los Angeles, which have six or seven VHF stations battling for market share, Chicago had only four. WGN's overall ratings were only a point behind the third-place affiliate, WMAQ-TV (NBC). Its only competition in the independent field was WFLD, a UHF Metromedia station since sold to Fox. WGN was home to the popular *Bozo the Clown* children's show and the revered Chicago Cubs, which Tribune had bought in 1981, largely as a source of programming for WGN. The station also drew considerable strength from Tribune's local presence—in addition to the *Chicago Tribune*, the company also owns the top-rated radio station, WGN-AM. As a passive superstation carried by United Video, WGN had an enormous national audience without spending a dime on extra programming or promotion. As a result, according to Loughlin, WGN led the market in total advertising revenues.

Beneath the surface glitter, however, Loughlin found a station sorely in need of repair. Despite WGN's revenue leadership, ad growth had been flat in recent years, and in critical areas such as children's programming the station was actually running behind WFLD in local

The Windy City Picture

Net Broadcast Ad Revenue, 1986	$395M
Projected Net Broadcast Ad Revenue, 1987	$450M
Cable Penetration	31%
Cable Subscribers	943,570
VCR Penetration	59.3%
Market Rank	3
TV Households	3,063,370

DMA ratings. Prior to Loughlin's arrival, WFLD had bought *M*A*S*H*, which quickly became a ratings success on the rival station. WGN was also under fire from local TV critics and viewers for poorly editing its prime time movies and for not airing enough public-service and news programming devoted to local problems.

Loughlin immediately undertook a major station overhaul. "There was a mirage that WGN was a great production center," Loughlin recalls. "Well, it wasn't. Our on-air product was a joke. I had to replace every piece of equipment, and we had a bunch of radio engineers who knew nothing about television." Within a year, Loughlin had pared down the staff from 315 to 250 employees. He improved WGN's promotion efforts, and later hired a new promotion director. He also modernized the station's audience research to help with program buys and to provide more accurate information to advertisers.

These internal reforms should have given Loughlin a few months' breathing room, but he soon faced a new, external threat. In 1986, Fox Broadcasting bought WFLD and made an aggressive indie even more so. Also that year, two new UHF independents, WGBO-TV and WPWR-TV, entered the market. "Even if these new indies only sold 60 percent of their inventory, that's $15 million taken away from the existing stations," Loughlin says. "And with overall market growth of only 5 percent, that doesn't leave much extra for everyone else."

By 1986, WGN, like many other indies, faced another revenue double-whammy. It was overpaying for programs while its ad sales underproduced. Syndicated shows such as *SCTV* and *Carson's Comedy Classics* were launched to disappointing ratings. Then, bungled contract talks with Anheuser-Busch almost caused that longtime Cubs sponsor to pull its ads. Within a three-month period, Loughlin fired his general sales manager, his program director and an accountant.

"It just wasn't fun anymore," Loughlin laments. "I was getting further away from the things I enjoy—programming and promotion. I was working ten hours a day, six days a week, and didn't see much of my family. Yet the station seemed to be standing still."

WGN is still Chicago's top-ranked independent, but it enjoys a strong lead over rival WFLD only during the Cubs baseball season. In the Nielsens, WGN's sign-on to sign-off ratings have fallen from a 7 to a 5 since 1983, and only one point separates it from WFLD. This decline reflects the modest ratings gains of the two start-up indies. WGN fares better in the Arbitron ratings, placing third overall in the market and several points ahead of WFLD. But in terms of revenue, WGN has slipped from number one, and is now believed to be tied for second with WMAQ.

"Given WGN's past prestige and dominance, and considering that it's the only indie carrying the fanatically loved Cubs, they should be creaming WFLD," says analyst Chuck Kadlec, a partner at the Washington consulting firm of Frazier Gross & Kadlec. "But

WGN's beloved *Bozo* has aired for 25 years.

instead, they're almost even. And in terms of revenue, they've allowed Fox to nip at their heels."

Loughlin's greatest frustrations were in programming, where, despite many improvements, he continued to be dogged by criticism that WGN devotes very little of its airtime to news documentaries and local issues. "Never has a player come to the table with more good will and squandered it," says Robert Feder, the television critic for the *Chicago Sun-Times*.

Tribune bristles at such charges. "A full 27 percent of WGN's programming is Tribune-produced," says Dowdle. "Show me another indie with those numbers. People take pot shots at WGN because it's an institution."

A good deal of WGN's schedule, however, is made up of *Bozo*, the Cubs, and syndicated Tribune fare, which hardly count as locally oriented programming. Loughlin did introduce Chicago's first noon news and beefed up WGN's 9 P.M. news show, both of which are doing well in the ratings. He also launched *Minority Business Report*, a weekly half-hour show aired on Saturday morning, but another program devoted to local newsmakers, *Chicago Profiles*, was shelved for budgetary reasons after the pilot. Other shows inaugurated during Loughlin's regime—a 25th-anniversary special for Bozo, the annual *Gospel Music Awards* and the *Windy City Celebration*—were less memorable. Perhaps Loughlin's best move was his decision to move *Magnum, P.I.* to 11 P.M., where it now wins the time slot.

"When it comes to indies, critics have a double standard," Loughlin complains. "They say, 'Isn't he lucky, he's got the Cubs.' But they never say of a network affiliate, 'He's lucky, he's got the NFL or *Miami Vice*.' "

In the end, however, it wasn't the critics or the workload that felled Joe Loughlin. Instead, he seems to be a victim of his own high standards. Even after reorganizing WGN's staff, improving its promotions and research and introducing new programming, external market forces were such that WGN remained virtually in place. That should have been enough for Loughlin, but it wasn't.

So now he'll spend several months or a year unwinding, voluntarily unemployed, pondering what all this means for his industry and what his future will be.

"I could always be a GM again, but I don't have to. I'd like to be a program director, but others may see me as overqualified. Anyway, I now have nothing left to prove." ●

DISTANT SIGNALS

Torn Curtain

The VCR revolution has come to Eastern Europe. But it's not messages of freedom and liberation the oppressed are most eager to view. It's *Rambo* and American-made porn.

by Don Graff

It's video night at the Kowalskis. Jan and Ewa are having a few people over to their Warsaw apartment for an evening of movies. Refreshments have been laid out and chairs arranged in front of the TV set—their second-most-prized possession. Number one is their new videocassette recorder. Ready to roll are several cassettes, including the just-released American film *Out of Africa*.

The scene isn't that different from what goes on these days in living rooms from Bangor to Burbank, except that the Kowalskis will be charging their guests admission. In their small way, Jan and Ewa are in the theater business. They are also in the vanguard of a communications revolution. In defiance of government policy and despite technological obstacles, the videocassette recorder has arrived in the closed societies of Eastern Europe. And as is so often the case in these matters, notes Vladimir Kusin, Poland is leading the pack.

Kusin is acting director of research and analysis for Radio Free Europe, which views the advent of video as one of the most significant Soviet-bloc developments in decades. Not all the implications are internal. What is an underground market now—the traffic in Western movies—might become the next great above-the-table market for American television and video programmers if Soviet premier Mikhail Gorbachev's policy of *glasnost* (openness) turns out to be genuine.

The first signals of an electronic revolution in Eastern Europe were detected in the rapid growth of privately owned VCRs. Figures gleaned from Radio Free Europe's reading of the official Polish press show a jump from less than 3,000 VCRs in 1983 to more than 70,000 a year later. They were brought into the country legally by visitors and by Poles returning from abroad. They were followed by a flood of smuggled tapes. A network of underground rental clubs sprang up, and Poland soon had a new black-market industry. By 1985, NOWa, the underground publishing operation, had established a cassette unit offering a wide range of pirated Western films and some censored domestic productions for an eager and expanding audience. Right now, the fare is almost entirely Western movies. Once released on tape, American and European films quickly find their way to Poland for reproduction in quantity. As elsewhere, *Rambo* has been a blockbuster in Eastern Europe; Woody Allen is also popular. But it's not only the mainstream hits that find audiences. Science fiction and horror are favorites, as is pornography. Especially pornography. A Marxist-Leninist no-no, it accounts for up to 30 percent of East European underground cassette traffic.

In Poland, the Jaruzelski government has responded to the video invasion by threatening unauthorized traffickers with fines and imprisonment. But co-opting is the preferred tactic. Early on, the government moved to license the private clubs, sanctioning the activity to gain control over the material. But that has not wiped out underground distributors, who handle a broader range of material, including controversial fare.

At one point the government was said to be considering importing "approved" Western features under license. But the plan was dropped, says Slawomir Suss, a Polish specialist with Voice of America. The reason: money. "They have no hard currency," says Suss.

The Polish government has, however, moved into VCR sales through its hard-currency shops, where VHS models from Western Europe go for $435 to $500. Polish TV is compatible with the French SECAM system, which makes copying Western material relatively easy. But while the government sees the video challenge as primarily political, to most of the challengers it is first of all a business.

"They're dealing in material with some political significance," says Victor Yasmann, a Munich colleague of Vladimir Kusin. "But they're most interested in money—good money and quick."

How good? The balance sheet of the

Don Graff is a nationally syndicated columnist who travels widely in Europe.

SYGMA

Warsaw Saturday night: Business at "approved" video shops is brisk, but it's brisker underground.

Kowalskis' video evening provides an indication. They will charge their guests up to 500 zlotys a viewing head. That's a little more than $2 at the official rate of exchange and considerably less on the black market—but still not insignificant in an economy where a typical day's wage is under 1,000 zlotys. If the Kowalskis bought the movies they're showing, they may have paid the supplier the better part of a month's salary. Renting from a private dealer, they might lay out half as much, depending upon demand for the film. But with a full house, they can expect to recoup expenses and more.

The Polish pattern is repeated throughout the bloc, with the notable exception of East Germany, where the reach of West German television is nearly total. Smuggled video has less appeal there as forbidden fruit. East Germany bars prerecorded Western cassettes but, accepting the inevitable, sells VCRs and blanks with which viewers are free to record what they wish.

While Poland provides the pattern, it is in the Soviet Union that video's drive to the East is likely to have the greatest significance. VCRs were introduced there in the late 1970s by the privileged elite, which brought the novelties home from travel abroad. Word got around and interest spread.

"After only a few years," says Yasmann, "video in Soviet society has replaced the automobile as a status symbol." And this has happened despite a formidable technological barrier.

The Soviet scanning system, unlike the Polish, is not compatible with those of Western Europe. It is a variation of the French SECAM, but requires a converter to obtain a satisfactory color image when mated with a recorder operating on either SECAM or the German PAL system. And converters cannot legally be made or marketed in the U.S.S.R.

But Loren Graham, a specialist on Soviet science and technology at the Massachusetts Institute of Technology, says the little black boxes are readily available on the black market. Demand at the moment is not great, however. The number of VCRs in the U.S.S.R. is estimated at only 300,000—infinitesimal in a population of more than 270 million. The VCR, says Graham, remains essentially a luxury for the well connected.

Most videocassette recorders now in private Soviet hands are imports. But in 1984, the state began marketing a Soviet model, the Elektronika-VM12, which uses some Japanese components. The claimed annual production total is only 20,000 and it was reported to be setting something of a consumer-product unreliability record, with every fourth recorder going straight from assembly line to repair shop.

Graham puts the VM12's price at 1,700 rubles—more that $2,000 at the official rate of exchange. But the price can only be appreciated in terms of the average Russian's wages. For "an ordinary, fairly low-level" professional, Graham says, that is only 150 rubles a month.

Will Gorbachev's *glasnost* mean a dramatic change in the situation, possibly opening a new and entirely legal Eastern market for Western programmers? No one sees the possibility of that near term; Poland's hard currency woes, for one thing, afflict the entire bloc.

But addressing the Soviet Union specifically, MIT's Graham suggests Gorbachev and those around him may want something like that to develop in time—if they can control it. Their best of all possible worlds, according to Soviet watchers, would be a public sufficiently sophisticated to absorb Western media without undermining the Soviet system.

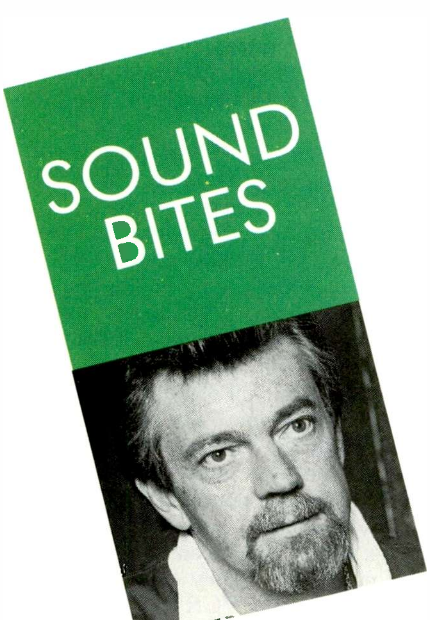
The opening up of the Soviet market may already be under way. This year, Soviet TV purchased ABC's antinuclear made-for-TV movie, *The Day After*, and even considered buying the network's controversial *Amerika* before passing on it. The Soviet film agency, SovExportFilm, also arranged with Heritage Entertainment to distribute U.S. films in the U.S.S.R.

Meanwhile, back in Poland, the censors continue to lose ground. The current estimate of private VCR owners is 600,000, suggesting that the numbers of Jan and Ewa Kowalskis are doubling every year. Bloc governments, says Radio Free Europe's Kusin, are faced with an irresistible new force: "They can't stem the tide. They can't ban VCR use. And they certainly can't control it." ●

Go North, Young Man

Stephen Cannell hates to do it, but says he must work in Canada if he wants to stay in business.

With four one-hour dramas scheduled for prime time this fall, three on the networks and one on Fox Broadcasting, Stephen Cannell ranks among television's top producers. Yet squeezed by climbing costs, level license fees and a shrinking syndication market, Cannell is looking for new ways to make independent TV production pay. His latest plan: Build a studio near Vancouver where he can produce for less and rent out space to other cost-conscious producers. All but one of his fall shows will be shot in Canada. In 1980, Cannell began his own production company, which has spawned The A-Team, Hunter, *and* Greatest American Hero. *He spoke recently with* Channels *West Coast editor Patricia E. Bauer.*



CANADIAN PRODUCTION

I'm one of many, many people taking production to Canada. The plane up there is like the Polo Lounge. The last trip up I saw Sherry Lansing and everybody from Paramount. There are about 40 U.S. companies shooting in Canada right now.

I'm making pictures in Canada for economic reasons. My wife and I own every dollar of debt that this company takes, and our company is currently taking a lot of debt because you don't make hour television shows for what the networks pay you. There's a certain feeling around town, among people who don't have to carry the bank notes, that producers are going to Canada just to get wealthier. The fact of the matter is, if I don't go to Canada to make my programs, I'm out of business.

THE FINANCES

I can borrow a certain amount of money against *A-Team* negatives and the other shows, but I have a finite amount of money that I can borrow and I'm getting very close to going as far as I can go. To lose $400,000 a show four times a week—$1.6 million a week—who wants to do that? In Canada, hopefully, I can make them very close to license fee plus what they will make in foreign sales. The exchange rate is a big incentive. You get an extra 30 cents on every buck. So that means if a series were going to cost me $1.3 million here in Los Angeles and I move it to Canada, I've saved $300,000 on the bottom line before I even deal with other savings. It's been really great up in Canada, but I'd much prefer to shoot here in Los Angeles.

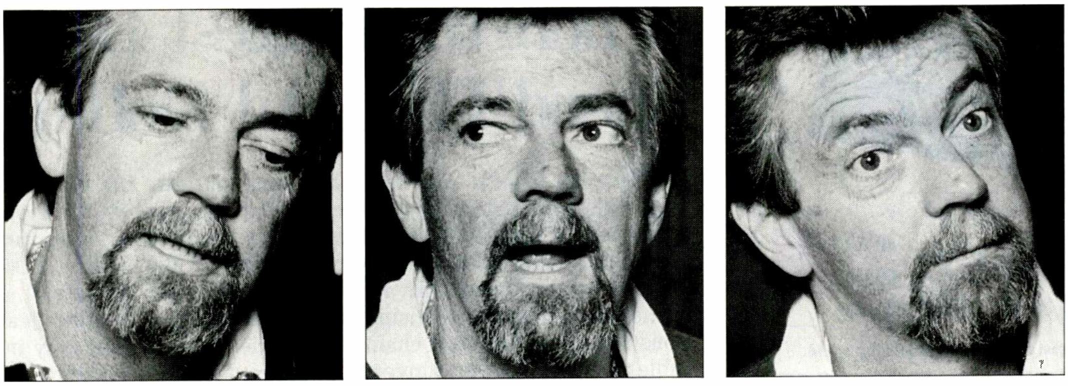
THE VANISHING BACK END

It used to be that we'd say, "If you get an *A-Team* or a *Rockford*, you're going to get $700,000 or $800,000 or $1 million a negative, so that makes it worth the gamble." And we'd figure that the profits from *The A-Team* would pay for the shows that didn't do well. But now, what happens when all of a sudden you can't make $1 million, even on a hit show? A show like *Cagney & Lacey*, that's won Emmys, goes out there and dies. They keep pulling it out of the market so they won't damage it. Or *Miami Vice*. They can't give it away. Now you have to start looking at those negatives that you're producing for $300,000 or $400,000 out of your own pocket, and say, "Are we making a big mistake here?" I think we have to realize that potentially there is no back end on almost any show.

A lot of people may think I've made a lot of money on *A-Team*, because it was sold for $1 million an episode. But I haven't seen one dollar yet—except for the merchandising, which did pretty well. Still, when you lose $10 million a year to produce the show and you make $2.5 million back in merchandising, you have a net loss on that project of $7.5 million a year. And as for the syndication revenues, the stations don't have to pay until they put *A-Team* on the air. Some stations may start putting it on this year. Others may put it on next year. But they don't have to put it on.

THE NETWORKS

License fees have not stayed equal with union increases and cost-of-living increases. It's just that simple. Eight or nine years ago, the networks paid just about what it cost to make the shows. Now, the shows cost roughly twice as much to make, but the license fees have only gone up by about 10 or 12 percent. So who pays the difference? *Moi.* And the



MICHAEL GARLAND/ONYX

'We can't go on like this. The industry is not a cash cow. If we don't do something, a lot of people will be selling shoes.'

networks say, "I know, I know, but you guys are going to make a killing in the back end." Well, in the last year and a half, that's dried up. And now it seems that the "larger-sucker" theory is in place. If I tell the network I won't do it anymore, they say, "Okay, we'll just get a bigger sucker." Last year it was New World that stepped up with a lot of cash and said, "We'll buy our way into the TV business." And they did.

LABOR UNIONS

I've gone to the unions and asked for help, and they said no. Don't get me wrong—I'm not anti-labor. I really believe in these people. I'm a member of five or six guilds myself. But they don't have any obligation to give me any help. We have signed contracts, and I live up to my agreements. If this company goes bankrupt, another one will step in and start hiring.

COMPENSATION

I don't think it should be just below-the-line people who suffer cutbacks. There should be a realistic pay scale for all of us. But you know what happens: you've got 23-year-old guys making more than the president of General Motors. At a certain point, some reality has to come into all of this. Yet those high-paid writers can turn around and say that I'd just have bigger profits if I could hire them for $25,000 a year. And of course, that's true. Still, we've got to see everybody tighten up some, and that means above-the-line people as well as below.

MAKING MORE FOR LESS

I can't just stay here and scale down my costs. I don't want to make bad pictures. And that's what you're talking about: pictures that are under-covered; pictures that have shorter shooting schedules, so the performance levels are probably not going to be as good. We used to make *Rockford Files* in six days, and I thought they looked great. But the crews moved faster back then. People used to make shows in five days here. Then they made them in six, then seven. Now it's almost impossible to make them in eight. It's nobody's fault, and I'm not criticizing the crews. But what happens is, they get used to a little slower pace.

CUTTING COSTS

We're trying to cut overhead as much as we can. We're consolidating, getting rid of real estate. We're also thinning out the payroll. That's always painful. Some of it has been attrition and some of it has been cleaning house. I think we were fatter than we needed to be. But at a certain point you say, "Wait. We're in some trouble here."

MERCHANDISING

I don't try to create shows for their back end merchandising potential. Frank Lupo and I didn't create *A-Team* so we could sell dolls and trucks. We created it because we thought it was a funny idea for a show. The trucks and dolls came later. I don't think about demographics when I create a show, either. Do you think Norman Lear worried about that when he created *All in the Family*, about a bigot who talked about "hebes" and "kikes"? No. You've got to do what you think is going to entertain people, and along the way, hopefully, you'll get shows that have back end appeal and merchandising potential.

PACKAGING FEES

If a package is really a package, and an agency is submitting a writer and a star and a series commitment with a network, then they probably deserve some percentage of the profits. But it's gotten to the point that they want a package commission if they hold just one key writer—just one element of the package. To me, that feels more like extortion than it feels like packaging. So I'm one of the few people in town who won't pay package commissions.

THE COMPANY'S FUTURE

This company is not going to go out of business. We are strong. We are committed to our direction and we have financing and we're not standing on the edge of the cliff. But if I kept going the way I was, then I would have produced myself out of business. I view this, in a strange way, as a healthy thing. It has forced us to completely re-evaluate our situation, and to challenge our executives. You can throw money at anything, but if you don't have the money, then you've got to solve it with creativity.

THE MESSAGE

Please, Hollywood. We just can't go on like this. We have to address our financial problems. We must come to grips with the fact that the industry is not a cash cow any longer. It's no fun to hear, but this business is headed down the same road that Detroit was on. If we don't do something, a lot of people who used to be in the film business are going to be selling shoes. I don't want to see this business leave L.A., yet I'm one of the first guys out of here. I have to go because I'm also the guy with the least financial strength, so this thing hits me faster than it hits somebody else. Still—you show me how to make a show in Los Angeles for what I make it for in Canada, and it shoots here. ●

RUNNING THE NUMBERS

Where the Biggest Brands Spend Their Ad Dollars

KEY

	%
green	0–2
light blue	3–19
dark blue	20–39
pink	40–59
orange	60–79
yellow	80–100

Percent of brand's total ad spending in 1986

The big brands—the ones that must saturate the country with their ads—find television so effective that many put 80, 90 or even 100 percent of their 1986 ad dollars into TV rather than print, radio or other media, according to an annual survey of the top 200 brands by *Marketing & Media Decisions* magazine. Networks typically get the largest share of TV spending, but spot advertising is the choice of regional auto-dealer associations and some fast-food chains. Breweries have led the way into national cable networks—several investing 5 percent or more of their ad budgets.

	Most-advertised brands of 1986	Total ad spending on all media (millions)	Percentage of total spending: on network	on spot TV	on cable	on total TV
1	McDonald's	$329	59	39	1	98
2	Burger King	171	41	56	<1	97
3	Budweiser Beer	116	41	24	7	72
4	AT&T long-dist. (residential)	107	60	7	1	67
5	Ford local dealers	95	0	66	0	66
6	Miller Lite Beer	88	69	12	3	84
7	Kentucky Fried Chicken	84	57	38	1	96
8	United Airlines	83	33	18	2	53
9	Wendy's Restaurants	82	51	46	1	97
10	American Airlines	80	23	22	1	46
11	Chevrolet local dealers	80	0	51	0	51
12	Pizza Hut	73	29	68	1	98
13	American Express cards	72	55	20	1	76
14	Miller High Life Beer	70	56	14	3	73
15	Budweiser Light Beer	63	55	26	7	87
16	Delta Airlines	63	3	21	7	32
17	Eastern Airlines	60	[illegible]	24	<1	25
18	IBM personal computers	56	60	<1	1	61
19	Taco Bell restaurants	56	4	87	0	90
20	U.S. Army recruiting	55	55	0	3	58
21	Ford dealers associations	53	0	71	0	71
22	Lee artificial nails	52	82	7	11	100
23	Pepsi-Cola	52	8	73	2	83
24	Michelob Beer	51	59	15	5	80
25	Hasbro toys	50	12	84	4	100
26	Nissan compact trucks	50	30	41	<1	72
27	Nissan dealers associations	49	0	98	0	98
28	Advil pain-reliever tablets	46	87	2	1	90
29	Midas Muffler	42	36	49	0	85
30	True Value Stores	42	29	27	4	60
31	Ford Taurus	42	54	6	1	61
32	Coors Beer	42	49	34	2	85
33	AT&T long-dist. (business)	41	44	19	2	66
34	AT&T int'l. long-distance	41	5	42	2	49
35	Kroger food stores	41	5	87	<1	93
36	American Dairy Assn. (milk)	40	71	20	1	91
37	Toyota dealers assns.	40	0	91	0	91
38	Oldsmobile dealers assns.	40	0	91	0	91

	Most-advertised brands of 1986	Total ad spending on all media (millions)	Percentage of total spending: on network	on spot TV	on cable	on total TV
39	Ritz 100 cigarettes	40	[illegible]	[illegible]	0	0
40	Miller Genuine Draft beer	40	75	15	1	91
41	Red Lobster Inns	38	71	25	<1	96
42	ABC-TV Network	38	0	<1	2	2
43	Sears misc. brands	38	48	22	<1	71
44	Sears household brands	37	40	5	<1	45
45	Toyota local dealers	37	[illegible]	97	0	97
46	Chevrolet cars and vans	37	33	5	<1	38
47	Domino's Pizza	37	53	[illegible]	1	92
48	Pontiac dealers assns.	37	[illegible]	97	0	97
49	Nuprin tablets	36	83	[illegible]	2	86
50	Columbia Record & Tape Club	36	[illegible]	[illegible]	0	1
51	7-Up	36	55	23	2	80
52	Coca-Cola (regular)	36	32	37	5	74
53	Discover credit card	35	[illegible]	[illegible]	<1	71
54	Diet Coke	35	53	[illegible]	2	93
55	Nabisco cookies	35	84	10	2	96
56	NBC-TV Network	35	[illegible]	[illegible]	<1	<1
57	Toyota compact trucks	35	[illegible]	50	3	75
58	CBS-TV Network	35	[illegible]	[illegible]	1	1
59	TV Guide	34	[illegible]	70	3	80
60	Diet Pepsi	34	18	72	<1	90
61	Gallo wines	34	94	5	<1	99
62	Hardee's Drive-ins	34	0	87	0	87
63	AT&T corporate	33	36	7	1	43
64	Coors Light Beer	33	58	31	2	91
65	Michelob Light Beer	33	55	23	8	86
66	Honda Civic	33	58	5	4	66
67	Vantage King cigarettes	33	[illegible]	[illegible]	0	0
68	Northwest Airlines	33	29	10	<1	[illegible]
69	Chevrolet dealers assns.	32	0	87	0	87
70	Slice regular soft drinks	31	0	88	<1	88
71	Bartles & Jaymes coolers	31	85	12	<1	97
72	General Motors corporate	31	42	9	1	51
73	People Express Airline	30	[illegible]	4	0	4
74	Duracell batteries	30	79	6	<1	85
75	Mercury Sable	30	55	6	2	62

Source: data from Broadcast Advertisers Reports and Leading National Advertisers compiled by *Decisions* in its July 1987 issue.

THE TELEVISION OF THE FUTURE HAS TAKEN SHAPE AT TURNER BROADCASTING

If you want to see where tomorrow's TV leadership is coming from, look to the people who deliver it today. For programming quality, popularity, and innovation, the company to watch is Turner Broadcasting System, Inc.

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