MEDIAWEEK®

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Holidays Come Early

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WB Attracts More Women

Despite some ratings shortfalls, female demos on the rise

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For our Tenth Anniversary, Eric Schmuckler chronicles the development of the modern media agency; Verne Gay details the effects of media consolidation; John Consoli reports on the demographics of media agency people; and Marc Berman compares prime-time TV ratings to what they were 10 years ago.

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MARKET INDICATORS

NATIONAL TV: MOVING
Heavy audience deficiencies are costing ABC fourth-quarter scatter dollars, but rest of the nets are selling out. First-quarter cancellation options are averaging below 10%.

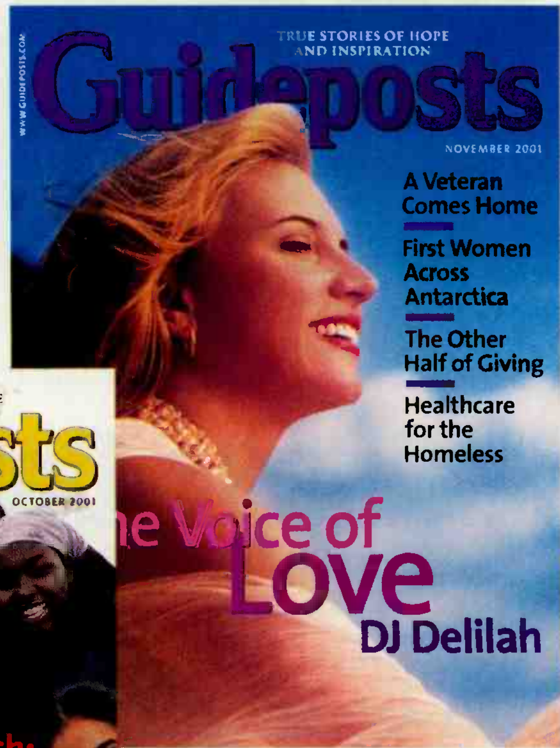
NET CABLE: BUILDING
Network execs breathe a bit easier as fourth-quarter scatter money trickles in. Tech, retail, studios and long-distance carriers are actively spending.

SPOT TV: TIGHTENING
The combination of automotive, telecom and movie ads has made inventory tighter across the country. Auto pacing to drive into Dec. and first quarter. Holiday retail remains a key unknown factor.

RADIO: OPEN
Discount retailers start holiday campaigns, but generally the category is off. Budweiser expected to relaunch its revised "Heroes" campaign this week. Plenty of inventory open for preholiday ads.

MAGAZINES: DELAYED
Monthly publishers predict that January and February issues will be very soft, as many advertisers still have not finalized budgets and plans for 2002.

Connections



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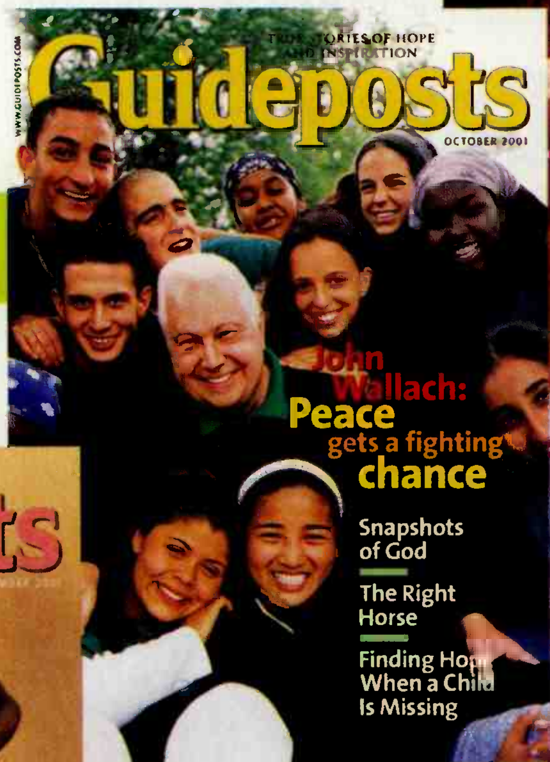

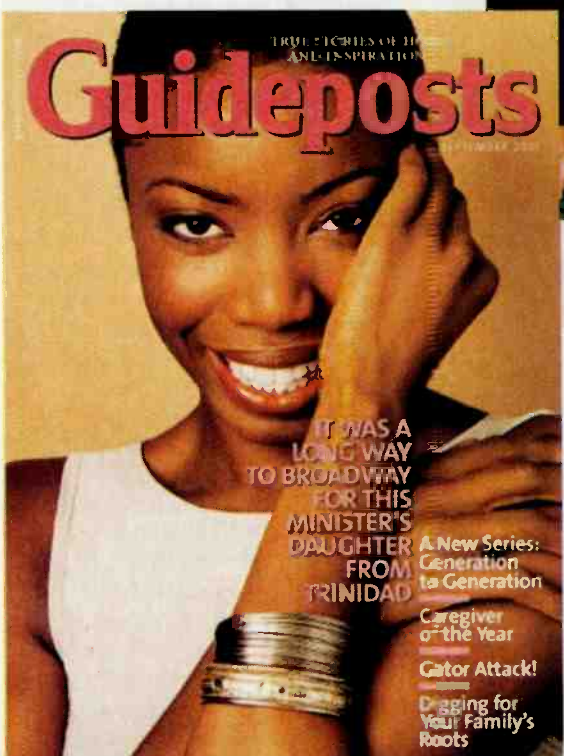

Contemporary

As Americans search for hope and inspiration, 9.2 million readers find it in **Guideposts** – the leader in the growing inspirational category that Mediaweek has termed a "new breed of lifestyle magazines."

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At Deadline

CBS, Fox Lead First Half of Nov. Sweeps

CBS, with a 9.4/15, was the ratings leader in households and Fox, with a 5.8/15, was in front in the 18-49 demo after the first two weeks of the November sweeps, according to Nielsen Media Research. Following CBS in households in the period through Nov. 14 was Fox (8.9/14, up 44 percent, largely due to two World Series baseball games), NBC (8.6/14, down 8 percent), ABC (7.1/11, down 22 percent), UPN (3.0/5, up 7 percent) and the WB (2.9/4, down 9 percent). Following Fox in adults 18-49 is NBC (5.2/13, down 7 percent), CBS (4.9/12, up 32 percent), ABC (3.9/10, down 22 percent), UPN (2.1/5, up 17 percent) and the WB (1.9/5, down 10 percent). CBS has been bolstered by *Survivor*, which did not air last November, and a Nov. 13 Michael Jackson special, which recorded a 15.7/24 in homes and an 8.9/23 in 18-49, the network's best performance at 9 p.m. on that night since 1994.

ESPN Sending Rooney Outdoors

ESPN will devote more attention to its Outdoors group by moving Michael Rooney, senior vp/general manager of *ESPN The Magazine* and ESPN Outdoors, to oversee the entire unit. In addition, ESPN has combined its Internet and magazine groups under John Skipper, who has been senior vp of ESPN.com since early 2000. Skipper, who helped launch the magazine three years ago, will add the title to his watch. Rooney, who was senior vp and publisher of *Field & Stream* and *Outdoor Life* before joining *ESPN The Magazine* in 1997, will help expand its Outdoors unit towards a long-term goal of launching a separate channel.

Fine Living Debut Backed By Mag

Scripps' soon-to-be-launched Fine Living cable network announced it will acquire 49 percent of the monthly magazine *Cachet*. It will launch the title (renamed *Fine Living*), and a Web site (Fineliving.com) in March 2002. Ken Solomon, president of Fine Living, said Scripps will distribute the title to 1.3 million households in high-income markets. Solomon also said Scripps has a carriage deal with Time Warner Cable, guaranteeing 5 million (mostly digital) subscribers at launch.

Tribune Slices and Freezes Salaries

With the ad economy continuing to slump, media giant Tribune Co. has ordered companywide cost-cutting measures, including a 5 percent salary reduction for 140 senior managers throughout the company. Additionally, the company has announced a salary freeze for all employees not covered by union contracts. Hiring has also been curtailed to only critical operations.

Daschle Backs Adelstein For Fifth FCC Post

Senate Majority Leader Tom Daschle (D-S.D.) has nominated his top assistant, Jonathan Adelstein, to fill the fifth slot at the Federal Communications Commission. Rep. John Dingell had hoped his own aide, Andy Levin, would get the nod, but Dingell's support of regional phone companies against AT&T cost him the support of Sen. Fritz Hollings (D-S.C.); Levin's name was withdrawn last month. If appointed, Adelstein, who has worked on telecom issues for many years, would have a term expiring June 2003.

Addenda: **Red Herring** late last week announced it is shutting its conference unit and laying off three dozen staffers, or 27 percent of its staff...**National Geographic Channel** last week cut a deal with Time Warner Cable for 10 million subscribers. In addition to carriage in New York by 2002, the pact guarantees distribution on its other U.S. systems by the end of 2001. With TWC carriage, Nat Geo will be in 20 million homes by the time it reaches its first birthday early next year...Anthrax tests for an editorial assistant at ***The New Yorker*** last week came back negative...**Emmis Communications** last week instituted a companywide 10 percent wage cut, which will be offset by an equivalent 10 percent award in Emmis stock...**Sirius Satellite Radio** last week said it will begin to roll out its 100-channel satellite-delivered radio service Feb. 14 in Houston, Denver and Phoenix...**Hugh Wiley**, a 16-year Time Inc. veteran, has been named publisher of *Fortune Small Business*, succeeding Kathy Kayse, who has become the publisher of sister title *Money*.

Corrections: On page 18 in this week's issue, Joe Uva is referred to by his old title because Uva did not announce his move to become worldwide president and CEO at OMD until after press time. In last week's issue on page 7, Touchstone Television president Stephen McPherson's name was misspelled. Also, a story on page 41 in the same issue about Vanguarde's repositioning of *Savoy* should have noted that the magazine will not only target men 25-54 but also continue to serve its existing female audience. In the Nov. 5 issue, the cover headline, "Ten Stations That Do it Right, TV's Leaders in Ratings and Revenue..." was misleading. Though the reporting was based on long-term perceptions of excellence in the national television community, WTHR-TV in Indianapolis now reports higher revenue and ratings than WISH-TV (also in Indianapolis), which was featured in the article.

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Media Wire

Rosie Gets New Publisher After Previous Mismatch

Rosie magazine, published jointly by G+J USA and Rosie O'Donnell, on Nov. 28 will get its second publisher since its transition from *McCall's* last April. Joan Sheridan LaBarge, most recently senior vp of sales and marketing for Advance Publications' *Parade*, succeeds Sharon Summer after 11 months at the helm. Since October, Dan Brewster, G+J USA president/CEO, had been on the prowl for a new publisher, said executives familiar with the situation, as it increasingly became clear that O'Donnell and Summer did not click. "It wasn't a match made in heaven," said a G+J publishing executive.

Summer, who prior to *Rosie* had been group publisher of *Parents* and *Child*, has been appointed president of the newly created Parents Family Network, where she will oversee *Parents*, related brands including *Ser Padres*, and all books and licensing activities.

A longtime publishing veteran, Sheridan has held several top jobs. Before joining *Parade* in June 2000, Sheridan was executive vp/group publishing director at Weider Publications, where she oversaw corporate sales, marketing and promotion for *Shape*, *Men's Fitness*, *Jump* and *Fit Pregnancy*. "Joan is a terrific battle-tested professional," said Brewster. "She understands the advertising market for this magazine."

For the past eight months ending in December, the 3.5 million-circ *Rosie* carried 624 pages, according to the *Mediaweek* Monitor. —*Lisa Granatstein*

CBS, ABC News Alliance Would Leave CNN on Side

CBS and ABC are discussing possible ways to share resources in their news divisions, according to sources at both networks. The talks began several months ago when CBS' ongoing negotiations to pursue an alliance with CNN stalled. CBS and ABC are the only two Big Four networks that do not own or have a stake in a 24-hour news channel.

Talks between the two networks have picked up steam (*continued on page* 6)

Networks Bask In Holiday Cheer

4th-Qtr. scatter 95 percent sold; 1st-Qtr. cancellations remain low

THE MARKETPLACE By John Consoli

It's going to be a Happy Thanksgiving and perhaps a Merry Christmas for the broadcast networks, who have reason to celebrate that they're nearly sold out of prime-time scatter ad inventory through the end of 2001, at rates between 3 and 5 percent higher than upfront pricing.

Ad categories such as automotive, movies (both for theatrical premieres and DVD rollouts), telecommunications (particularly wireless companies), pharmaceuticals, soft drinks, fast foods and video games (Sony Playstation and the new Microsoft XBox), along with holiday retail, have gobbled up most of the available scatter time, leaving the networks approaching a 95 percent sell-out rate.

"Pricing has not collapsed as all the experts predicted it would," said one happy network ad-sales executive, who did not want to be identified.

Adding to the good news, advertisers are exercising ad-cancellation options for first quarter 2002 at only a fraction of last year's pace. It means that the networks will get most of the $1.7 billion advertisers pledged in last spring's upfront to spend this coming January through March.

Of course, there is still a downside to the positives. Each of the Big Four networks did lose about $100 million in ad revenue due to programming pre-emptions as a result of the events of the Sept. 11 terrorist attacks, and while 90 percent of that money was re-expressed, that inventory displaced commercial time that could also have been sold. The Big Three networks have also been spending millions on their news operations to cover the war in Afghanistan, and that has also eaten into the sold-out prime-time ad revenue base.

"It's sort of like the automakers and zero-based financing," said one media buyer, who declined to speak for attribution. "They're selling a lot of ads, but their P&L will be hurting."

But clearly, if the networks were not selling out their ad inventory, they would really be in dire financial straits.

ABC remains the one network that has not been able to capitalize on the uptick in business. Half of ABC's programs are in audience-deficient situations, according to media buyers, who said the shows are delivering audience shares below the guarantees at which ABC sold them during the upfront. The problem spots on ABC's schedule include: veteran shows *Spin City*, *Dharma & Greg* and *Drew Carey*; new shows *Philly*, *Thieves*, the already canceled *Bob Patterson* and *What About Joan*, plus *The Mole II* (which is on hiatus); and the formerly reliable high-ratings staple *Who Wants To Be A Millionaire*.

As a result, most of ABC's available scatter time is being used for makegoods, limiting the amount of ad time available for sale in fourth quarter. That factor has significantly tightened up the marketplace and has also helped the other networks—which are facing far less drastic makegoods situations—to sell more fourth-quarter scatter time than expected.

CBS has been delivering on-the-mark audi-

CLIFF LIPSON/CBS

CBS will keep low-rated *Ellen*, with Ellen DeGeneres (left) and Betty White, on its schedule because it's meeting guarantees.

ence levels for just about all of its veteran shows but has taken a hit on most of its new shows, with the exception of *The Guardian*. That's why the network was quick to cancel three new shows early on—Friday night comedy *Danny*, Wednesday night drama *Wolf Lake* and Saturday's hourlong *Citizen Baines*. In the case of the latter two, both were sold at double-digit share estimates but delivered significantly lower audience shares. Other freshman CBS shows in makegood situations include *The Amazing Race*, *The Education of Max Bickford* and *The Agency*. Meanwhile, *Survivor: Africa* has been an underperformer for the network by falling short of share levels sold in the upfront, even though it has scored solid ratings.

Other than its second-year sitcom *Three Sisters*, nearly all of NBC's veteran and returning shows are close to, at, or above the estimates sold at during the upfront. That has enabled the network to keep low-rated Tuesday sitcom *Emeril* on the air—advertisers bought it at such low estimates that the network does not have to make good on it. The same holds true at CBS for *Ellen*, which recently received a full-season order despite its low ratings and audience share.

At Fox, *Temptation Island* on Thursday represents a glaring underperformer based on upfront audience projections. Also not living up to share estimates are freshman drama *Pasadena* and Wednesday sitcoms *Grounded for Life* and *Titus*. On a positive note, Wednesday sitcom *The Bernie Mac Show* premiered on Nov. 14 at nearly double its guaranteed share. And most of Fox's other shows are delivering audience shares at levels bought by advertisers.

The low percentage of cancellation options exercised—ranging as low as 4 percent with no single advertiser canceling more than 10 percent at the six networks—is similar to levels exercised two years ago, which is considered the norm. "Anything under 10-percent cancellations is considered a normal rate, but last year most networks averaged between 15 and 20 percent, which was a disaster on top of the soft scatter market," said one network executive.

Both the buying community and network sales executives attributed the low levels of exercised cancellation options with the drawn out nature of this season's upfront buying period, which came closer to the start of the season and lasted more than a week instead of the three-day frenzy of 2000.

One network sales executive said he deliberately did not write upfront ad business with clients who historically take big options. "They are usually advertisers looking for low-end CPMs anyway, and it was just not worth the effort to write the business only to have most of it canceled later on," said the sales chief. ■

Cable Nets Tapping Trickle-Down of Tight Scatter Market

The gloom hanging over the moribund cable-advertising marketplace appears to be lifting, as ad-supported services ranging from E! Entertainment to Turner's sports programming report an unexpected surge in fourth-quarter scatter spending. Money from retail, technology, long-distance telephone services, studios and video games is tightening inventory.

Cable sales executives credited the uptick to two factors: cheaper rates early in the fourth quarter that lured advertisers into cable, and the return of advertisers who held back money during the upfront in expectation of a soft scatter market. Those who are spending now have been sitting on their budgets longer than usual, waiting until they are closer to campaign start dates. It doesn't hurt that the network TV market is also tight.

Mark Lazarus, newly appointed president of sales and marketing for Turner Entertainment, said his team is "trying to find more inventory to account for the money coming in." Turner Sports, which sells sports programming on TNT and TBS, is writing more business than in fourth quarter 2000, Lazarus said.

Buyers have their own reasons for the tightness. "There is a decent amount of money coming from people who held back in the upfront, but I think there is a lot of artificial tightening in the marketplace because of [commercial] pre-emptions after Sept. 11," said Kris Magel, manager of national broadcast for Optimedia International USA.

Though it may not last, sales executives are happy with scatter volume. "We are more sold out than we planned to be," said Hank Close, senior vp of ad sales for Comedy Central, adding that increased scatter activity has let him boost pricing slightly. "I don't know how projectable it is, but it is a stability I haven't felt in a year." As part of its end-of-year business, Comedy Central last week announced a large promotions campaign with Microsoft's XBox. *—Megan Larson*

Lazarus Rises at Turner

Sports sales president takes on entertainment nets as Uva exits for OMD

CABLE TV By Megan Larson

Effective Jan. 1, Omnicom's planning and buying unit, Optimum Media Direction (OMD), will be directed by an individual who has spent most of his career on the sales side of the table during negotiations. After 17 years in the sales division at Turner Broadcasting System, Joe Uva, president of sales and marketing for the entertainment group, announced last week that he will join OMD as worldwide president and CEO.

In turn, effective immediately, Turner Sports president Mark Lazarus will assume Uva's position in addition to his current responsibilities in sports acquisitions, programming and sales.

Uva, who as a seller criticized agencies' inefficiencies in handling integrated multiplatform media buys such as those offered across the Turner platforms, is now in a position to work to better satisfy those cross-platform client needs as he will be overseeing all the OMD properties worldwide.

OMD, with $18.7 billion in billings in 40 countries, handles the planning and buying for Omnicom agencies BBDO Worldwide, DDB Worldwide and TBWA Worldwide. "The opportunity for OMD to work in close partnership with the Omnicom agencies on shared clients will only enhance our respective performance for their brands," Uva said. He will report to the OMD Worldwide Board of Directors. John Wren, president and CEO of Omnicom, could not be reached at press time for comment about his decision to appoint Uva as the OMD chief. In a prepared statement, he noted Uva's "forward-thinking leadership and organizational ability."


KYLE CHRISTY/TBS INC.
Lazarus steps in for Uva after Jan. 1.

At Turner, though Lazarus is jumping into a much larger pool, overseeing sports and overall sales for a wide range of entertainment properties—TBS Superstation, TNT, Cartoon Network and Turner South—he has juggled large multiplatform sales jobs before. Prior to his position at Turner Sports, Lazarus was in charge of Turner's strategic marketing and Global Client Solutions groups, which

MediaWire

since the Sept. 11 terrorist attacks, which caused both to make huge financial investments in ongoing coverage of the war on terrorism here, in Afghanistan and in the Middle East. The expenses precipitated further ad-revenue losses in an already unsteady market. CBS and ABC are already sharing a satellite uplink in Pakistan; such equipment can cost up to $400,000. Both nets would like to tap into CNN's 24-hour access, wide distribution and use of its global facilities. But neither wants to relinquish editorial control to CNN.

One ABC producer wondered if the leaking of the CBS-ABC talks was a tactic for CBS to gain leverage against CNN in its own discussions. But others inside both nets insist the talks are serious. *—Alicia Mundy*

Spot Auto Dollar Windfall May Stretch Into 1st Qtr.

Consumers aren't the only ones who stand to benefit from General Motors' decision to extend its zero-percent financing incentive into January. TV stations across the country report the automaker has expressed interest in extending its spot buys into December and January to promote the incentive. Stations also expect other major car companies—mainly Ford and DaimlerChrysler—to follow suit, which would flow even more spot dollars into local markets for fourth quarter and into first.

"The car business usually responds when one of the key leaders in a category shouts from every rooftop," said Eric Land, president/gm of WFLA, Media General's NBC affiliate in Tampa, Fla. Land said GM has already extended its initial buys in the Tampa market into December.

Though automotive media buyers aren't talking, station executives say buyers have been calling about rates and inventory, leading stations to believe a second round of heavy spot buys is on the way. "Detroit has recently asked about market conditions," said one top-20 station manager. Automakers recorded their strongest sales month on record in October, moving 1.7 million cars. *—Jeremy Murphy*

integrated all the Turner networks, as well as other Time Warner properties. "I am confident in the strengths of both businesses," he said about the pressure of handling what are essentially two jobs. Lazarus is credited with acquiring rights to Nascar, Wimbledon and the WUSA women's soccer sports properties for the Turner networks. "The experience he has gained in programming, production and acquisitions as president of Turner Sports gives him a background that advertisers will find very valuable," said Jamie Kellner, Turner Broadcasting System chairman/CEO, to whom Lazarus will report. ■

WB Finding the Fairer Sex

Gilmore Girls, Smallville, Reba, others boost delivery of key female demos

NETWORK TV By John Consoli

The WB, like most broadcast networks, has had its share of program ratings gains and losses so far this season, but in the minds of media buyers it is still the most efficient way for advertisers to reach young women.

While the audiences for a few of the WB's traditionally female-skewing shows, *Felicity*, *Dawson's Creek* and especially *Charmed*, have eroded, many of its shows are registering gains with female viewers.

A prime example is *Gilmore Girls*, which airs in the 8 p.m. Tuesday time slot occupied last season by *Buffy, the Vampire Slayer* (*Buffy* moved to UPN). While *Buffy* on the WB scored solid female demos, *Gilmore Girls* is doing significantly better, recording a 4.9 rating/14 share season-to-date among females 12-34, 40 percent over *Buffy*'s reach in the demo last year. Among women 18-34, *Gilmore Girls* is posting a 4.0/11, up 21 percent over *Buffy*, according to Nielsen Media Research data. Among women 18-49, *GG* is up 30 percent to a 3.5, and it's up 95 percent to a 7.4/24 among female teens.

RON BATZDORFF/THE WB

***Gilmore Girls*, with (from left) Melissa McCarthy, Lauren Graham and Alexis Bledel, has helped the WB set records for ad time sold in the scatter market.**

Freshman hit *Smallville*, which runs Tuesdays at 9 p.m., is recording its highest demo numbers among women viewers—4.1/11 in the female 12-34 category and a 4.3/15 among female teens 12-17. Veteran Monday drama *7th Heaven* is up 14 percent in the female 12-34 category to a 5.7/16, up 7 percent in women 18-34 to a 4.4./12 and up 23 percent among female teens to a 9.2/28.

Freshman comedy *Reba* is up 40 percent in its 9 p.m Friday time slot (occupied last year by *Popular)* among females 12-34 to a 2.8/10 and up 71 percent to a 2.4/8 among females 18-34. Even *Sabrina, the Teenage Witch*, which is down in nearly all demos, and struggling freshman sitcom *Maybe It's Me* are both up 11 percent among women 18-34 in their time slots.

This strong performance in the targeted audience has advertisers flocking to the WB, resulting in the network setting scatter ad time records. "The ad marketplace will reward a network that can offer concentrations of difficult-to-reach viewers, and the WB succeeds by drawing young women," said John Rash, chief broadcast negotiator for Campbell Mithun.

"The WB is competitively priced for the audience they deliver," said Marc Goldstein, president of national buying and programming for MindShare. "It is a niche network, but a very targeted and successful one. As long as it continues to deliver the 12-34 female demo numbers, it will be a very successful model."

One media buyer, who spoke on condition of anonymity, said pricing for WB programming has grown as its shows generate stronger ratings, but it remains an efficient buy. "It used to be 40 percent cheaper than Fox, now it's 20 percent cheaper," the buyer said. "If rates continue to go up, advertisers may not consider it a smart alternative, but it's not there yet."

The WB is still trying to lure more men to the network. One new show that skewed well among men in focus groups, *Off Centre*, was recently picked up for the rest of the season despite disappointing ratings. ■

The Birth of a Magazine

In October of 1990, my good friend, former boss and mentor Craig Reiss called. "We're gonna start a magazine," he said. This was good news, particularly since I had quit my job as executive editor of *Inside Media* several months earlier and had been schlepping around garment factories in Jersey, repairing industrial sewing machines. (Times were tough then; there was a deep recession in the advertising business, and there was talk of war in the Middle East. Come to think of it, times were then just like they are now.)

Craig, who had been hired as editor in chief of this new magazine, hired me as his managing editor in early November. Eight weeks later, on Jan. 14, 1991, *Mediaweek* was born. Conceived in a cluttered cubicle on the 12th floor of the old Adweek Building on 21st St. in Manhattan, and designed by Walter Bernard and Milton Glaser, the magazine struck many traditionalists as a bizarre cross between a tabloid newspaper, a weekly newsmagazine and *Spy*, the latter having been a sly, cynical and outrageous chronicle of the excesses of the late 1980s. Our cover featured what tab newspapers call "the wood," which, in effect, is a grossly oversized headline meant to grab readers by their throats (our first was "Bail Out," describing advertiser pullbacks in the face of what was expected to be bloody news coverage of the Persian Gulf War). The news pages were printed on buff-tinted newsprint. The active word in each headline was set in red. And there were rules running—purposefully—down the middle of pictures. The writing was lively, hip for the time (thanks to the younger members of our startup staff) and irreverent—except on the aforementioned news pages, where the emphasis was on exclusive reporting on the media marketplaces. Capping the whole package was a column, *Media Person*, by Lewis Grossberger, that had started in the late 1970s in the late *Soho Weekly News* and later migrated to *7 Days*, a weekly that won more National Magazine Awards after it folded than most magazines win in their lifetimes. The column, as regular readers know, routinely skewers the media with humor, and in doing so has offended just about every advertiser we've ever had. In subsequent issues, we began running whimsical slogans on our cover, in the dateline between the volume/issue numbers and the cover price. Among the best were "Objects in Mediaweek are closer than they appear," "Stays strong, even when wet," and "Still readable after three martinis." Alas, when we ran the slogan "Friend of the U.S. Postal Service," our management, which unbeknownst to us was engaged in lengthy litigation with said institution, ordered us to desist. *Laundry Digest* this was not.

The "kids," that is, the young media planners and junior buyers, loved us. Still, we began toning down some of the more outrageous elements of the book, particularly after media directors began issuing staff memos warning their people to avoid mugging at media parties for our "Media Dish" photographer, Therese Kopin, who was appropriately known in these circles as "Dish Lady." We even eventually retired our "Media Dish" gossip columnist, Lureen Durch, whose name was drawn from dummy copy created for the original design team, but not before the legendary editor of a major Manhattan monthly had called to inquire about hiring her. Of course, she did not exist; the staff submitted items, and the editors wrote the column. At the end of 1991, *The New York Press*, an alternative weekly newspaper, paid us a backhanded compliment when it wrote that it would not bestow its customary "magazine launch of the year" for 1991 because of the miserable economy and the concomitant dearth of new titles, but that if it were going to name one, it would have been *Mediaweek*, even if we were "uneven." Unhinged might have been a better descriptor; there were a lot of 16 and 18 hour days back then.

Two years later, we revamped the magazine into what you see today. We had succeeded in attracting attention. Now we had to get serious. And we did. By 1997, the Cowles Media Co. had folded *Inside Media*, our primary competitor, and we bought the name.

There are many, many people to thank on this 10th Anniversary, too many to list here. But there are several we must note: John Babcock, Jr., our leader for many of these years; Mark Dacey, our current division president; Sid Holt, our current editor in chief; the *Mediaweek* staff, past and present; Kenneth Marks, who sold more ad pages into this magazine than seemed humanly possible at the time; Mike Parker, president of Adweek Magazines; and Adeline Cippoletti, who has been getting this book out the door since the beginning.

Most importantly, thanks to you, our readers, for sticking with us. This issue, as you will see in the following pages, is dedicated to you. *—Bill Gloede*

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Letters

In Poor Taste

I am shocked and saddened that Lewis Grossberger chose the occasion of the bio-terrorist attack on our company, American Media Inc., as an opportunity to write a mean-spirited, uninformed, and unfair attack on our employees [*Media Person*, "The FAQs About 'Thrax," Oct. 15].

I grasp that Mr. Grossberger was trying to be humorous. And perhaps, he felt the Anthrax situation was a suitable topic for humor when it seemed like it was isolated only a AMI. (The editor's note did, in fact, indicate that the piece was written before Anthrax was discovered at NBC.)

Does Mr. Grossberger still think Anthrax is funny now that four people have died and millions more are in crisis? Or was Mr. Grossberger just resorting to the lowest form of humor possible: taking a baseless cheap shot at people who were mourning the loss of their colleague and dealing with personal health concerns?

Furthermore, had Mr. Grossberger bothered to check the facts, he would have learned that the *National Enquirer* has won widespread journalistic praise for breaking several major news stories this year, including the Hugh Rodham pardon scandal. The fact that Mr. Grossberger is apparently unaware of this makes one question his suitability as a journalist covering the media.

I do not know whether Mr. Grossberger has a specific political agenda or was just trying to be cute. But I cannot understand how you can condone the idea that a trade journal such as *Mediaweek* would undertake to attack industry colleagues at times like these. It was absolutely the grossest form of inappropriate commentary.

However, in the spirit of coming together and forgiveness, the employees of AMI would welcome his apology.

David Enberg
VP, Publisher
National Enquirer, Star Magazine, Globe
&Director of Corporate Sales
New York

EDITOR'S NOTE: The purpose of the column was not to disparage or insult any employee of American Media, Inc. In fact, the Media Person column said, "A man died, which isn't funny at all." For the record, Lewis Grossberger is a humorist who critiques the media, not a journalist who covers it.

Hoy Vey!

Your profile [*Market Profile*, New York] in the Oct. 22 issue of *Mediaweek* contained one significant omission. While you listed *El Diario La Prensa* among the papers serving the market, you omitted *Hoy*, New York's largest and fastest-growing Spanish-language daily newspaper.

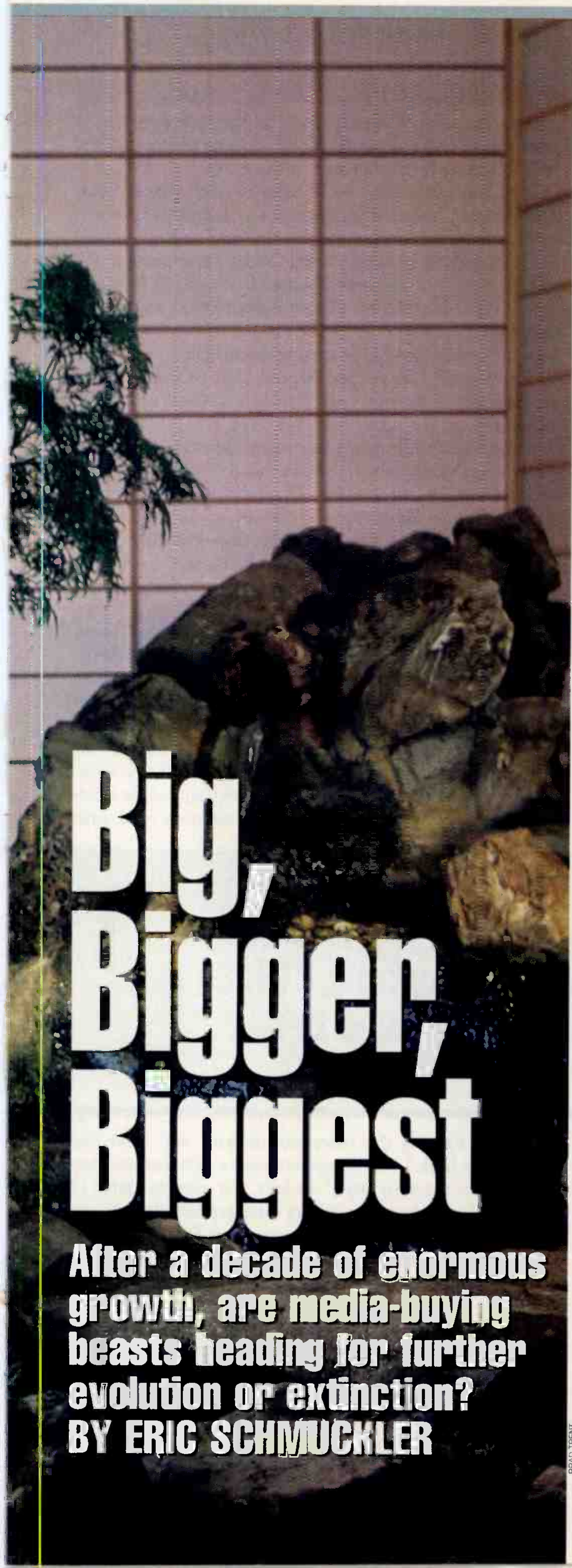
Earlier this year, *Hoy* passed *El Diario* as the largest Spanish-language paper in the metropolitan area, and the recent September Audit Bureau of Circulations figures further supported that claim. In fact, *Hoy*'s circulation jumped 31 percent over the same period last year.

Although I have sent *Mediaweek* all of our press releases detailing the rapid growth of the three-year-old *Hoy*, the nation's fastest-growing Spanish-language newspaper, for some reason you chose to ignore *Hoy* in your profile of the New York market.

Stuart Vincent
Communications manager
Hoy/Newsday
New York

Mediaweek welcomes letters to the editor. Address all correspondence to Editor, Mediaweek, 770 Broadway, New York, NY 10003 or fax to 646-654-5368 or e-mail to bgloede@mediaweek.com. All letters subject to editing.

SWEET DREAMS ARE MADE OF THESE:
Lee Ann Morgan, circa 1992, contemplates the future of a new advertising animal, the media-only review.



Big, Bigger, Biggest

After a decade of enormous growth, are media-buying beasts heading for further evolution or extinction?

BY ERIC SCHMUCKLER

BRAD TRENT

Only one word fairly describes the media agency of today versus that of a decade ago: unrecognizable. When this magazine was launched in 1991, its little corner of the world was a much simpler place: Media responsibilities routinely resided with the full-service creative agency. Oh, sure, there were a handful of agency-of-record assignments, such as the one that brought Coca-Cola's network buying to McCann circa 1984, and independent buying shops had been around forever, at least 20 years. Some 15 big agencies vied to do business with the three and a half networks. Yes, cable was shaping up as a contender and print was proliferating. But in general, you knew where you stood.

Flash forward to the present, and it feels almost like stepping into a science-fiction film—some weird combination of *Rollerball* and *Jurassic Park*. Behemoths dominate the landscape, mega-agencies that stomp around with $6 billion or $8 billion jingling in their pockets. These giants call themselves media independents, yet their equity is largely held by the agencies from whence they sprung. They boast strange monikers utterly divorced from their illustrious agency heritages, all seemingly named "Media-something." They are titanic media-buying factories, yet all profess obeisance to creativity in media. Organizations stitched together like a Frankenstein's monster are still taking their first fumbling steps, yet all claim to be nimble when sitting down to negotiate. In this bizarre world, shootouts for half a billion dollars are common, agency media directors ain't what they used to be, and the little guys, well, where'd they go?

The editors of *Mediaweek* decided on the occasion of our 10th anniversary to look back at just how much the business has changed. The broad contours of that evolution are well known: how independent media buying services started picking off accounts here while the grand buying shops were taking shape in Europe at the beginning of the decade; how the empire struck back, with big agencies spinning off their media operations and buying up the indies; how consolidation and clout became watchwords of the latter half of the 1990s. It's a chance to catch up with old friends, retell some war stories (if not fisherman's tales), laugh a little and cry a little.

As we look back at the distance we have travelled, it's also an opportunity to consider where we have come. The seasoned executives atop these media megalopolises argue, like Dr. Pangloss in *Candide*, that this is the best of all possible media worlds. It is their challenge to make it so. Still, it's fair to ask: How is the industry better off now than it was a decade ago? What's been gained and what's been lost? And finally, where may we yet arrive? Fasten your seatbelts as we warm up the Way-back machine ....

TO TELL THE STORY RIGHT, we must push back through the primordial ooze, all the way to 1969, when a generation of independent media shops was born, including Vitt Media, the Botway Group and SFM Media. "Everyone was plotting to start a media services firm," remembers Bob Frank of SFM. This wave of media independents was determined to dispel the lingering odor that hung over the media buying business from its roots in the less savory aspects of the barter game.

By this time, in fact, Dennis Holt had already cofounded and sold the first buying service, U.S. Media. "I was the most hated guy on Madison Avenue because I went and pitched clients," says Holt. "So when I started Western International Media here [in Los Angeles] in 1970, I made it a policy only to pitch agencies or in-house agencies."

With its fearsome reputation as a low-cost buyer of spot TV, Western grew startingly through the years, highlighted by its win of Disney's media business in 1986; by 1991, it claimed $1 billion in billings. It is with modesty that the tough, streetwise Holt lays claim to the title of "father of the industry." Says David Verklin, chief executive of Carat North America, "If there was a Mount Rushmore of media, Dennis' would be the first face on it."

Several fledgling buying shops were elbowing their way to the grownup table through the 1970s and '80s. SFM won blue-chip business from SmithKline, Pfizer and the Norton Simon conglomerate. Botway, a network buying specialist, started out with Miles Labs (now Bayer, and still in the stable), and added Chesebrough-Ponds and Abbott Labs. By the middle of the 1980s, things were loosening up even more as some clients adopted agency-of-record assignments for media buying, including the aforementioned Coke setup at McCann and mighty Procter & Gamble's shift from inhouse buying to a roster of buying agencies by daypart.

Even as agencies clung to full service, a new word had entered the lexicon: unbundling. That is, the media function could be separated from creative and account management. It's easy to forget how revolutionary this concept seemed at the time, and how much the big agencies remained in denial. "I'd been promoting the formation of a separate buying service since 1985, when Burger King left J. Walter Thompson," recalls Richard Kostyra, that agency's longtime media director. "Burger King wanted to put the creative in review and keep the media in place, but Thompson said, 'No, it's all or nothing.' They wouldn't have anything to do with it." Kostyra was recently reunited with his Burger King buddies when he picked up the cable buying assignment for his 9-year-old indie shop, Media First International.

The bonds between the creative and media arms became more frayed in 1991, *Mediaweek*'s rookie season, as a passel of AOR buying assignments were distributed. Nestlé put its $250 million in U.S. media spending up for review, setting a dozen incumbent agencies scrambling. In a stunning endorsement of clout, the Swiss food giant boldly dropped the whole thing at McCann-Erickson, which set up a special unit to handle the business. "This was not just multidaypart, it was multimedia—national TV, spot, print, everything," says Ira Carlin, now chairman of Universal McCann. "It was innovative and groundbreaking." And strangely prescient of what was to come, down to the bland name assigned to the unit—Comcord—is still going strong today.

The rest of the year saw a series of AOR victories that cemented the heavyweight status of the shop then known as D'Arcy Masius Benton & Bowles. In rapid order, it picked up $200 million in buying from Grand Metropolitan, $40 million from Pet, plus new business from M&M/Mars and North American Philips. D'Arcy crowned the year by successfully defending its AOR for Procter & Gamble, adding several dayparts and syndication in the bargain.

Early in 1992, Bozell Inc. became the first major agency to unbundle its buying operation when it launched BJK&E Media Group. But agency bigwigs often were loath to cede autonomy to their lowly media minions, a pattern that would haunt other media spinoffs. "It was very, very difficult," says media director Mike Drexler. "There was a lot of emotion, a lot of politics, a lot of financial discussions. But you had to be blind not to see [unbundling] coming—certainly clients understood it—and eventually everyone realized the buying function needed its own focus, and could produce revenue for the agency."

In setting up BJK&E as a profit-making business, Drexler was the first media director to learn how high the price of independence could be. The parent agency may well require its spinoff to handle media for the agency's clients at cost or a very slight markup. "Then you break your ass going after third-party business because that's where your margin is," he explains. "Also, we couldn't take on business where the agency had competitive accounts. There were tremendous internal battles, but the holding company's accounts came first. We were fighting the independents with one hand tied behind our back." The company's media-only business was "nothing in the early days," he says, but grew to about 15 percent of revenue by the agency's merger with True North in 1998. Nowadays, after retiring last year for "about a day and a half," Drexler is executive vp of Mediasmith, an online and offline media agency.

"We had quite a run there. There was a moment in time when they said, 'These guys are the best thing since sliced bread'."
—GENE DEWITT

While Drexler was fighting the good fight, the independent buying shops were girding for battle. Arguably, the Fort Sumter of the media business came in October 1990, when DeWitt Media took the $90 million Reebok assignment from Hill, Holliday, Connors, Cosmopulos. But battle was fully joined in 1992 with the review for MasterCard's $60 million media account, run by consultants Morgan, Anderson & Co. The review became something of a flash-

DEWITT: FRANK VERONSKY; CARLIN: FRANK VERONSKY point, thanks to a questionnaire requesting reams of client information, which made some participants uneasy. "You have to put yourself back in those times," says managing principal Arthur Anderson. "Agencies weren't used to giving that to clients. It wasn't the norm then; it is now."

DeWitt waltzed off with the MasterCard business, as well as the $85 million BMW media review later that year, also conducted by Morgan, Anderson. Much wringing of hands and gnashing of teeth ensued, as rival shops complained that the consulting firm was too close to DeWitt. "They had their agenda, and they lost credibility," says SFM's Frank. "If you pick the same people all the time, others will refuse to participate. I know we did in some cases, because we felt disadvantaged."

Replies Anderson, "I can't remember anyone saying no to us. Look, we don't make the decisions; the clients chose. We just level the playing field and run the numbers. DeWitt won fair and square." (The firm has long since moved away from media reviews to conducting media assessments. "Better to look at the structure of the relationship and try to fix it," says Anderson.)

"We had quite a nice run there," says Gene DeWitt, now chairman of Optimedia International U.S. "There was a moment in time when they said, 'These guys are the best thing since sliced bread.' But really, Morgan, Anderson were an enormous pain in the neck. They made us do a lot of work for the client and they negotiated fees which were lousy. There were major battles; it wasn't like we were lovey-dovey. But it did make unbundling go away as a question and brought it into the mainstream. It capped that part of the trend."

But there was still blood to be shed. Just as DeWitt was picking up MasterCard, KSL plucked the Revlon business from Young & Rubicam and SFM grabbed the G. Heileman account. It certainly started to feel like a trend, a sense of disquiet that was heightened when Richard Kostyra bolted Thompson at the end of '92 to set up shop as Media First International.

"I believe it shocked the industry," he says. "Here's someone with 33 years at J. Walter Thompson going to the other side. My peers criticized me, saying, 'You're adding legitimacy to the buying services.' And at that point, most buying services were just that—they touted planning but still had the taint of the barter days. My concept was to have senior personnel working on fewer accounts, but hands-on, and I hired media directors from other shops. Our first client was Northwest Airlines, which started as a 60-day contract for radio and newspaper. Now we have everything of theirs worldwide." With clients including Alitalia and Burger King, Media First's billings approach $350 million.

Another would-be defector was Steve Farella, who left Young & Rubicam in 1992 and tried to assemble a buying group for midsized shops. He had lined up Geer, DuBois and Avrett Free & Ginsberg and was talking to the likes of Chiat/Day, Wells Rich Greene BDDP and Jordan, McGrath, Case & Taylor, but the scheme fell apart by the turn of the year. "My idea was a billion-dollar media consortium," says Farella, who recently left his post as CEO of Havas' Media Planning Group, the successor to SFM. "It was inventive and would've really shaken up the industry, but it was way ahead of its time." And how many of those shops are buying media these days?

"We're proud of the fact that we're not formally unbundled. We need to feed into and draw from the whole body of McCann." —IRA CARLIN

Later in 1992 came another indication that clients were playing for keeps in demanding efficiencies and savings from their media operatives. Chrysler Corp. decided to consolidate its $400 million buying and planning account, setting off a bruising seven-month scramble among its three incumbent agencies—Bozell, BBDO and Campbell Mithun Esty. Bozell was considered the early favorite, but BBDO prevailed with a plan for a freestanding media agency largely crafted by media veteran Dave Martin, then a columnist for this magazine. Martin was soon named managing director of what would become PentaCom.

It was not only a stunning coup for BBDO but also a ringing endorsement of consolidation, clout and companywide strategic planning. "We ran against the grain of how an agency traditionally works," says Martin. "We had to convince the client, the account team and the creatives that planning and buying should be together, that we are all members of a marketing team, which was somewhat repugnant to the creative and account groups. But we won seven awards for excellence in eight years." Ironically, Chrysler has recently made moves to fold PentaCom into PentaMark, which combines all of the automaker's creative, acccount and media work under one roof, perhaps dimming somewhat the pure focus of PentaCom.

Shortly thereafter, General Motors launched into its own long-mooted media review. For Phil Guarascio, GM's media major domo, this was Phase Two of a process he had begun shortly after arriving in 1985. "I assigned different agencies to a daypart AOR," he recalls. "That started to focus power and was the precursor to consolidation."

The four-month review culminated in a slam-dunk for IPG, as it won both the $500 million national TV business for its Lintas unit and the $300 million print assignment for McCann, creating standalone units for each under the rubric GM Mediaworks. It was a model GM would run with. Says Lou Schultz, then of Lintas and now chairman of Initiative Media North America, "Creating the dedicated unit was a major change. Then we consolidated the spot buying in '95, then we created EventWorks and R*Works for promotions, then we brought in the dealer associations, then we created PlanWorks last year. It's an evolution of everything being consolidated."

Some executives from the big agencies now say that the lost the P&G media business to DMB&B," he says, "and some months later, Bates lost the Mars buying to them and to Grey. Mars wrote us a letter, saying, 'We can't understand why you didn't bring your media together, and until you do, don't bother coming here to talk about media business.' It was a painful lesson—sometimes you have to put your hand in the fire—but a fantastic catalyst." Planning began in earnest, but it would still be almost a year and a half before Zenith officially hung out its U.S. shingle early in 1995. "We started the trend in Europe, then our competition woke up to that pretty sharply in the U.S.," says Perriss. "The big

"We offer so much more, so many disciplines are now in the media agency. It's a much more exciting place to be, and the skill set required is much broader." —BETH GORDON

rise of the buying shops in the early '90s had very little to do with the changes that were about to transform the industry. "Buying shops didn't start it," says Mike Moore, longtime media director at DMB&B, now retired. "Clients had always received letters from buying services, and very few pursued it. But as the complexity of media and corporate America's search for productivity increased, media got higher on the radar screen and was taken more seriously by advertisers. You could argue that some agencies did it defensively and others did it offensively."

"What really drove it," says Steve Grubbs, chief executive of OMD USA, "had nothing to do with Western or DeWitt. It was the big success of Carat and CIA in Europe. Here were two companies totally unaligned with creative agencies, and they really took off in the '90s, kicking everyone's butt in the media business. The Martin Sorrells of the world were looking at that and thinking, 'It happened in Europe, and it's going to happen in the U.S.' That's when you saw agency media departments rebrand themselves."

One Londoner who did as much as anyone to create the model was John Perriss, founder of Zenith Media and recently crowned chief executive of the new holding company, Zenith Optimedia Group. He launched Zenith from the European media operations of the Saatchi empire in 1988; soon he was over on this side of the pond exploring a stateside version. Things did not go smashingly well, though Perriss can afford to laugh about it now: "I remember meeting with Steve Leff, who was media director at Backer Spielvogel, before it merged with Bates. Ex-Marine, a burly, gruff type. So I present my plan, and he growls at me, 'Over here, things are the way they are, and that's the way we like 'em. You can take your idea back to Europe or I'll wipe your dial with it.' And I said, 'So I'll put you down as a doubtful, then?' And that attitude was not atypical."

Perriss kept himself out of harm's way until '93, when the idea was forced onto the front burner again. "Saatchi had boys reacted quickly when our tanks parked on their lawn."

Indeed, a handful of U.S. shops had stuck their toes in the water by hanging out small independent media shingles, including Grey, Saatchi and DDB Needham; Bozell had already gone much further. But "the shot heard 'round the world," as Farella puts it, was Irwin Gotlieb's creation of TeleVest at the end of 1993.

"None of us was smart enough to say that media independence was a good thing, that it had to be unbundled," Gotlieb recalls. "But by establishing AORs, our clients had already unbundled buying. It became important to separate ourselves from the agency to manage the conflicts in our portfolio; we were much more conflict-laden than the agency. Also, there's the perpetual issue of resource levels. When you're a service department, you sometimes take what you can get, not what you deserve, and the clearest way to address that was to separate our revenue stream. Thirdly, we worked for clients in an extremely entrepreneurial fashion, yet we couldn't do that on our own behalf."

Getting the agency to agree was no picnic, and Gotlieb had to "play hardball to accomplish it. I have some sympathy for the agency position, but we followed the path our clients set for us. We tried to do it as a full-service media agency [i.e., with planning], but they said, 'We'll only give you those assets we absolutely have to.' That was the big flaw in '93. When you separate strategy and execution, strategy draws up plans that are not executable and execution does whatever it wants. It wasn't corrected till years later—again, forced by the client; none of us had sufficient leverage to force it on our own."

SHORTLY AFTER IT WAS LAUNCHED, TeleVest found itself in the middle of a sticky conflict. Anheuser-Busch, a D'Arcy mainstay that handles its own buying, was piqued that TeleVest had taken a buying assignment for archrival Miller Brewing. By the end of the year, Anheuser had severed its

GORDON: CHRIS CASABURI; GOTLIEB: NEIL BECKERMAN

79-year relationship with D'Arcy. Some believed DMB&B had taken a stand for Gotlieb's profitable media operation, but Mike Moore says it didn't happen that way. "[Miller parent] Philip Morris said, 'Take Miller or lose the Kraft business,'" he reveals. "We had conversations with Bud and thought it was okay—but it wasn't." To Moore, the episode illustrates that for all the increasing client sophistication about AOR arrangements, "there are some in-your-face competitive conflicts where emotion runs so high that reason is overwhelmed by it."

While TeleVest spun out of D'Arcy from a position of strength, it's worth noting that two of the early unbundled units—Zenith and The Media Edge—escaped from troubled agencies. Beth Gordon led The Media Edge out of N.W. Ayer in 1994. "There was nothing heroic about it," she recalls. "It was really a survival technique. In the early '90s we realized that Ayer wasn't doing too well, and we were trying to convince management that our leverage in the marketplace was suffering. But agencies are interested in creative—you lose an account and they cut 10 media people and two creatives. We figured if we could hold our business, we could stabilize. We'd either win or lose on our own.

"Ayer was being bought at the time and we were able to sneak under the wire," Gordon explains. "The new management came in and said, 'Whaddaya mean the media department has got a new name?' It was pretty funny. The timing was just right for us. Other media directors called me and asked, 'How the hell did you do that?'"

Still, carving out an identity and landing business was a struggle at first, she says. "Everyone wondered where Ayer would be in six months, and the truth was, we weren't sure." It wasn't until almost three years later, when The Media Edge won the Glaxo pitch from a crowded field, that Gordon felt her shop had truly turned the corner.

Perriss had an equally tough time getting Zenith off the ground. "We didn't do it right to start," he says. "Some of the talent that we had to take was a problem. It's a different culture, and some of these people just had no client skills—they needed an account person to set up a meeting. But I'm not sure I could've got the business going unless I'd agreed to take the buying people en masse. Also, Bill Grimes [first Zenith chief and a founder of ESPN] maybe had the wrong kind of leadership skills. I wanted someone different from the media directors who were against the whole idea, but Bill had been a CEO too long, and in this business you never cease to get your hands dirty. When Rich Hamilton came along [in 1997], though, the business had already stabilized."

By the end of 1994, it was clear that the big agency holding companies were looking at media in a new way, and nothing crystallized that better than Interpublic Group's acquisition of Western International Media. Independents crowed that their raison d'etre had been validated by the biggest of the big. "If you can't beat 'em, buy 'em," says Verklin.

Truer than you might think. The seeds of the deal were planted in 1992, when IPG went up against Western on a spot buying assignment for General Motors in California. Western was apparently Phil Guarascio's first choice, but they balked at the compensation terms. "It sent shock waves through IPG," says a source close to the affair. "[IPG boss] Phil Geier saw the handwriting on the wall—this rinky-dink outfit was going to go head-to-head with him and eventually win tons of business. That's when Geier came to Dennis."

Why did Holt sell? "I just thought the timing was right," he says today. "Consolidation is where the world is going—worldwide media for greater efficiency and leverage, controlling the client worldwide—and I wanted to be part of a bigger picture. I wanted my legacy to be a strong Western and this could cause us to get bigger." Western operated independently for a few years and was melded into Interpublic's Initiative Media in 1999; the Western moniker was dropped a year later.

As for the hot-button issue of Western's non-disclosure of spot rates, Initiative revamped its policy in February of 2000. The company now offers full disclosure to its direct and IPG clients. Initiative, however, does not disclose spot-by-spot details to third-party agencies, but allows them to send an auditor to the premises to verify rates.

Holt is nearing the end of his consulting deal, and though he refuses to "sit back and be melancholy" about changes in the business, he is "disappointed that the industry doesn't recognize excellence in media buying anymore. It's just totally changed. You fire a 51-year-old buyer with 30 years of relationships and bring in a 25-year-old grad and it takes him a year to find the men's room. I was into relationships and helping to build a brand. I'm a dinosaur, baby."

"None of us were smart enough to say that media independence was a good thing. But by establishing AORs, our clients had already unbundled." —IRWIN GOTLIEB

FOR THE MEDIA BUSINESS OF THE '90S, IPG's purchase of Western was the climax of the first act. The independent buying shops had won by proving that media not only could stand on its own ... but that it must. The big agencies won because they would be that last ones left standing. And the top media executives won because their domains (and rewards) would become immense. What played out in the second half of the decade was to some extent inevitable: the big got much, much bigger and the number of players shrunk.

The next shop to spin off its media was one of the biggest, Leo Burnett, an agency justifiably proud of its media culture, where everyone was trained in planning and buying. When Burnett unbundled its Starcom Media Group in 1997, in contrast to other agency spinoffs, both planning and buying went along for the ride. "When they decided to do it, they really did it," says a rival admiringly. "They ripped the whole thing out—planning, buying, syndication—and gave 'em the tools."

"I remember [CIA founder] Chris Ingram was quoted as saying that what we did was a validation of what he began in Europe," says Jack Klues, CEO of what is now Starcom MediaVest Group. "That a blue-chip agency spinning off its media department had become part of the industry norm. My take is, we were the first to bring full-service media specialization to the fore with planning and buying." In its first year and a half, Starcom celebrated its independence by racking up a billion dollars in new billings from the likes of P&G, Miller Brewing and Sara Lee.

The Media Edge soon followed suit when parent Y&R decided to combine planning and buying at its media unit. Also in '97, Ford took the plunge with a dedicated buying unit, Ford Motor Media, under J. Walter Thompson, to handle its $700 million of spending. Planning remains at brand agencies, and the unit is freestanding, not part of what would later become MindShare. That was also the year that Thompson and its sister WPP shop Ogilvy & Mather created an amorphous joint-buying venture dubbed "The Alliance." But one rival dismisses the two agencies at the time as "oil and water," while another describes this arrangement as "an unconsummated relationship." Gotlieb, however, defends the Alliance: "It's potential was limited by its structure, but it allowed the two organizations to get to know each other and thus was a dry run for MindShare."

In the spring of '97 came word that P&G would again review its agencies, and combine all broadcast buying and most planning into a single, juicy $1.2 billion assignment. (Starcom had already won the pitch for P&G's $300 million print AOR a few months previously.) "In [the] '91 [consolidation] we were too stupid to be worried," says Gotlieb. "The threat was small compared to the size of the opportunity. But in '97 it was a huge chunk of our business that had to be defended. That one was less fun." Still, it was not exactly a shock when TeleVest successfully retained the account in November. And because of P&G's requirements, early the next year DMB&B announced it planned to combine most of its agencies' planning functions with buying. The agency absorbed several Well, Rich staffers who worked on the client's cable business as part of the previous AOR set. Gotlieb corrected the "flaw" from '93 as TeleVest morphed in MediaVest.

The start of 1998 saw the completion of the merger between True North (formerly Foote, Cone & Belding) and Bozell, with the concomitant blending of media departments, to be headed by Mike Drexler. The pace of media mergers picked up in February, when P&G media director Daryl Simm, his restructuring at Procter done, jumped to the agency side as president of Omnicom's Optimum Media Direction. The move signaled that the holding company was serious about getting its media act together—in Europe, anyway. The U.S. portion wouldn't be sorted out for nearly two years.

One of Simm's legacies at P&G was a reliance on the optimizer technology that had proved popular in Europe. Starcom's Klues describes the optimizer craze as "one of the defining moments of the last decade. Its power as a planning and buying tool certainly changed the way we do things around here." Adds a veteran buyer, "In the heat of a negotiation people don't really use them, but optimizers were a turning point because the cost of getting the respondent level Nielsen data cuts the small agencies out of the equation. They just can't afford it."

The balance of the year saw the merger of SFM with the French agency Havas. "They needed a partner to grow quickly in the U.S.," explains Bob Frank. A year later, a Spanish media company named Media Planning Group bought a stake in Havas, and that was the name that eventually landed on the front door.

But the biggest media deal of the year was the one that got away. Executives from Leo Burnett and DMB&B negotiated to merge their formidable media operations, but the talks foundered in the end. "I thought the merger would bring the best of both cultures together and make them stronger," says Mike Moore. "But there were philosophical issues between the way the two of us did business." He acknowledges that the question of whether Gotlieb or Klues would ultimately run the show was "a major issue."

"We ran against the grain of how an agency traditionally works. We had to convince the client, the account teams, the creatives." —DAVE MARTIN

It is open to question how much of a stumbling block these management issues were, but a year later it was clear that Burnett had the upper hand over DMB&B, which had been leaking business. As Gotlieb observed the long mating dance between the two agencies, he realized which would come out on top. "Rather than sit around and watch that happen," he says, "WPP appeared pretty attractive." As for whether his leave-taking affected the merger talks, he notes, "that was gonna happen regardless."

So in September 1999, Gotlieb decamped to take the helm at MindShare, the new WPP unit that would finally bring Ogilvy and Thompson together. "I walked into really

neutral space," he says. "By the time I got here, some of the apprehensions about working together were gone. Not only was there no internal conflict but there was incredible support from the staff." He dismisses published reports that he received an $8 million signing bonus, adding with a laugh, "If you find it, please tell me—I need to collect it."

"The decision to create MindShare—merged by edict by Martin [Sorrell]—was a seminal moment," says Verklin. "It was the ultimate takeover of the European model. Zenith brought it over, but with MindShare we crossed the Rubicon. There was no going back."

After Gotlieb's departure, the affinities between Burnett and DMB&B became even more irresistible at the holding company level, and a scant two months later, the parents announced their nuptials. Moore was pressed back into service from retirement to steer the ship during the transition, but Klues became chief executive officer of Starcom. The two operations remain separate aside from sharing things like a Nielsen contract and other non-proprietary items.

> **"It was the big success of Carat and CIA in Europe. The Martin Sorrells of the world were looking at that and thinking, '...It's going to happen in the U.S.'" —STEVE GRUBBS**

"It's one company with two brands," explains Klues. "I discourage competing head-to-head on a piece of new business; I'd rather back the best horse 100 percent." Observers think that absent some noteworthy client conflicts—Starcom's McDonald's vs. MediaVest's Burger King leaps to mind—the two operations might be melded in the U.S. as they have in a few large international markets. "I feel good about this model," says Klues, "but when it stops being right for clients, we'll stop doing it."

The last two years have been more of the same. More mergers and sales, more consolidation, bigger AOR pitches. Independents continued to be swallowed up: Botway sold to Interpublic, then DeWitt sold to Publicis. "One of the main reasons I sold," says DeWitt, "is that you have to have a billion dollars in billings just to be in the hunt."

Otherwise, you don't even get in the door. Optimedia buys for all Publicis USA agencies, except Hal Riney and Fallon, McElligott; with $1.25 billion in billings, it is a small fry in this landscape, and its place in the newly constituted Zenith Optimedia Group is undetermined. In other consolidation moves, TN Media was folded into Initiative during the summer.

The pitches likewise got bigger and bigger. Carat, the product of a rollup of 10 marketing and media companies, hit the jackpot when it won the $750 million consolidated account of Pfizer Warner-Lambert. Verklin believes that was a milestone: "An agency not attached to the creative process isn't supposed to win that kind of blue-chip business." With the later addition of New Line Cinema's $200 million account and the U.S. portion of Philips Electronics, Carat has collected a cool billion in new business—none of it from incumbencies. Still, rivals question whether Carat, at $3 billion-plus, can prosper as a stand-alone shop.

Other notable bits of big business include the $700 million Kraft pitch, which MediaVest successfully defended, MindShare's winning the $700 million Unilever account (most of the buying had been at Botway/Initiative, but most of the planning at JWT) and MediaCom taking down the $600 million GlaxoSmithKline consolidation.

But the big kahuna was the creation of GM Planworks last year, a $2.6 billion venture that Starcom won by beating out Initiative and Carat. Starcom created a 220-person unit in Detroit staffed from both its agencies. "It is such a huge assignment, so complex, that it will be Burnett's for 30 years," opines Verklin. While many top media executives question such a conspicuous split of planning and buying, Klues avers that everything can be coordinated. The real issue, he notes, "is that it elevated the importance of planning and media strategy as a central discipline in its own right."

In an era where bigness is a given, the new millennium saw the creation of a true behemoth, Magna Global, a TV super-buying arm for Interpublic's two media brands. With an estimated $8.6 billion in buying firepower, Magna has captured the industry's attention and will test the limits of scale, clout and integration. In a very simplified form, here's how it's supposed to work: Each media agency builds a plan and delivers specs to Magna, which totals them up—absent client info—and passes them to the networks for volume discounts.

Not surprisingly, rival buyers and sellers believe the structure is unwieldy. "Who really owns the relationship with the media—Magna or the agencies or the client?" asks Joe Uva, president of Turner Entertainment Group Sales & Marketing. "Is something lost in that translation? It's an extra layer that doesn't need to exist." Adds a media agency executive, "You'll end up negotiating with your own people about how much they'll get at what price. Everyone wants the benefit of the deal and no one wants to pay the freight." Offers another rival, "They'll grow their business, because clients think if you spend more you get a better deal, but it won't do a damn thing for clients."

Nonsense, says Bill Cella, chairman of Magna Global USA. "We have an advisory council of top people from the agencies, we'll discuss the plusses and minuses of each network and there will be designated point people for different networks. With cable, people from the agencies may negotiate, but they can't close until it's approved by Magna. There's a lot of layers, but we have decision trees and very in-depth discussions. So we're all on board. The key thing is we have a pretty strong purview of the market in a lot of different sectors. If we're 30 percent of the news market, we have a pretty good indication of what's going to happen there. The sales people, if they're candid, will

admit they understand this is awesome and makes their lives more difficult."

THE EVOLUTION OF THE MEDIA BUSINESS didn't happen in a vacuum, of course. The continuing consolidation of clients globally and of the media companies largely spurred the rush to scale for agency holding companies and media agencies. How should these media megaliths be organized, and what are the ups and downs of this massive scale?

These media giants have developed a number of different structures, some by design, some by circumstance. Media Planning, MediaCom and Carat are essentially stand-alones, and not of the same scale as the really big fish. The two-brand structure, which allows client conflicts to co-exist at Starcom MediaVest Group, is also in effect at WPP's MindShare and The Media Edge, although the latter seems a junior partner in terms of scale and has suffered recent account losses. "People speculate we'll merge with MindShare," notes Beth Gordon, "but Martin [Sorrell] is leaving it up to those running the operation, and we said we should have two companies. We are in the talking stages of creating something for multiple clients—say if a vendor came to us with something in the luxury field, where budgets aren't big, we could do something that crosses companies."

There are further variations on the two-headed theme. Zenith Optimedia Group is still a work-in-progress, as is Magna, which allows Initiative and Universal McCann to retain their own flavors. "We're proud of the fact that we're not formally unbundled," says Ira Carlin. "I don't decry those that have become fully independent—and we're not gun-shy about going after third-party business—but for a large core of our practice, we need to feed into and draw from the whole body of McCann."

Then there's OMD, the least integrated of the big buying shops. OMD's long gestation was marked by rifts among its Omnicom agencies over money and who should control planning. Result: a broadcast buying shop, with planning jealously guarded by the creative agencies. "They have such a fantastic starting point," says a rival exec, "but [DDB Needham's] Keith Reinhard and [BBDO's] Allen Rosenshine just can't give up part of their agencies; they're addicted to full-service. It's a half-pregnant solution."

"Just because other guys have it set up another way doesn't mean we have to," replies Steve Grubbs. "Lumping all the planning and buying together doesn't give you flexibility. Look, if people want it all together, we can do that. We've made developing our own planning team for media-only accounts a high priority. We'll always continue to evaluate it, but our clients are very happy with the current set-up." Grubbs acknowledges the massive coordination effort of bringing together "three different operations [including TBWA/Chiat/Day] with their own cultures and personalities. But by year two, we were all on the same page. We've got it figured out."

Is bigness good? This is the key question about how the industry has evolved, and it raises issues of creativity, maneuverability, pricing and service. In general, those at the biggest agencies believe size is a virtue, while those in the relatively smaller shops aren't so sure.

"The industry has consolidated into three or four mega-companies," says Gene DeWitt. "These gigantic companies are TV buying factories that believe media buying is a commodity. Strategic thinking is being given lip service, but it's taken a temporary back seat to scale. That trend has a few years to run."

"These are media buying and planning factories," agrees Verklin, "and it's very hard for a factory to be creative. Innovation and creativity are in conflict with those buying pipes. But to manage a piece of business like Chrysler or Kraft, you need enormous size."

"That kind of size is going to kill certain agencies," Farella predicts. "In a couple years they'll break up and find a way to create leverageable units within that business—$3 to $4 billion in the U.S. market seems about right to me."

The big shops "have the ability to be creative, but they don't have the time," suggests Kostrya. "They're reducing staff because of reduced billings—even the supposedly independent buying units are being pressured to produce more profits. A $25 million piece of business is run by more junior people. I can assure you the senior person gets briefed on his way to the client meeting."

"I was the most hated guy on Madison Avenue because I pitched clients. When I started Western I made it a policy to pitch agencies or in-house agencies." —DENNIS HOLT

"It's hard to service a $50 million client in a company that's doing $40 billion," says Bill Koenigsberg, chief executive of Horizon Media, which at $750 million in billings, is the largest independent left standing. "More and more clients who feel they're getting lost in these huge bureaucratic empires are approaching us because we don't have the distractions the big public companies do: who's gonna buy us, mass layoffs, restructurings of restructurings. I say to the big guys, 'Keep getting bigger.'"

"We have 10 people working on a piece of business—is it really any different than a small shop?" asks Beth Gordon. "And instead of two strong media people, we have 10 or 15 people who'd be media directors at smaller shops."

DREXLER: FRANK VERONSKY

Adds Drexler, "If client relations aren't as intimate, if you've got a hierarchy in decision-making, you've got problems. But if you structure it properly, you can do well. Companies may get too big, but that's their own fault, not a consequence of being big."

Many question whether mega-clout delivers a pricing advantage. "When you're that big, you can't beat the market because you *are* the market," says Farella. Adds a veteran buyer, "I've been at big places, and I've been at little places, and little is better. You can be nimble."

Others looking into their crystal balls see a startling variety of developments. Farella says that tightly focused planning specialists may emerge, while Verklin foresees the renaissance of the creative boutique. Drexler thinks ad agencies could once again become part of entertainment conglomerates. Several people expect an electronic marketplace for television time (spot, for openers) that could come to resemble the Comex floor. Lou Schultz says agencies could get involved in media brokering—buying chunks of airtime, using some for clients and selling the rest. He also

"[Unbundling] was very, very difficult. There was a lot of emotion, a lot of politics, a lot of financial discussion. But you had to be blind not to see it coming." —MIKE DREXLER

believes the frenzied network upfront is gone forever because "we've got more information than the networks do for the first time in history."

"I think clients have realized you can't rationalize the pricing claims," says Verklin. "There was a time when the price band from top to bottom was 10 to 15 percent. But by a couple years ago, the band was 5 percent, even for the biggest clout guys. The idea of volume and price was the marketing proposition of the media department in 1998. We came in and said, 'It's not about buying cheaper; it's about buying smarter.' We're a research company that buys media."

"The small guys claim they can sneak under the radar," notes Klues. "It's a great claim, but unsubstantiated. Look, I'd never be one to tell you who's beating who in the market, and our clients don't believe it anymore. It's not what gets you hired. Clout, expertise, relationships—O.K., we're all there. It's the greens fees rather than a point of differentiation. Scale used to get you a better rate; now it allows you to invest in research, people, technology. You've got to make scale work to make you smarter. I'm all about getting an insight, because that's what generates a long-lasting advantage. Strategic thinking is the new high ground."

"Ironically, while the world is talking about clout, the people in the lead are moving to develop intellectual currency," says Phil Guarascio, who now consults for the NFL, William Morris and others. "It's all about creating and manipulating data to improve the effectiveness of your planning and buying. We're at a crossroads. The media management companies have to move from an early focus on price to looking at how to put the pieces together, and that's true if you're spending $20 million or $2 billion."

"We're on the brink of the next evolution," says Joe Uva. "The media buying agencies are not organized to best interact with multimedia owners like AOL Time Warner. They haven't figured out the code to unlock the potential of multiplatform content, to bring the right assets in the right combination to the right solution. It's a more complicated planning and buying process but a far richer opportunity for advertisers and agencies."

Are we better off today than we were a decade ago? Top media folk believe we are. "We offer so much more to clients, so many disciplines are now in the media agency," says Gordon. "It's a much more exciting place to be and the skill set required is much broader. It's light years from where we were." On the flipside, she notes, "I don't know everyone's name anymore. I've lost a lot of that personal contact."

"What's happened is for the best," says Mike Moore. "The enormous resources in research and systems—that's the only way it can be done for large advertisers. Is it more fun? No, it's more work. If I was starting out today, I would have a different relationship with my company and career. And not necessarily for the better."

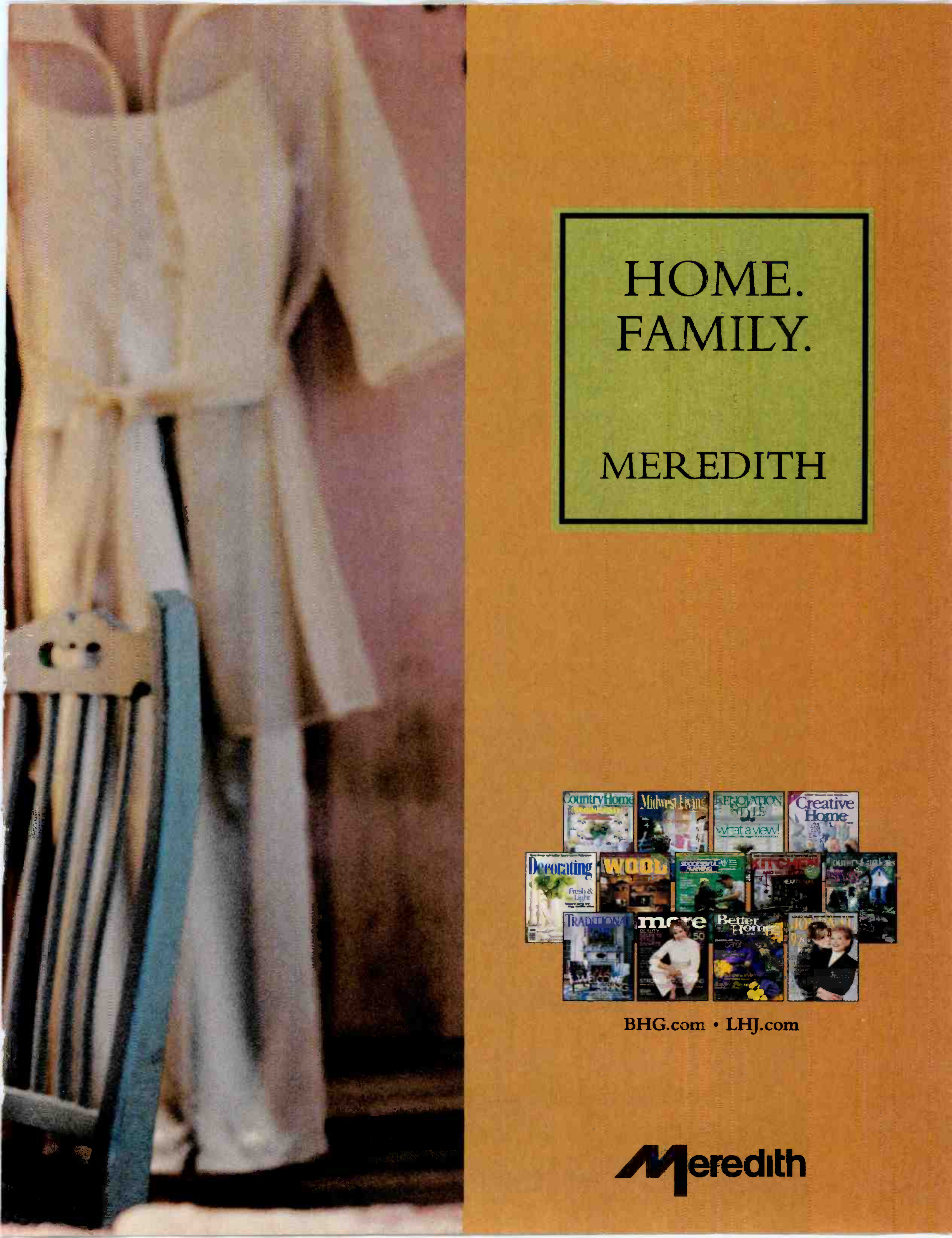
"We are media professionals now—better rewarded, better inspired, better respected," says Farella. "In some cases we're becoming the lead marketing consultant." Or as Verklin puts it, "Media now has a seat at the grown-up table—it's revenge of the nerds. On the bad news side, it's hard to maintain that creativity, and there's a dearth of people who understand how to run these things as a business."

"The economics of it, the margins, have been greatly reduced—and that's a real threat," says Grubbs. "Client demands are increasing and fees are decreasing, and guess what? We reduce services. Overall, though, there's more media expertise than 10 years ago. A combination of client demand and competition has stepped up our game."

"Whatever's been lost is a positive," says Perriss. "We've lost bureaucracy, unnecessary status, nonproductive rituals. Things are immensely better for clients because the standards are so much higher."

Ira Carlin sums it up this way: "We've lost the two-martini lunch. Other than that, these are the good old days." ■

Eric Schmuckler is a contributing writer for Mediaweek.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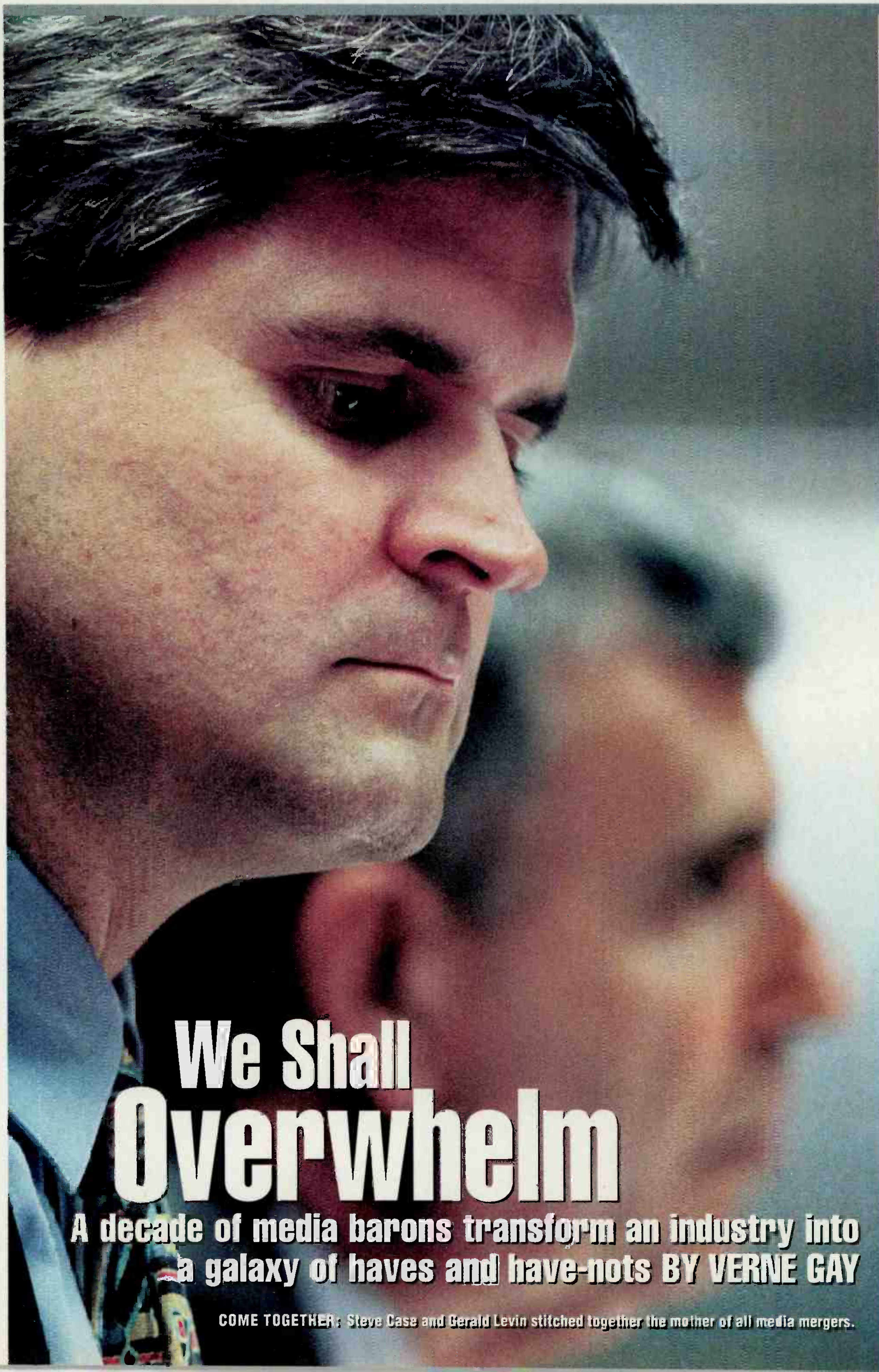

We Shall Overwhelm

A decade of media barons transform an industry into a galaxy of haves and have-nots BY VERNE GAY

COME TOGETHER: Steve Case and Gerald Levin stitched together the mother of all media mergers.

MICHAEL SMITH/NEWSMAKERS

Every revolution has a Washington or Robespierre. So who should take the honors for the Decade of Media, where the big got colossal and the small got swallowed and the word "revolution" didn't feel like overheated rhetoric? Though they are perhaps more reactionary in spirit than revolutionary, there's quite a crowd to choose from. Ted Turner. John Malone. Sumner Redstone. Michael Eisner. Rupert Murdoch. Each has his own particular brand of chutzpah and each altered the media landscape as dramatically as an earthquake on the order of 10 on the Richter scale.

But the man who most deserves the nod had a distinctive mane of silver hair and a silver tongue to go with it. He charmed bankers and rivals, once ran funeral parlors and parking lots. And just 10 days into the 1990s, he fathered a media union so improbable and audacious that it would help catalyze an entire decade of media plays.

Who at the time could have predicted this: a button-down Eastern-establishment magazine publisher taken over by a brass-knuckle Hollywood producer? Steven Ross wouldn't live to see Time Warner neatly frame the 1990s, with the original company seeming tiny ($15 billion in capitalization) and anachronistic in comparison to the monster it was to become.

Ross' idea was hardly original; polar opposites like Ted Turner and William Paley had executed similar strategies earlier. The article of faith among true believers was that content was king, and if you had the requisite pipelines to deliver it—Time's distribution capabilities and both company's cable systems—then you could rule the world. Cash flow could fuel other purchases and a spectacular snowballing effect could be achieved. Economies of scale could be realized among disparate parts, and so could "synergies." (Ten years ago, that word actually seemed to have some meaning.) Advertisers could also be sold multiple platforms across various media. At Time Warner, Ross had pushed all the right buttons, or seemed to. The media company of the future was in place, or seemed to be.

The other breakthrough at Time Warner was symbolic. No publicly traded magazine company in the U.S. was as close to a public trust as Time Inc. If Warner Bros. could absorb this sacred giant without so much as a burp of dissent in Washington, then that would mean the age of media regulation had finally flamed out. With no one barring the door, anything was possible, right?

Right, and the world has Steven Ross to thank, or blame, for that.

Nevertheless, for much of the '90s, major media companies seemed like the drunk at the party. Just one more drink, please, and I'll head home. Just one more acquisition, one more banished regulation, and the ideal conglomerate would be at hand. No one thought, or had time, to ask the basic questions. Exactly when does "big" become "too big"? Or what happens if the hallowed Internet becomes a pig in a poke? Does "big" simply spell "bigger problems" if advertisers pull in their budgets?

Media conglomerates grew out of "economic necessity, and the hope and design was to be able to face a downturn or upturn or whatever the situation with a group of assets that would attract advertisers and to some extent cushion them against some force of recession," says Bob Igiel, president of Del Ray, Fla.-based Igiel Communications Group.

"Does size protect you? Yes. It still works. There are only five [majors] that really count, and you could have a bad group of weeks like Disney where everything they do doesn't seem to work, [but] that's not true at Fox or AOL Time Warner. Usually there's something that's working."

Now, in the midst of a sub-zero recession, is everyone merely suffering from a hangover? Or are they preparing for the next binge?

Both, perhaps?

While no media titan now questions the efficacy of big, the early years of this revolution—all the way back to 1989 or so—suggest that said media titan was driven more by fear and paranoia than by wisdom or vision. And there's evidence to suggest that fear and paranoia shaped the entire revolution of the '90s as well.

Ken Auletta—whose *Three Blind Mice* (published in 1991) reported how network television had lost its way in a world of rapidly changing technology and corporate allegiances—explains that "when you're insecure you say, 'My God, how do I compete in this world?' One way is strength of numbers. If I swallow more radio stations, then I have leverage to sell advertising and cut costs dramatically. And by cutting out functions or doing them centrally, that gives economy of scale. So that became the order of the day."

"Economy of scale" did indeed become one of the rallying cries of the revolution, but it was unclear what benefits—if any—this could confer on cost-intensive businesses like network television. Viacom and Disney would accrue huge station groups, which would be especially beneficial in the launch of syndicated product. CBS, ABC, NBC and Fox would also demand—and get—ownership stakes in shows that appeared on their air. But if the shows were a failure, this simply meant the network owned a piece of ... a failure. "Economy of scale"—a fancy term for sharing costs among several divisions—could do nothing to help the basic business of network TV, which is the creation of hit shows and the selling of advertising.

Network chieftains also figured that if they could attain the holy grail—an allegiance with a major production studio—that too would overcome an irritating quirk in their bleak financial picture. The studio could feed product to the sister network and thus accrue a hundred or so episodes which would then go into the lucrative syndication marketplace. Both could make money off of this arrangement, and network TV would once again become spectacularly profitable.

Indeed, after the financial interest and syndication rules were laid to rest, CBS and ABC would jump into the arms of Viacom and Disney, respectively. But the holy grail turned out to be a fleeting dream. A huge escalation in production costs during the last decade erased potential profits. While there are a few success stories—*Everybody Loves Raymond*, *Will & Grace*, *Who Wants to Be a Millionaire*—the business of net-

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DISTINCTIVE FAMILY. Three people, each with their own unique character built right in. Dad's a local web page designer and Wall Street finance fanatic. Mom is a local banking executive who keeps up with Hollywood gossip in her downtime. Daughter babysits weekends and volunteers all summer long.

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Need to reach a niche or massive audience? Lycos delivers results. You'll find over 20 special interest sites. An expansive network. And everything you need to target anywhere between 1 and 38 million unique visitors through advertising or direct marketing. To get started, visit http://advertising.lycos.com

Source: Media Metrix August 2001

work television is as tough as ever. In recent weeks, entertainment bosses at all six major broadcast networks have declared that the network/supplier relationship desperately needs to be restructured. Yes, it's déjà vu all over again.

Without question, the Telecommunications Act of 1996 provided nuclear fuel for the media revolution. But it also unleashed more fear and paranoia. Its authors in Congress declared that they simply wished to affirm the reality of the end-of-the-century media landscape. What held true in 1934 (the date of the last act) was utterly irrelevant in 1996. It was high time to affirm the new reality. With so many more media choices available to the average consumer, why artificially constrain ownership in the media world? Let the hundred flowers bloom. Allow telecoms into cable. Let TV companies own more TV stations. And what of poor radio? Surely there was no reason to maintain ownership caps on this beleaguered medium. The thinking was: By unfettering media companies, they could better withstand the vicissitudes of the future.

What the authors didn't seem to take into account were the vicissitudes of the present. For example, the federal government would later mandate that TV stations upgrade their analog signals to digital—an immensely expensive conversion that would force less profitable stations into the arms of giants. (The ripple effect continues to this day: The Ackerly Group recently was forced to sell its 18 TV stations to Clear Channel, citing the overwhelming costs of trying to keep its head above water in an ocean dominated by leviathans.)

The Internet was also about to become an overwhelming force, at least as far as fickle Wall Street was concerned. Media companies without an Internet strategy were severely punished by the Street. Media companies that were merely dominant in one old-line, established medium—says newspapers or radio—were also punished. When Tribune took over Times Mirror at the height of dot-com fever, one dot-com analyst/promoter sniffed, "So one newspaper buys another. So what?"

The result was that media companies had to piece together an Internet strategy on the fly, which was sort of like changing one of the wheels on an 18-wheeler as it barreled down the interstate. Companies would make costly Internet plays without knowing precisely what sort of "play" they were making. And how could they? If "convergence" was the future—as the dot-com acolytes declared—well then, you damn well better get in position to converge. AOL, of course, would make the most dramatic deal with Time Warner. CBS seemed to be the only company with a commonsense approach. Grab stakes in a few dot-coms with the offer of airtime to promote themselves. If they succeed, great. If they fail, no out-of-pocket loss.

The other "reality" sweeping the media world was one that, paradoxically, it helped to create: the growing clout of advertiser media budgets. As media conglomerates grew, agencies pooled money and resources into media buying behemoths as a counterweight. This, in turn, forced media companies to buy more media outlets to tip the balance of power in their favor.

Nowhere has this been more dramatic than in radio. This year, the top 10 radio station groups own 2,218 stations, or double the number they held in 1998, two years after the Telecommunications Act lifted some ownership caps. San Antonio–based Clear Channel owns 1,164, compared to 176 in 1998.

Jim Boyle, a managing director of Wachovia Securities, says that "practically overnight" radio conglomerates "quadrupled or doubled the size of their audience. Before [radio] was sold as an inexpensive medium, as a frequency medium. Now they could sit at the table with the other kids."

The post-'96 buying binge, he adds, "meant [the radio conglomerates] increased their top-line growth rate by 40 percent" during the last several years.

The "Big Is Beautiful" message would not be lost on magazine publishers either. Some would go on shopping sprees that would leave them with more debt than promise. Moreover, the model that radio operators adopted could not be easily transposed for the magazine industry.

KINGS OF THE DEAL: (Clockwise from top) Sumner Redstone and Mel Karmazin merged Viacom and CBS in 1999; Hearst-Argyle TV CEO Bob Marbut (left) when the combined company was listed on the New York Stock Exchange in 1998, Rupert Murdoch bought Chris-Craft stations in July 2001; Cap Cities/ABC's Thomas Murphy sold to Disney in 1996.

CBS VIACOM: EZIO PETERSEN/UPI; HEARST-ARGYLE: NYSE/AP; MURDOCH: FRANCES M. ROBERTS/PHOTOGRAPHERS SHOWCASE; MURPHY: BEBETO MATTHEWS/AP

Economies of scale were not always readily apparent. And when the recession hit, some publishers—like Primedia—were left badly exposed.

Martin S. Walker, chairman of Walker Communications, a magazine publishing consultant, says the magazine-buying binge of the '90s was sparked by "affluence and the idea that magazines could offer marketing segmentation and were the best things in the world to do that."

But, he adds, "There was a lot of willy-nilly buying for the sake of increasing size without really thinking about how this fits into the company. When you begin to impose a corporate culture [on a magazine] and commoditize it, you begin to lose some of that uniqueness." Some publishers also got slugged when the recession rolled around because "it's relatively hard to change your fixed-cost levels. You still have to do a certain number of editorial pages, and when advertising is bad, it's hard to save a lot of money."

Now to the future.

Jeffrey Chester, the founder the Center for Digital Democracy and one of the few vocal critics of the '90s buying bender, argues: "I always said that when AOL bought Time Warner, it was the victory of new media over old. It was all about controlling the distribution channels that would make the world safe for marketing and advertising. But we're going to lose a competitive system that's diverse and embraces other parts of our nature. In a way, [media mergers] are a mirror image of our psyche, and it's not a pretty picture."

Yet there remains a little more diversity than critics give media credit for. By the beginning of this year, most—if not all—of the major media properties in the U.S. were owned by 43 companies, although only four of these (AOL Time Warner, Disney, News Corp. and Viacom) have a commanding presence in both content and distribution. Clear Channel is the only company to have an overwhelmingly dominant position in one medium (radio). Two (AT&T and AOL) share dominance in cable distribution. There is somewhat greater equity in newspaper publishing (Gannett, Tribune, Knight Ridder, New York Times Co., Washington Post Co., McClatchy) and magazine publishing. News Corp., Sinclair, GE, Disney and Viacom have staked out huge positions in television station ownership.

Meanwhile, according to Veronis Suhler's Communications Industry Report, there are roughly 500 media companies that report "some data that is public" (the criteria for making Veronis' list). This compares to roughly 300 companies in 1990, says Leo Kivijarv, Veronis' director of publications, who adds that much of the increase is due to newly minted Internet firms. (Veronis' figures also show that by the end of the Decade of Media, public media companies had assets worth approximately $773 billion, compared to $169 billion in 1990.)

All of these figures add up to one crystal-clear fact: There is plenty of room for more consolidation, particularly among newspaper publishers and cable and TV broadcasters, who are awaiting the FCC banishment of cross-ownership rules. This means that the '90s were probably just a prologue. Big is about to become bigger.

A question now is, what lessons has anyone learned that could be brought to bear on this next dramatic chapter? What, for example, are the benefits of Big simply for the sake of Big? Clout over advertisers and suppliers can perhaps be achieved, except that clout happens to be irrelevant in a jarring recession (read: recent upfront market). AOL Time Warner owns dozens of titles, all the better to sell advertisers packages. But what advertiser really wants to buy *Fortune*, *Inside Stuff*, *Cooking Light*, *Hippocrates*, *Outdoor Life* and *TransWorld Skateboarding* all in one package?

News Corp. may own 31 TV stations and control duopolies in a handful of major cities, but what has any of this got to do with *Sky Soap*, *STAR Plus* or *Pacific Islands Monthly* (other News Corp. properties)? Nothing, of course.

And can big sometimes mean unwieldy? Ask struggling Primedia about that.

"There's been this notion," says Ken Auletta, speaking about some media giants, "that 'we will be able to bring these disparate pieces together to act as one.' But the weakness of this is that you're dealing with people and they don't always work as a team. Like [JFK] said about the State Department: You press a button and nothing happens."

"We've got this great paradox," Auletta continues. "We've got fewer communications companies which own larger and larger pieces of the pie, and at the same time that's taking place, technology is allowing you, through the Internet or satellite technology, to create new sources of information. The way I look at it is that it's a battle between elephants and ants."

The elephants are, well, the elephants: Vivendi, News Corp., Sony, AOL Time Warner. The ants scurry about at their feet. The elephants believe that to remain at the top of the feeding chain, they must dominate content or distribution, or both. The problem, however, is that ants may have better ideas: better shows, better ways of getting them to the public. And so the elephants are caught in an endless cycle of buying or consolidation to maintain their power over each other and the little things scurrying around their feet, explains Auletta.

Yet elephants are not the fleetest of creatures. Josh Eliasberg, professor of marketing at the Wharton School, says, "AOL Time Warner is still a big question. It raises some other issues, such as different cultures. In my opinion, AOL Time Warner will still run for a few more years as two basic entities under one name. It will take a while to blend the cultures and business philosophies." Meanwhile, he adds, "consumers are not interested in advertising on the Internet or watching movies on the Internet."

There are optimists, to be sure. Steven Rattner, managing principal of the Quadrangle Group, a private investment firm that specializes in media, says that corporate synergy—and its close cousin, media cross-platforming—"have by and large played out successfully. And culturally, [the major mergers] have all worked out pretty well too. I think there is opportunity for further agglomeration, even though most of the regulatory hurdles have not come down comparatively in Europe. Slowly but surely [all U.S. regulation] will come off."

Yes, we all know what that means. More buying. More selling. And perhaps more of the byproducts of rapid change: fear and paranoia.

What a shame Steve Ross isn't around to tell us what it all means and where it will all end up. ■

Verne Gay is a contributing writer for Mediaweek.

God, Allah, Krishna, Waheguru, Jehovah bless America.

America's diversity is united under one ideal. And TIME is there to help people understand it. **TIME.**

Here's the good news: When compared with 1992, the median age of a person working in an advertising agency media department has increased by four years, to 33.5, and has more experience in the field. Also, that average person makes $25,000 more a year. But here's the bad news: Despite the fact that media departments are overwhelmingly comprised of women—72 percent versus 28 percent—men still earn more on average. The median income of males in media is $74,000; their female counterparts at the office earn $53,000. Women make up 81 percent of those earning under $45,000 a year, with a significant number starting as low as $25,000 a year.

Who are you?

CHARLA FOGLE
BOHAN, CARDEN & CHERRY
Nashville
Media Director

INCOME: $55,000-$65,000
IN THE BUSINESS: 7 years
AGE: 35
TOP TV SHOW: CSI
TOP MAG: Muscle & Fitness Hers
HOBBY: Belly dancing

In a survey conducted in September and October by *Mediaweek* and Oradell, N.J.–based TechnoMetrica, a number of reasons emerged to explain the gender-based salary disparity. First, women tend to work at smaller agencies and media shops, so they're swimming in a shallower salary pool. At shops with $100 million or less in billings, 41 percent were women and 24 percent men (some respondents did not respond to this question). Secondly, women are more stable when it comes to their employers. They work for just one agency twice as often as men, who are more likely to move from job to job with the hope of concommitant salary bumps.

The vast majority of female respondents do not have children. Just less than 75 percent said they have no kids. Ten percent have one child, 12 percent have two and 4 percent have three or more.

Projecting ahead a year, men think they're economic future looks bright. Women don't. Exactly half of the male respondents said they would be doing better financially in one year. Only 37 percent of women were as optimistic.

METHODOLOGY

TechnoMetrica Market Intelligence conducted the *MediaWeek* survey. In the first week of October, a total of 2,500 questionnaires were mailed to randomly selected people from a list of media professionals. A total of 263 responded to the survey as of the closing date, October 29, representing a response rate of 10.5 percent. The margin of error for the survey is plus or minus six percentage points.

Culturally, the average media person is white and college-educated. Most describe themselves as political moderates. Their automotive preference is a Honda, which, interestingly, was the same car choice in *Mediaweek*'s 1992 readership survey. As for media consumption, the favorite TV shows are *Friends*, *ER*, *The West Wing*, *The Sopranos* and *Sex in the City*. The top consumer magazines are *People*, *In Style* and *Cosmopolitan*.

Looking at salaries for media buyers and planners by income level, 44 percent of respondents earn less than $35,000 a year, 46 percent earn between $35,000 and $55,000, and 8 percent earn between $55,000 and $75,000. No buyer or planner surveyed said they earn more than $75,000. Thirty-eight percent of media management earn $75,000 or more, with 10 percent of that number earning more than $125,000 a year.

Since the 1992 survey, media departments have become a bit more racially diversified, but they still lag behind the general population. Overall, 87 percent of media buyers, planners and management are white today, down from 94 percent in 1992. The percentage of Asians in media is up to 6 percent, from 3 percent in 1992. African Americans make up 3 percent of media employees, from less than 1 percent. And the percentage of Hispanics remains unchanged, holding at 2 percent.

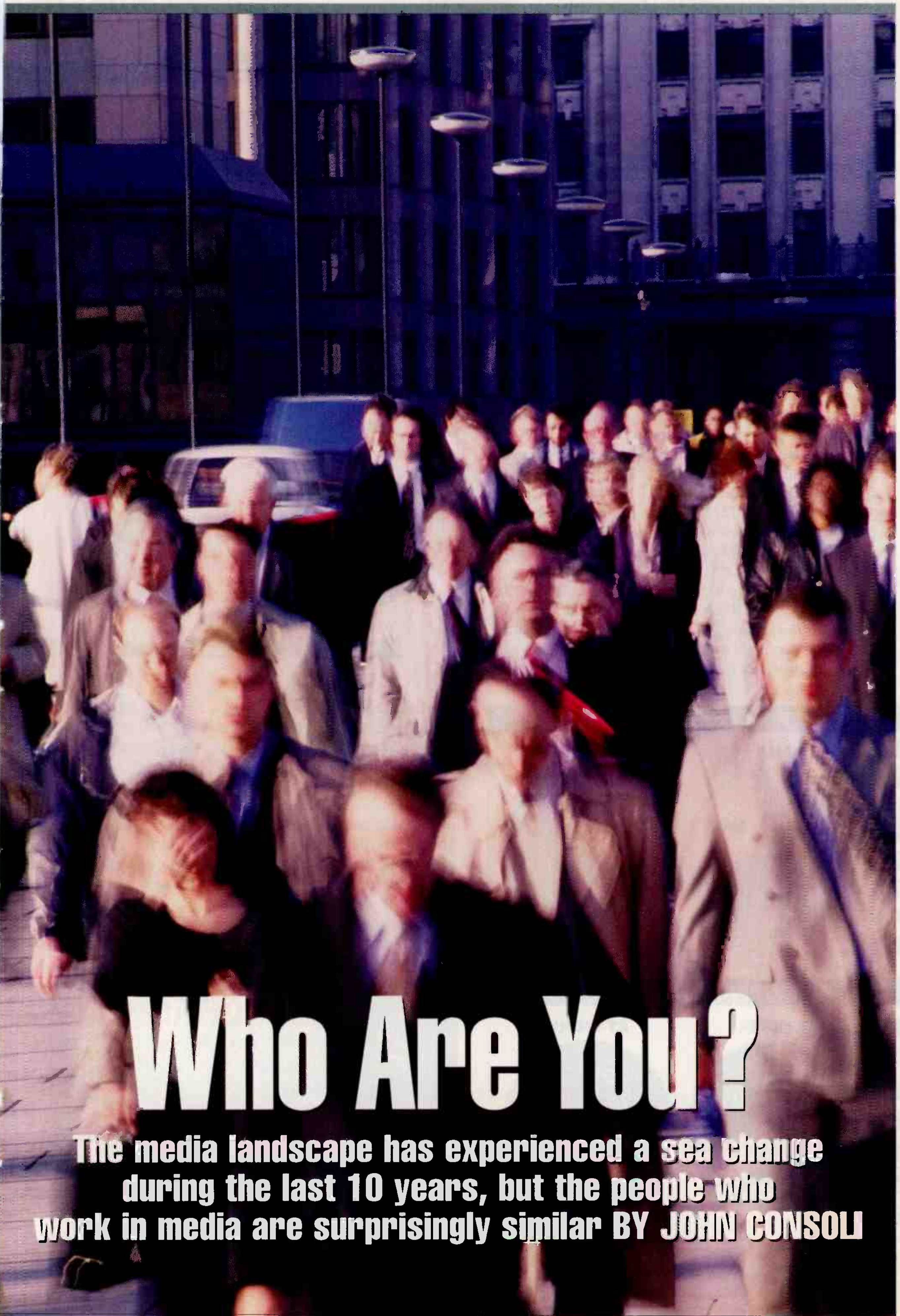
Within job categories, the ethnic percentages also vary a bit. Among media buyers, for instance, whites make up 81 percent, Asians make up 13 percent, with no blacks or Hispanics responding. Whites make up 86 percent of media planners, Asians represent 7 percent, African Americans 3 percent and Hispanics 2 percent. Virtually all executives who comprise media department management—90 percent—are white. Just 5 percent are Asian, 2 percent African American and 2 percent Hispanic.

Most media people—factoring in men and women—change jobs often. A majority of media buyers, planners and managers got promoted only once at their current jobs, for instance. The average length of time a media buyers spends at an agency is three years. Media planners spend an average of only two years, while media management executives spend just over five years at each job. These top-level execs seem to be exceptionally mobile. Twenty-four percent have worked at three agencies, 19 percent have worked at four, 10 percent have worked at five, 9 percent have worked at six, and 3 percent have worked at seven.

As expected, media people like media; they are regular users of TV, radio and the Internet. Among media buyers, 84 percent say they watch TV on a regular basis, compared to 88 percent of media planners and 84 percent of media managers. Seventy-four percent of media buyers use the Internet on a regular basis, compared to 85 percent of media planners and 76 percent of media managers. And 77 percent of media buyers regularly listen to the radio, as do 79 percent of media planners and 60 percent of media managers. While most watch lots of TV, only 3 percent of media buyers, 5 percent of media planners and 3 percent of media managers own a digital recording device such as TiVo.

In addition to broadcast TV, 84 percent of media buyers, 92 percent of media planners and 86 percent of media managers subscribe to cable TV. But only 10 percent of media buyers and planners and 6 percent of media managers subscribe to satellite TV. A majority of media people subscribe to premium cable channels such as HBO and Showtime.

Media employees spend an average of 5.9 hours a week



Who Are You?

The media landscape has experienced a sea change during the last 10 years, but the people who work in media are surprisingly similar BY JOHN CONSOLI

Who are you?

LAUREN SUSKIND
DAILEY & ASSOCIATES
West Hollywood, Calif.
Assistant Media Planner

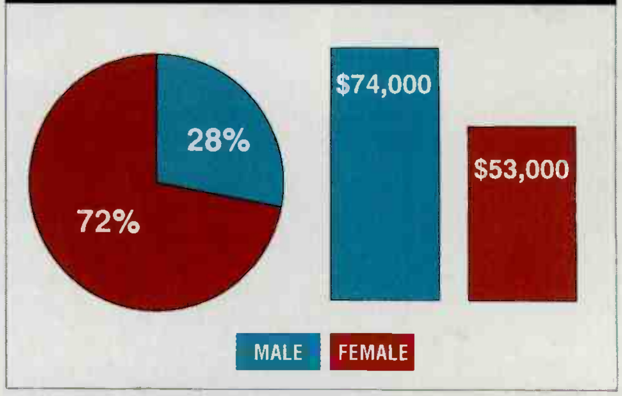
INCOME: $25,000-$35,000
IN THE BUSINESS: 1.5 years
AGE: 23
TOP TV SHOW: Once and Again
TOP MAG: People
HOBBY: Traveling

watching prime-time broadcast TV, and 3.4 hours watching cable TV. However, while 13 percent of media buyers and 22 percent of media planners and managers watch more than nine hours of prime-time broadcast TV each week, no buyer watches more than nine hours of cable TV in a week. About 6 percent of planners and managers watch more than nine hours of cable weekly.

Friends is the most-watched show by those in all media categories, but the order of other favorites varies by category. Media buyers' top 10 shows are *Friends*; *Survivor* and *The West Wing* (tie); *The Sopranos*; *Sex in the City*; *CSI: Crime Scene Investigation* and *ER* (tie); *Law & Order* and *Band of Brothers* (tie); *The Practice*, *Ally McBeal* and *Buffy, the Vampire Slayer* (tie).

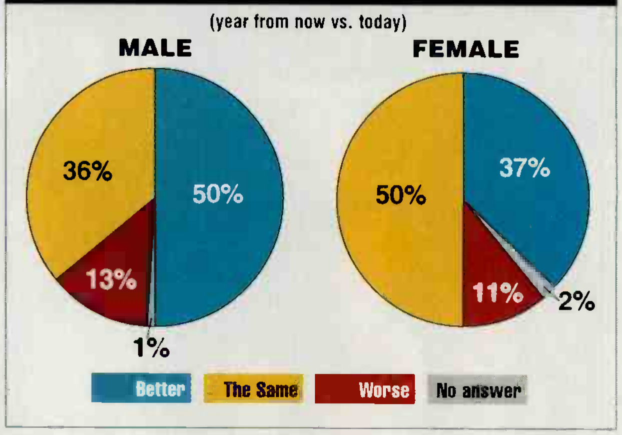
Media planners' top 10 shows are *Friends; ER* and *The Practice* (tie); *The West Wing*; *The Sopranos*; *Law & Order*; *Sex in the City*; *Will & Grace*; *Survivor*; and *Ed*. A bit surprisingly, media planners and buyers don't, on average, watch general-audience favorites *Everybody Loves Raymond* and *Frasier*.

STAFFING / INCOME BY GENDER



PERSONAL ECONOMIC CIRCUMSTANCES OUTLOOK

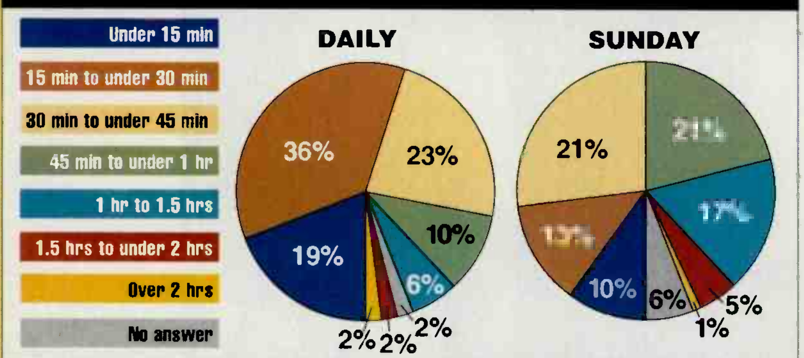
(year from now vs. today)



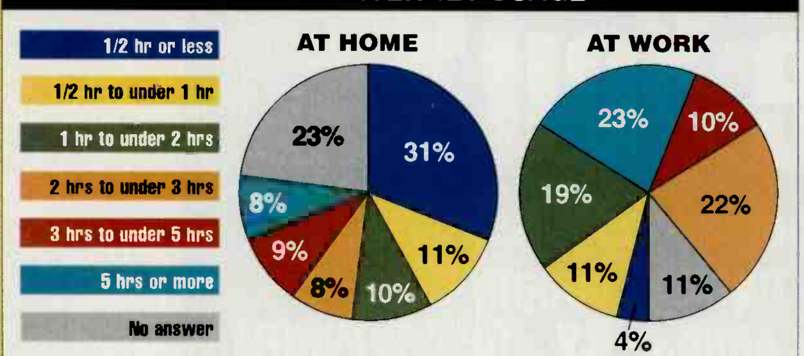
Media managers' Top 10 shows are *Friends; ER*; *The West Wing*; *The Sopranos* and *Law & Order* (tie); *Will & Grace*; *Sex in the City*; *Survivor*; *The Practice* and *Everybody Loves Raymond* (tie); and *Band of Brothers*.

Since media-department employees are responsible for getting advertiser commercials on the air, you'd think they would make a special effort to watch them. That's not necessarily the case. Ten percent of media buyers, 13 percent of media planners and 12 percent of media managers "rarely" or "never" watch TV commercials that air during the shows they watch. Also, no media buyers or planners surveyed said they watch commercials "frequently" on programming that has been taped via VCR or

TIME SPENT READING THE PAPER



WEEKLY INTERNET USAGE

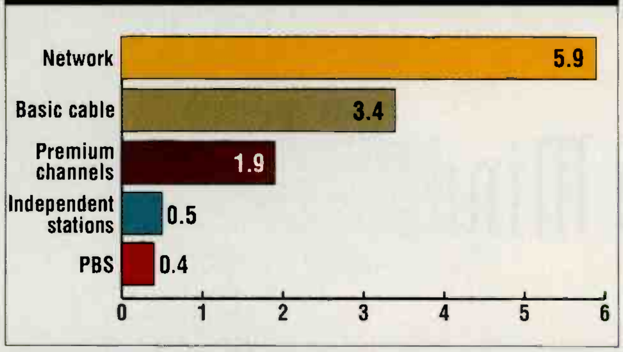


Who are you?

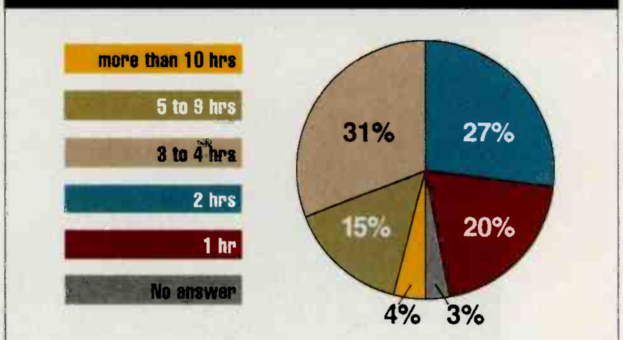
DWAYNE CRITTENDON
MEDIACOM
New York
Brand Media Manager

INCOME: $55,000-$65,000
IN THE BUSINESS: 7.5 years
AGE: 34
TOP TV SHOW: X-Files
TOP MAG: Sports Illustrated
HOBBY: Collecting comic books

HOURS SPENT WATCHING TV EACH WEEK



TIME SPENT READING MAGAZINES EACH WEEK



Who are you?

TERESA VOSS
DONER ADVERTISING
Detroit
VP/Director of Local Broadcast

INCOME: Would not disclose
IN THE BUSINESS: 23 years
AGE: 42
TOP TV SHOW: The West Wing
TOP MAG: Newsweek
HOBBY: Exercise

TiVo. Conversely, 39 percent of media buyers, 45 percent of media planners and 26 percent of media managers said they never watch commercials on programs they taped for later viewing.

Media people love sporting events, particularly professional baseball, football, basketball and hockey, as well as college football and men's and women's tennis. Fifty-four percent of buyers, 53 percent of planners and 56 percent of managers watch pro football. Only 9 percent of media buyers, 11 percent of planners and 13 percent of media management do not watch sports on TV, and 80 percent of that total is women.

Media people average about three hours a week reading magazines, and most listen to the radio in their cars during drive time. On average, the radio formats of choice are Contemporary and Classic Rock.

Among the favorite magazines of media buyers, in order, are: *People*; *Cosmopolitan*; *In Style*; *Newsweek*; *Better Homes and Gardens*, *Us Weekly* and *Entertainment Weekly* (tie), *Time*, *Vanity Fair*, *Glamour*, *Maxim*; *Marie Claire*; *New York*; and *ESPN The Magazine*. Media planners like *People*; *Cosmo*; *In Style*; *Marie Claire*; *Glamour*; *Time*; *Maxim* and *Lucky* (tie); and *Newsweek*. And management's favorite reads include *People*; *Time* and *Newsweek* (tie); *Entertainment Weekly*; *Vanity Fair* and *Martha Stewart Living* (tie); *In Style*; *Sports Illustrated*; and *O, The Oprah Magazine*.

Not surprisingly, male and female media people responding to the survey had very different magazine preferences. The top magazine choices for women were *People*; *InStyle*; *Cosmopolitan*; *Newsweek* and *Martha Stewart Living* (tie); *Glamour*; *Entertainment Weekly*, *Time* and *Marie Claire* (tie), *Vanity Fair*, *Better Homes & Garden* and *O, The Oprah Magazine* (tie).

The top selections for men participating in the survey were *Time* and *Sports Illustrated* (tie); *Maxim*; *Entertainment Weekly*; *Newsweek*; *ESPN The Magazine*; *National Geographic*; *Vanity Fair*, *New York* and *People* (tie).

A majority of media people said TV is their favorite medium for news, followed by newspapers, the Internet, radio and magazines in that order. One surprise is the large number of media people who do not read a Sunday newspaper. Fifty-two percent of media buyers, 48 percent of media planners and 32 percent of media management do not read a Sunday newspaper. Of those who do, 33 percent of buyers, 26 percent of planners and 20 percent of management read *The New York Times*.

Who are you?

JILL TOSCANO
THE MEDIA EDGE
New York
Media Planner

INCOME: $25,000-$35,000
IN THE BUSINESS: 1.5 years
AGE: 23
TOP TV SHOW: Friends
TOP MAG: InStyle
HOBBY: Painting

Some things never change: Media people like to be taken out to lunch or dinner. According to the survey, 62 percent of media buyers are taken out between one and four times a month, 13 percent are taken out five to eight times a month and 3 percent are taken out nine to 12 times a month. Those numbers are similar for planners and management.

The favorite restaurants for media people in New York City, where a majority of those surveyed work, are Smith & Wollensky, Trattoria Dell' Arte, Morton's and The Palm.

As for media functions and parties, they appear to be the domain of the young media people. Media folk younger than 30 attend parties most frequently. A majority of the media, 64 percent overall, say these functions are "somewhat" worthwhile. Older, more senior-level respondents, are even more skeptical: One-quarter say media parties are either "not very" or "not at all" important. ■

John Consoli covers national television for Mediaweek.

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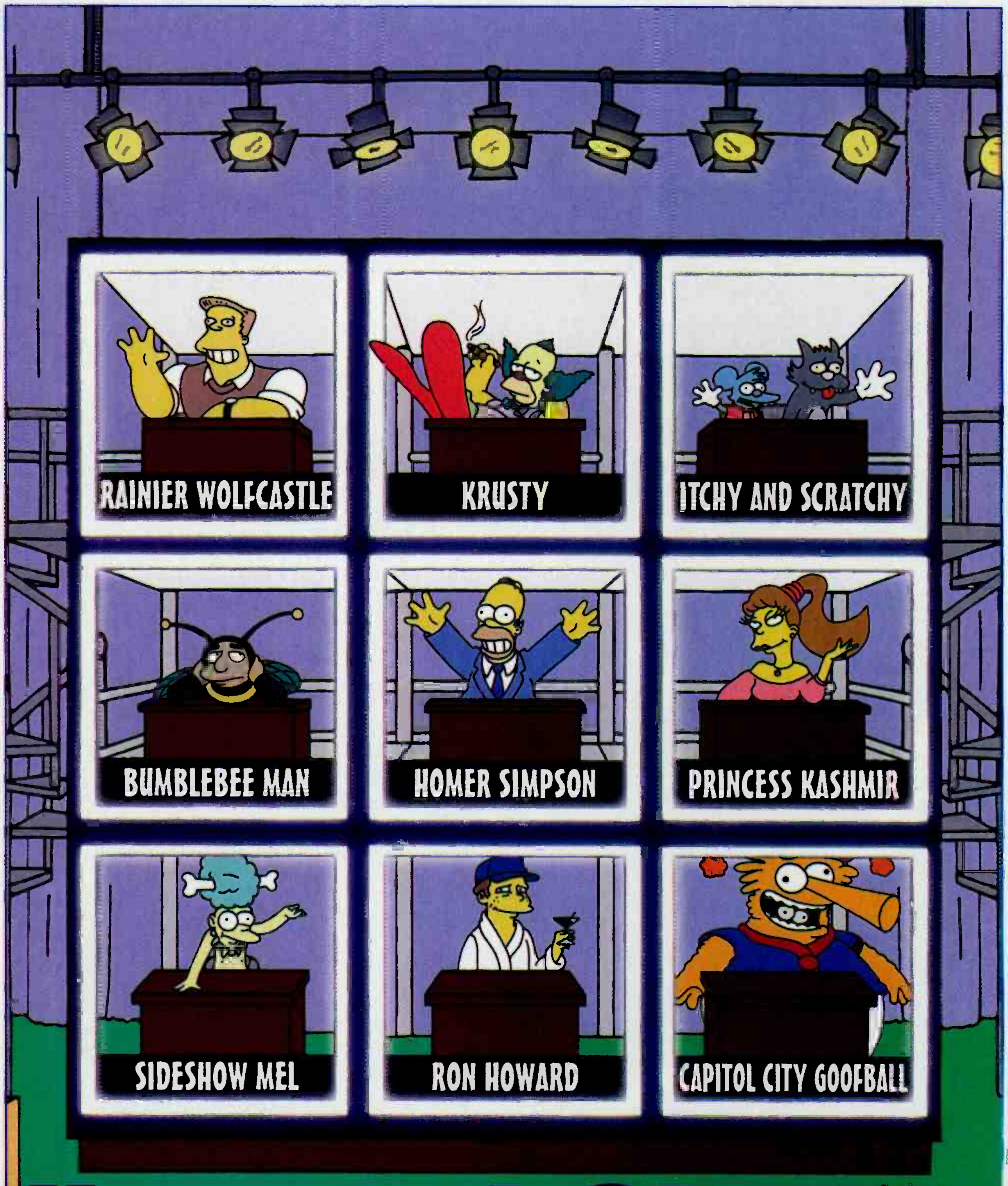

FOX

Hollywood Shares

Let's face it, the one subject everyone loves to talk about is television. Just mention a show—*Survivor, Friends, Sex and the City, Dawson's Creek, Who Wants to Be a Millionaire*, you name it—and everyone will have a strong opinion. And because TV is often a key ingredient in our daily lives, the one thing that can never be denied is the power of the small screen.

It influences the way we look (remember the Rachel bob on *Friends*?), what we eat and drink (does the Laverne De Fazio milk-and-Pepsi craze in the 1970s ring a bell?), what we like, where we live, what we talk about, what we buy, what we know ... pretty much everything. And, in honor of *Mediaweek*'s 10th anniversary, we're going back in time, 10 years, to see what's come in, what's gone out, and how the medium has changed in just one decade.

We entered the 1990s with four broadcast networks and a total of 20 or so basic and paid cable networks measured by Nielsen Media Research. *Cheers* (21.3 household rating) was the top-rated show, NBC (12.7) was the No. 1 network. *Dallas, thirtysomething, L.A. Law* and *The Cosby Show* were winding down. And the four networks—ABC, CBS, NBC and Fox—collectively reached a combined 43.9 rating in prime time. Seven of the top 10 shows—*Roseanne, A Different World, The Cosby Show, Murphy Brown, Empty Nest, The Golden Girls* and *Cheers*—were sitcoms. In December 1989 Fox launched a show that would help put the then-fledgling network on the map: *The Simpsons*, the first successful animated prime-time series since *The Flintstones* in the 1960s.

With comedy in the forefront and NBC in search of a Thursday 9 p.m. replacement for *Cheers, Seinfeld* was nurtured, a new era of adult sitcoms was born and everyone was rushing to find the next buddy-type comedy after the instant-hit launch of *Friends* in fall 1994. As the decade progressed, we saw three new broadcast networks (UPN and the WB in 1995, Pax in 1999) and a significant number of new cable networks, less scripted programming, more prime-time newsmagazines, the return of game shows, more reality, less movie franchises and the eventual emergence of shared broadcast windows (e.g., *Once and Again* on ABC and Lifetime; *Law & Order: Special Victims Unit* and *Law & Order: Criminal Intent* on NBC and USA). We even saw ABC's once-prosperous T.G.I.F. kids lineup—*Full House, Family Matters, Step by Step, Boy Meets World, and Sabrina, the Teenage Witch*—fade into the sunset with lone survivor *Sabrina* bringing some of her declining magic to the WB.

As the Barones of *Everybody Loves Raymond* moved in and the Bundys of *Married...With Children* moved out, the quick demise of *Seinfeld/Friends* clones like *The Single Guy, Union Square, Jesse, It's Like, You Know?* and *The Weber Show* led to a noticeable shift to more dramatic hours by the mid-to-late 1990s.

No drama had more of an impact in the 1990s than NBC's *ER*, which has ranked no lower than No. 2 overall for any season since its debut in September 1994. After *ER* took off and *NYPD Blue* took chances, a new *Star Trek—Voyager*—was launched, the gang from *Beverly Hills, 90210* headed to college, Heather Locklear joined *Melrose Place*, the WB found its young and predominantly female niche (*Dawson's Creek, Buffy, the Vampire Slayer, Charmed* and *Felicity*) and HBO's *The Sopranos* told stories the networks couldn't. As NBC's *Law & Order* became unstoppable, spawning two spinoff series, a record nine law-oriented hours have made their way onto the prime-time schedule this season (with yet two more—*The Court* and *First Monday*—coming in midseason).

In the most recently completed season (2000-01), *Survivor* finished No. 1 (17.4 rating, off 18 percent from *Cheers*), CBS was the top-rated network (8.6 average prime, down 30 percent from 1990-91) and 56 cable networks—more than twice as many as 10 years earlier—now sell advertising time. *Law & Order* and *ER* have been renewed for no less than three more seasons and the now six networks (excluding Pax) total a paltry 36.0 rating, 18 percent below the four networks just one decade ago. Of the top 10 shows, only two—*Everybody Loves Raymond* and *Friends*—are sitcoms.

Flash forward to the current season, and *Friends* is beating a declining *Survivor*, other reality series (*The Mole II: The Next Betrayal, The Amazing Race, Love Cruise: The Maiden Voyage, Lost*) are spiraling downward, *Millionaire* mania is over, a new *Star Trek—Enterprise*—is born, Superman (a.k.a. *Smallville*) is back, and NBC has regained the top spot in prime time.

Although the networks worried about whether viewers would still tune in to entertainment programming following the recent terrorist attacks, audience levels are happily on par with the comparable year-ago period. And like 2000-01, dramas still remain a more potent option than sitcoms. Witness new comedies *Danny* (CBS), *Bob Patterson* (ABC) and *Men, Women & Dogs* (WB) already scrapped, and *The Ellen Show* (CBS), *Emeril* (NBC), *Inside Schwartz* (NBC) and *Off Centre* (WB) all headed to the land of oblivion.

"More than any other business, television is a cyclical environment, where trends come, go and always return at a later time," said Dave Walsh, president of the Walsh Entertainment Group, a media-consulting firm. "And right now the pendulum is swung more toward dramas than sitcoms. And the one genre noticeably suffering is reality, which suddenly seems frivolous. But anything is subject to

It's great to be No. 1. But the proliferation of broadcast and cable networks during the past 10 years means today's top shows will never attract audiences like in the old days. BY MARC BERMAN

change, particularly given the current state of the country. The one program category that should have no trouble remaining intact is prime-time newsmagazines."

Once upon a time, CBS' *60 Minutes* and ABC's *20/20* were the only two weekly, regularly scheduled prime-time newsmagazines. Although NBC tried, and failed, on numerous occasions to find its own news identity in prime, the successful launch of *Dateline* in the spring of 1992 led to an eventual five editions of the Jane Pauley/Stone Phillips–hosted hour by the fall of 1998. ABC followed suit by expanding *20/20* to four hours per week by 1999. Even CBS, which vowed never to overexpose its *60 Minutes* franchise, added a second edition of the granddaddy of the genre (in addition to its perennial *48 Hours*) on Jan. 13, 1999. By the fall of 1999 there were a record number of newsmagazines—12 in total—airing in prime time.

"Economically, newsmagazines are a win-win situation, given the low production costs and positive rating results," said Walsh. "Although we may have fewer regularly scheduled newsmagazines this year [eight in all], with news of the essence right now, you have to consider this genre on the forefront. Clearly less significant is the once-prosperous movie franchise."

There were seven regularly scheduled movie blocks in 1991-92. There are just four this season, with Sunday, in particular, down from one on each of the Big Three nets to just CBS' traditional, and still eroding, *Sunday Night Movie*. CBS has dropped its Wednesday movie and, for the first time in 20 years, NBC is without a Sunday franchise.

"Scheduling a movie in troublesome time periods is often easier [and cheaper] than developing new scripted programming," said John Rash, senior vp of broadcast negotiations for Campbell Mithun. "And that's why we now see two network movies [ABC and NBC] on Saturday and a UPN movie on Friday. These are difficult time periods that the networks tried, and failed, on multiple occasions to find regularly scheduled series success with. Airing a movie is basically a time-period filler."

But while the broadcast networks have cut back on theatricals and made-fors, cable has picked up the slack, with 13 cable nets now in the first-run movie business, up from three in 1990—Lifetime, USA and TNT.

"More names are drawn to cable projects because of the creative freedom it offers," said Tim Brooks, senior vp of research at Lifetime Television and co-author of *The Complete Directory to Primetime Network and Cable TV Shows*. "And that creative freedom has also made cable nets like Lifetime, HBO and Showtime home to the new breed of regularly scheduled series like our Sunday-night dramas (*Any Day Now*, *Strong Medicine* and *The Division*) and HBO's *The Sopranos*, *Sex and the City* and *Six Feet Under*. As the cable competition increases, the share of the broadcast audience pie continues to decrease, and it's more difficult than ever getting viewers to sample your product."

The one network daypart that has bucked the downward trend and continues to thrive is early morning, thanks to its deft combination of information and entertainment.

"With less free time and so many other viewing alternatives, it comes as no surprise that an equal number of viewers, if not slightly more, are watching early-morning television," said Alan Wurtzel, president of research at NBC. "As people rush to work each morning, often earlier than ever before, morning local newscasts and a franchise like *The Today Show* offer a quick fix for a public very much on the run. And stations across the county have responded by expanding the window of opportunity for viewing into the earlier-morning hours for more local newscasts. In a society with more stress and less time for relaxation, it's the other dayparts and programming formats that have suffered."

Case in point: daytime, which has seen audience levels decline year after year on both the networks and in syndication.

"Compare the volume of shows currently in syndication to 10 years ago and the number of series by genre has grown by leaps and bounds," said Jeff Dellin, senior vp of research and program strategy at Studios USA. "And that's the first reason why ratings are declining—fragmentation—more programming options. Former independent stations that are now WB and UPN affiliates used to run movies and off-net hours during the day, and now these stations aggressively look for first-run syndicated programming."

Comparatively, only seven daytime talk shows—*Oprah*, *Donahue*, *Sally*, *Geraldo*, *Regis and Kathie Lee*, *Joan Rivers* and *Everyday with Joan Lunden*—aired 10 years ago. Now, there are 13, including five more introduced this season (*John Edward*, *Ananda Lewis*, *Iyanla*, *The Other Half* and *Talk or Walk*). After the success of Columbia TriStar's *Ricki* in 1993-94, youth-oriented talk became a short-lived craze with Tempestt Bledsoe, Gabrielle Carteris, Danny Bonaduce, Charles Perez, Mark Wahlberg and Carnie Wilson all hosting their own chatfests for one season. And following the departure of

>> BY THE NUMBERS ... NETWORK

In 1990-91, **Cheers** led the prime time troops with a 21.3 household rating. In the most recently completed season, 2000-01, the top-rated **Survivor: The Australian Outback** averaged a 17.4. Although **Monday Night Football** remains a Top 10 staple (at least though last season, that is), its 6th place 17.2 rating in 1990-91 became a 7th place 12.7 in 2000-01. While that's only one notch lower on the series-ranking ladder, it's a decline of 26 percent in rating. The 10th highest rated show 10 years ago—**The Golden Girls**—averaged a 16.5. Last season that same rating would have placed the show second overall, 9 percent above the real No. 2 occupant, NBC's **ER** (15.2).

Looking even further down the ratings totem pole, sitcom **The Wonder Years** ranked No. 30 in 1990-91 with a 14.2. In 2000-01, that same rating would have placed the show third overall. **Law & Order**, which is up 2 percent over the 10-year period (12.1 in 1990-91 vs. 12.3 in 2000-01) actually moved up 47 notches (No. 57 to No. 10), despite remaining virtually equal to its prior delivery. Even stalwart **60 Minutes**, which declined considerably (No. 2, 20.6, in 1990-91 to No. 17, 11.1, in 2000-01—down 46 percent) remains a Top 20 ranked show. Ten years ago that 17th place 11.1 rating would have came in at No. 70 for the season.

Arsenio Hall in 1994, Keenen Ivory Wayans, Chris Spencer, Sinbad, Stephanie Miller and Magic Johnson all tried to fill the void with their own brand of late-night talk/entertainment. Even Dennis Miller, who found success with his self-titled HBO talk show (not to mention co-hosting chores on ABC's *Monday Night Football*), failed to find an audience in 1991-92.

Ten years ago only *People's Court*, *Divorce Court* and *The Judge* existed in court TV, compared to the eight that now occupy syndication—*Judge Judy*, *Judge Joe Brown*, *Divorce Court*, *Judge Mathis*, *Judge Hatchett*, *Power of Attorney*, *Texas Justice* and an updated *People's Court*.

Entertainment Tonight now shares the magazine genre with *Extra* and *Access Hollywood*, and off-network sitcoms have grown from just two (*The Cosby Show* and *Mama's Family* in 1991-92) to a whopping 21 programs. Weekend is also considerably more populated with action hours, 12 compared to eight more than a decade ago.

"Syndication has become a forum for a multiple number of shows in a minimal number of genres, and the challenge remains finding the next *Rosie* or *Wheel of Fortune*," adds Dick Robertson, president of Warner Bros. Domestic Distribution. "But what's really changed is the actual number of syndicators—seven in my estimation—that are actually in the business of selling programming."

The 1990s opened with the departure of the high-profile GTG (Grant Tinker/Gannett), which spawned what many call the biggest flop ever in syndication, *USA: The Television Show*. As the decade progressed, Genesis, New World and MTM folded into Twentieth Television; Lorimar, Turner and Telepictures into Warner Bros.; Worldvision and Rysher into Paramount; Group W and ACI into Eyemark; Eyemark into KingWorld; KingWorld and Paramount under the Viacom corporate umbrella; and, just recently, FremantleMedia (formerly Pearson Television) into Tribune Entertainment.

"Although less companies in syndication is a stark contrast to the rising number of broadcast and cable networks, programming a network or a station is about finding an audience; about striking a chord or capitalizing on a trend before other similar-appeal programs clog up the genre," said Walsh. "If you believe in a show, promote it to its fullest and give the audience enough time to find it. Although fragmentation over the last decade—and plenty of it—means that the model is much broader, broadcasting is still the best medium to reach the most people. And while comedy on the networks may seem like less of a priority right now, chances are it's the one genre poised for a comeback. The country could definitely use a good laugh right now." ■

Marc Berman is the author of The Programming Insider, *a daily Web column.*

>> BY THE NUMBERS ... SYNDICATION

Ten years ago, **Wheel of Fortune** (12.9) and **Jeopardy!** (11.5) led the pack in syndication followed by **Star Trek: The Next Generation** (10.3), **Oprah** (9.2) and **Entertainment Tonight** (8.1).

Flash to the present and **Star Trek: The Next Generation** is long gone (it ended in 1993). **Wheel**, **Jeopardy!**, **Oprah** and **ET** remain at the top of the heap, though the ratings are not what they used to be. **Wheel** ended 2000-01 with a 9.7 (down 25 percent from 1990-91), **Jeopardy!** an 8.0 (off 30 percent) **Oprah** (falling 36 percent) and **ET** (slipping 27 percent) tied at a 5.9.

Although Tribune action hour **Andromeda** now holds the top spot among all weekly hours, its 3.1 in 2000-01 pales in comparison to **Star Trek: The Next Generation**. Even **Sally**, which was also around 10 years ago, dipped from a 4.7 (No. 19 overall) to a 2.3 (No. 37). Had **Sally** averaged that same 2.3 one decade earlier, she would have ranked No. 75 for that season. Times have changed!

SEINFELD: COLUMBIA TRISTAR TELEVISION; PAT SAJAK: KING WORLD

THEN AND NOW: **Like that supercharged bunny, some shows keep going and going. (Clockwise from top) Oprah, here with First Lady Laura Bush, keeps chatting; *Seinfeld* is in the lucrative land of syndication; Pat Sajak is still watching the *Wheel*; and *Dallas* is part of TV history.**

Media Person

BY LEWIS GROSSBERGER

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No News is Bad News

LAST WEEK'S TOTAL COLLAPSE OF THE U.S. PRINT MEDIA dealt a harsh blow to the estimated 33 million editorial personnel thrown out of work, but public panic was averted as most major newspapers and magazines were able to continue publishing without staffs.

"Technology is so fabulous these days that my kids and I put the magazine out with a laptop," said *Vanity Fair* editor Graydon Carter, a compulsory source for all industry-trend stories. "We all know that the content isn't as important as the look, anyway."

With advertising revenues plummeting everywhere, many publications had already made heavy staff reductions. But not until last week, when an unprecedented tsunami of gigantic layoffs swept across the nation's newsrooms, did anyone realize the dimensions of the crisis.

"Just get out, all of you"—the poignant words used by a weeping AOL Time Warner CEO Gerald Levin in addressing shocked staffers at *Time*, *People*, *Fortune*, *Sports Illustrated*, *Teen People* and *Pre-Teen Fortune*—were soon echoed by other desperate media executives confronting vast oceans of red ink. Long, pitiful columns of reporters and editors could be seen winding across a desolate landscape, many carrying on their backs their files, their Palm Pilots and whatever meager office supplies they could filch.

With its long tradition of editorial excellence, *The New York Times* was better able to resist the total-layoff trend. "We're proud to have retained a staff of six," asserted publisher Arthur Sulzberger Jr. He said he had been assured that the five who were editors would be able to adequately supervise the sixth staffer, a fashion/lifestyle reporter.

But most publications were not in as solid a financial position as the *Times* and had to make extreme staff cuts. "It was a tough decision," said the CEO of one well-known newspaper/magazine company, "but this situation is so ugly that if I hadn't been able to find a way to effectuate this comprehensive downsizing of personnel, I might've had to cut my own salary."

Experts differed on how the letting go of 99 percent of American journalists would affect the quality of news dissemination in the years ahead. "I could be wrong, but I don't think this is good, people's-right-to-know-wise," said Sherbourne T. Wilkes, a professor of consumer-news trendology at the Newhouse Center of Communications at Syracuse University, whose recent book *Major Trends in Adult Human News Consumption* received high praise from those who did not actually read it.

But William Safire, former *New York Times* columnist, now a media consultant to the Afghan Northern Alliance, disagreed. "There's still plenty of news out there," he said. "You've got TV and radio and foreign newspapers and the Web. Even a newspaper with one employee can grab up all that stuff and do a rewrite or cut and paste. Editors are really good at that, and if you disguise it well enough, nobody notices that you have no reporters yourself."

THE ONLY SECTOR PLEASED WITH THE PRINT CRISIS WAS THE ADVERTISING INDUSTRY, WHICH HAS SEEN NEW OPPORTUNITIES OPENING UP.

A pseudonymous source at *The Wall Street Journal* agreed, saying, "Look, a lot of our really boring stuff in the back nobody ever reads anyway. You know, like, 'Pig-Iron Industry Produces Ten Percent Fewer Ingots In Third Quarter.' So we've just been running the same stories every day. We move 'em around a bit and change the headlines, and you know what? We haven't gotten a single complaint!"

The only sector pleased with the print crisis was the advertising industry, which has seen new opportunities opening up. "A lot of the publications are so desperate for news," said an industry source, "that now they'll run ad copy as news stories. This is something we've been asking for since 1906, but until now they just laughed at us."

The crisis has also begun to extend into the broadcast sector, though so far not as drastically. "We figure we can keep Brokaw on the air for at least another couple of months," said an NBC executive. "After that, we may have to replace him with a crawl."

Particularly hard hit have been one-person online news operations, since these organizations are hard-pressed to find excess personnel to trim. Matt Drudge, operator of a well-known Web site providing sensational and occasionally true headlines to the nation, said he had solved the problem by laying himself off six days a week and coming to work only one. "Also," he said, "I have fired my hat."

Media Person, the beloved if eccentric nonpareil of all media columnists, said he planned to get through the crisis by using only five percent of his energy. "That's my way of reducing costs," he explained. "I'll take in fewer nutrients and be able to save on food bills." Person said he was also considering cutting back on jokes. "They require more exertion than serious writing and besides, they're hard on the kidneys."

If there is any good news in the news tragedy, it is that the reading public remains unaware of any change, according to a poll taken by the Sinister Institute, a nihilist think tank in Washington. "Except for *USA Today* readers," said an inflamed source. "They are still totally pissed about Larry King's column being dropped." ■

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