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Television/Radio Age

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April 1, 1985

Television/RadioAge

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TRUE TO OUR NAME

SOLID GOLD

17 SOLID GOLD Top Recording Artists this season, all with two things in common: Grammy Awards and SOLID GOLD.

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Sheena Easton
Donna Summer
Phil Collins
Andrae Crouch
Herbie Hancock
James Ingram
Chaka Khan
Michael McDonald
Billy Ocean
Ray Parker, Jr.
Stevie Ray Vaughan
Weird Al Yankovic

Thanks to the stars and the stations that make SOLID GOLD a continuing success.

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A Gulf + Western Company

DOMESTIC TELEVISION
AND VIDEO PROGRAMMING

Television/RadioAge

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"The answer is ..."
© 1985 Columbia Pictures Television, a division of CPT Holdings, Inc.

NEW YORK	WPIX	DENVER	KDVR	SPOKANE	KHQ-TV
LOS ANGELES	KTLA	SACRAMENTO	KCRA-TV	JOHNSTOWN	WTAJ-TV
CHICAGO	WGN-TV	HARTFORD	WHCT-TV	TUCSON	KZAZ
PHILADELPHIA	WPHL-TV	PHOENIX	KUTP-TV	LAS VEGAS	KVVU-TV
SAN FRANCISCO	KTVU	PORTLAND, OR	KPTV-TV	BINGHAMTON	WBNG-TV
BOSTON	WLVI-TV	ORLANDO	WMOD-TV	YAKIMA	KIMA-TV
WASHINGTON, D.C.	WDCA-TV	RALEIGH	WPTF-TV	WILMINGTON	WJKA
DALLAS	KTVT	SALT LAKE CITY	KSTU	RENO	KAME-TV
CLEVELAND	WUAB	HARRISBURG	WLYH-TV	BOISE	KTRV
MIAMI	WCIX	GREENSBORO	WGGT	MACON	WMGT
MINNEAPOLIS	KMSP-TV	ALBUQUERQUE	KGSW	FORT SMITH	KHBS
ATLANTA	WATL-TV	FRESNO	KSEE	LAKE CHARLES	KVHP
SEATTLE	KCPQ	JACKSONVILLE	WJXT	MANCHESTER	WGOT-TV
TAMPA	WFTS	OMAHA	TBA	FAYETTEVILLE	WFCT

The question... Who's got Carson's Comedy Classics?

CARSON'S
★ COMEDY ★
CLASSICS

A St. Cloud Corporation Production distributed by

Columbia Pictures Television
A UNIT OF THE Coca-Cola COMPANY

Publisher's Letter

CapCities-ABC aftermath proves broadcast stocks undervalued

The Capital Cities takeover of ABC stimulated the upward curb of virtually all the public-held broadcast companies. It proved conclusively that the broadcast stocks were underpriced. It also dramatized that broadcast advertising rates for both television and radio are underpriced as well. While the pricing of any medium has to operate within the realistics of the marketplace, television offers its unique combination of sight, sound, and color. Radio, too, is like the flood waters. It can be heard in every nook, corner, and crevice of the nation. The advertiser, it can be demonstrated, gets the most for his ad dollars in the adroit use of radio and television.

On the other hand, Wall Street security analysts, with the exception of a handful, just do not know the nuances of the broadcast business. In the past year, because of multi-million transactions, major brokerage houses have belatedly become active in the broadcast arena. Yet, for over a quarter of a century, investments in broadcast stocks have been among the soundest and most productive on Wall Street. Television station revenues have somewhat paralleled that of the Gross National Product over the past two decades. For example, in 1961, the total station sales were less than a billion dollars. The station sales rose to a $10.51 billion, according to TV/ RADIO AGE estimates in 1984. This figure is 12.2 times larger than the 1960 figures. The GNP in that same period rose 7.8 times the 1960 level. Dick Gideon, one of the industry's leading statisticians, did these analyses for TV/RADIO AGE in a year-end review and preview (See December 31, 1984 issue).

Ad sales projections. Gideon's projection of station ad sales estimates a total of $18,375 million by 1990. The projected volume for national spot for 1990 is almost $9 billion with local billings about $20 million less. Because of the additional stations that will have gone on the air in the '80s, local time sales will show the largest percentage increase by the end of the decade.

At one time, network compensation was an important factor in station revenue. In 1961, it accounted for 21.3 per cent of station business, almost as much as local billing, whose share came to 23.1 per cent. This left 55.6 per cent for spot.

In 1983, network compensation accounted for only 5.1 per cent of the station total and by 1990, the TV/RADIO AGE projection, based on Gideon's figures, projects a share of 2.7 per cent. Offsetting this loss are station announcement slots within network programs that are set aside by the networks.

Earnings growth. While most brokerage houses were predicting a moderate earnings growth for the industry in 1985, the stock market, fueled by the Capital Cities/ABC activity, proved otherwise. For example, over a 52-week spread, Cox Communications jumped 21 points and Taft Broadcasting 13 points, Gannett 22 points, and the Washington Post Co. 46 points. Sophisticated investors do not feel that the broadcast stocks will increase at the rate that they have achieved over the past 15 years; however, many buy recommendations are being witheld until the current flurry subsides.

While the networks got off to a slow start, we expect network revenue to increase about 5 per cent in 1985 over the previous year. Any comparison of ABC has to factor in the additional revenues from the Olympics, which totaled about $640 million. Over a three-year period, the revenue of the three networks increased a total of 44 per cent. Last year ABC's network revenue alone increased 30 per cent. What is significant about the strength of network revenue increases is that in spite of the erosion from other areas such as cable, independent stations and VCRs, the projections remain bullish.

S. J. Paul

Tribune Entertainment Company Presents

DEMPSEY & MAKEPEACE

A new action-adventure series.

We knew "Dempsey & Makepeace" had "Hit" written all over it. Now we've got the numbers to prove it.

In its British television premiere, this critically acclaimed new series placed 11th in the week's top 20 shows, outranking even "Dallas" and "Hill Street Blues."

"Dempsey & Makepeace" is a hit. And it gets hotter.

With five episodes aired, the show has averaged a 38 rating and 53 share and consistently ranks among the top 20 in Great Britain.

Now "Dempsey & Makepeace" is ready to hit the U.S. In fact, the entire 1-hour series (with special 2-hour Fall '85 premiere) is already sold in 26 markets.

For more information, call us in New York at (212) 557-7800, in Chicago at (312) 222-4474, in Atlanta at (404) 980-9760 or in Los Angeles at (213) 277-3618.

"Dempsey & Makepeace." It's a hit and it's hot.

Sources available upon request. Dempsey & Makepeace is a production of London Weekend Television.

TRIBUNE ENTERTAINMENT Company

STRAIGHT FACTS ABOUT

Headline Chasers

FACT: **HEADLINE CHASERS** has already been cleared in 105 markets, representing 73% of the country.

FACT: **HEADLINE CHASERS** has been sold to stations representing such prestigious groups as the ABC and CBS O&Os, Post-Newsweek, Gannett, Capital Cities, and Multimedia.

FACT: **HEADLINE CHASERS** is produced by Merv Griffin Enterprises, producer of "Wheel of Fortune," the highest-rated series in the history of syndication and "Jeopardy!," the only successful new syndicated strip this season.

FACT: **HEADLINE CHASERS** is hosted by the proven game show personality, Wink Martindale.

FACT: **HEADLINE CHASERS** is backed by an unprecedented production budget—higher than "Wheel of Fortune" or "Jeopardy!."

FACT: **HEADLINE CHASERS** has been researched extensively, including ASI Theater testing and in focus groups throughout the nation.

FACT: **HEADLINE CHASERS** was created and developed to lead in or lead out of your early evening news, with an incredible amount of cross-promotion potential.

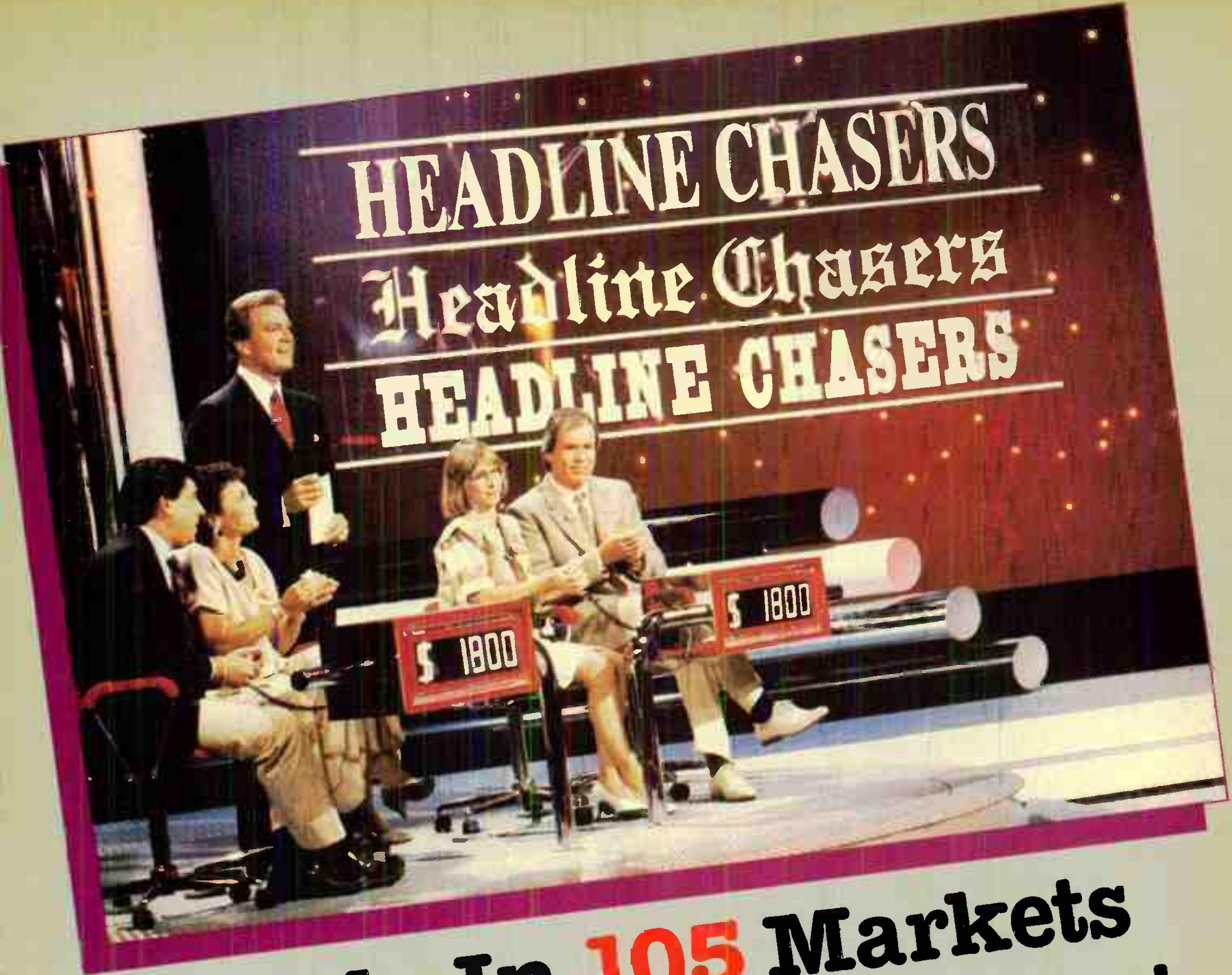
FACT: **HEADLINE CHASERS** will be backed by the biggest and most expensive consumer advertising campaign in syndication history; plus local market contestant searches in regions throughout the country, continuous custom promos for <u>all</u> markets, and King World's exclusive Creative Services Satellite Reel.

FACT: **HEADLINE CHASERS** is being cleared at a record-breaking pace. Call your King World representative now for next season's most promising new show.

PRODUCED BY

MERV GRIFFIN ENTERPRISES

IN ASSOCIATION WITH WINK MARTINDALE, INC.



Already In 105 Markets
Representing 73% Of The Country!

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National Advertising By Camelot Entertainment Sales

Letters

Barter omission

Regarding your article on barter (*Barter booming, spurred by growing national ad support*, March 18), you made a tremendous oversight in not including Worldvision Enterprises, a major supplier of both current and soon to premiere barter programming.

Currently, Worldvision is distributing *The Jackson Five* animated series.

Currently airing on over 130 stations representing 83 per cent of the country, the *The Jackson Five* has been renewed by stations for a second year beginning in May '85.

This fall Worldvision will be premiering two major first-run animated Hanna Barbera productions: a new expanded package of *The Jetsons*, for weekday afternoon stripping, and *The Funtastic World of Hanna Barbera*, a brand new 90-minute concept for Sunday morning.

Now in production are 41 new episodes of *The Jetsons* which will be added to the original 24. *The Jetsons* is currently cleared in 72 markets, 28 of the top 30, representing 65 per cent of the country and is expected to clear at least 70–80 per cent of the country prior to September.

The Funtastic World of Hanna Barbera is a brand new 90-minute concept consisting of three animated half hours: *The Paw Paws*, *The Funtastic Treasure Hunt* and *Galtar and the Golden Lance*. *The Funtastic World of Hanna Barbera* is the first 90-minute block of children's programming produced for local station distribution. *The Funtastic World of Hanna Barbera* is currently cleared in 75 markets, including 27 of the top 30, representing over 70 per cent of the country.

As further evidence that Worldvision is active in the advertiser-supported business, in the first quarter of 1985, Worldvision successfully cleared the *Bobby Vinton Show*, a first-run variety hour, on over 100 stations.

JOHN RIGGIO
Director, creative services,
Worldvision Enterprises Inc.,
New York

Micro explosion

Your recent article on the explosion of microcomputers at television stations certainly did a good of encapsulating the results of our survey (*Micros penetrate TV stations deeply*, February 18). As a follow-up, I thought you'd be interested in some more evidence.

We recently offered to our television station clients a free micro-based course called Microtutor. With it, stations will be able to train their sales, promotion, or programming staffs on almost all they should know about Arbitron Television ratings/surveys; and they can train them in-house, on their own timetable. In the three weeks since we mailed the Microtutor letter, over 150 stations have ordered it, a clear indication that micros will be an inherent part of many training programs.

PIERRE R. MEGROZ
Vice president,
sales & marketing, television,
Arbitron Ratings Co.,
New York

New design

Congratulations on your graphic redesign. It's a tremendous improvement and very smart looking.

BOB WOLD
Chairman and chief executive officer,
Wold Communications,
Los Angeles

Your new format is great!

HOWARD ABRAHAMS
Retail consultant,
New York

Congratulations on the redesigning of your magazine. The new graphics, the typeface and the layout project a bright, contemporary feeling to your readers.

In short: The look of the book comes up to the high standards of the content itself.

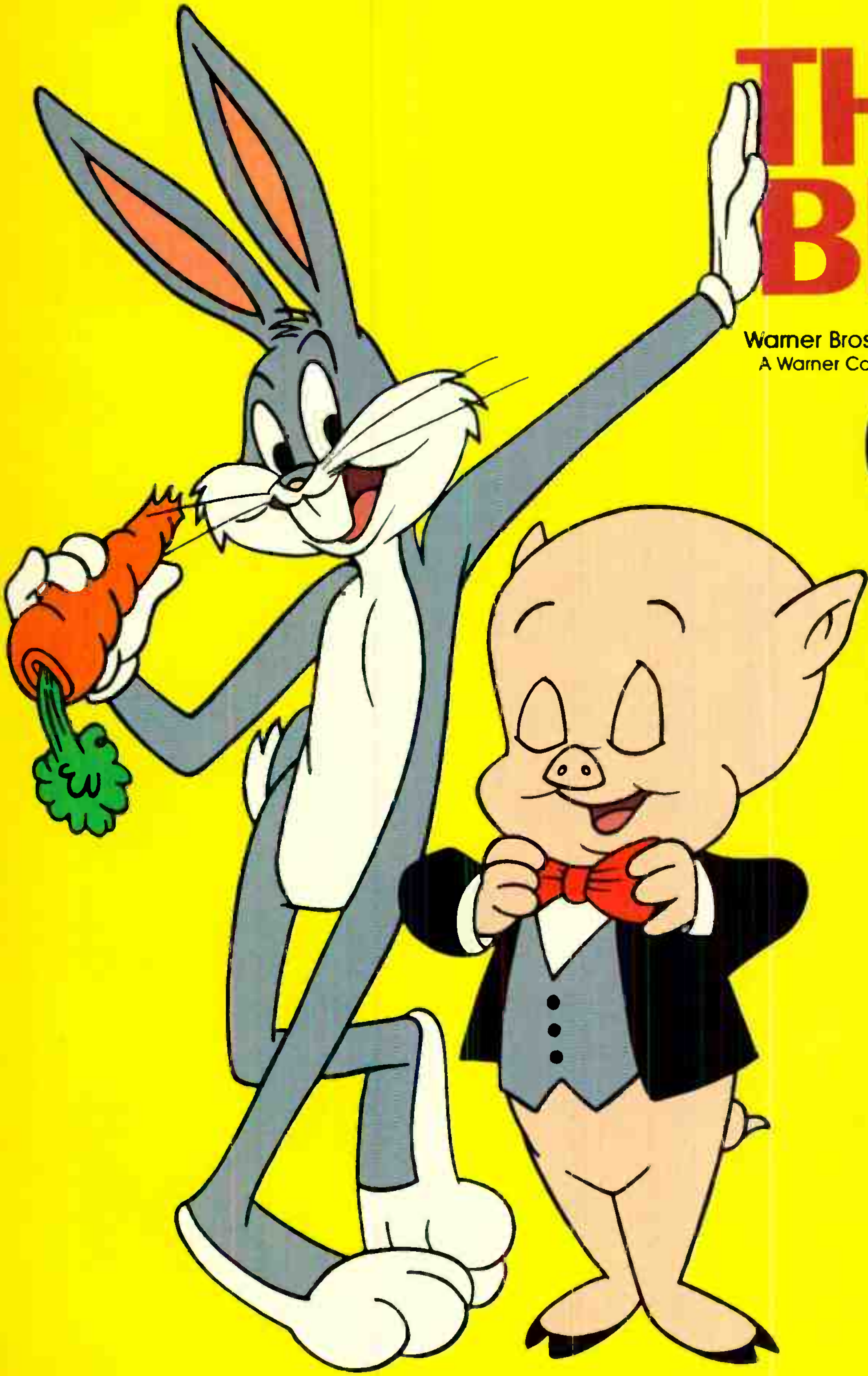
ROBERT M. HOFFMAN
Marketing/Communications,
Westbury, N.Y.

I think your new format is really great. Kudos to the designer who laid out a very attractive, easy-to-read book.

LAWRENCE FRERK
Promotion director,
corporate communications,
A. C. Nielsen Co.,
Northbrook, Ill.

The new look of *Television/Radio Age* is very exciting. Now, your always excellent prose is accompanied by a visual image that complements it very well.

LLOYD VENARD
San Diego



LOOK WHAT'S HAPPENING NOW!!

49 Markets

NEW YORK	WNEW-TV	TAMPA	WFTS	NORFOLK	WYAH
LOS ANGELES	KTLA	ST. LOUIS	KDNL-TV	ALBANY	WUSV
CHICAGO	WFLD-TV	DENVER	KWGN-TV	GREENSBORO	WGGT
PHILADELPHIA	WTAF-TV	SACRAMENTO	KTXL	RICHMOND	WWBT
SAN FRANCISCO	KBHK	BALTIMORE	WBAL-TV	LITTLE ROCK	KLRT
BOSTON	WLVI-TV	INDIANAPOLIS	WRTV	MOBILE	WALA-TV
DETROIT	WKBD-TV	HARTFORD	WTIC	JACKSONVILLE	WTLV
WASHINGTON, D.C.	WDCA-TV	PHOENIX	KUTP	TUCSON	KPOL
DALLAS	KTVT	PORTLAND, OR	KPTV	COLUMBIA, S.C.	WLTX
CLEVELAND	WCLQ-TV	CINCINNATI	WXIX-TV	CHARLESTON, S.C.	WCBD-TV
HOUSTON	KHTV	KANSAS CITY	KZKC	SAVANNAH	WTOC-TV
PITTSBURGH	WPGH-TV	NEW ORLEANS	WGNO-TV	BINGHAMTON	WMGC
MIAMI	WTVJ	GREENVILLE, S.C.	WLOS-TV	WILMINGTON	WJKA
MINNEAPOLIS	KMSP-TV	OKLAHOMA CITY	KGMC	MACON	WGXA
ATLANTA	WGNX	BIRMINGHAM	WBRC-TV	FAYETTEVILLE	WKFT
SEATTLE	KCPQ	MEMPHIS	WMC-TV	WENATCHEE	KCWT
		HARRISBURG	WPMT		

What's Happening Now!!

22 all new, first-run episodes

Columbia Pictures Television
A UNIT OF THE Coca-Cola COMPANY

in association with LBS Communications, Inc.

Sidelights

Matisse nights

Though Meredith Corp., a diversified media company that includes, among other units, seven TV stations, two radio outlets and *Better Homes and Gardens*, owns no medium as such in New York City, it generates a lot of revenue and fields some key sales forces in the Big Apple.

This explains the considerable effort put into its latest cultural exhibition sponsorship, the second year in a row it has shouldered such a responsibility.

The exhibit, "The Drawings of Henri Matisse," is now on view at the Museum of Modern Art and will remain there until May 14.

As part of the sponsorship, Meredith has spun off a schedule of five evening "entertainment events" at the museum for its customers and employees. On February 27, the evening before the exhibit opened to the public, the company held a preview for its corporate clients. On March 11, *Better Homes and Gardens* was host to advertisers and agencies.

March 18 was the evening for the broadcast crowd (see photo) and March 25 was employees night. The final private evening event will take place April 15 for the BH&G book publishing operation and real estate service.

Last year, Meredith sponsored an exhibit of illustrated manuscripts from the Renaissance at New York's Morgan Library.

Next year its effort will be at the Metropolitan Museum of Art, where it will sponsor something called "In Pursuit of Beauty: Americans and the Aesthetic Movement."

The Matisse exhibit represents the first comprehensive survey of that artist's drawings in New York, consisting of 150 works, nearly a third of which have never been on public view before. Additional support for the New York showing came from the Bohen Foundation and the National Endowment for the Arts. The exhibition was organized by art historian John Golding for the Arts Council of Great Britain. It opened last fall at the Hayward Gallery in London.

Present at a special reception *held by Meredith Corp. at the Museum of Modern Art in New York City in conjunction with the company's sponsorship of an exhibition of Henri Matisse's drawings are, l. to r., Tony Malara, pres., CBS Television Network; Roy Danish, dir., TIO; Jim Conley, sr. vp, Meredith Corp., Dick De Angelis, vp and gm, KPHO-TV Phoenix; Bill McReynolds, pres., Meredith's Broadcast Group, and Gary Scollard, ch., MMT Sales.*

Weighing anchors

Mayor Ed Koch of New York isn't the only one who asks, rhetorically, "How am I doing?" Periodically the networks and the stations ask their audiences directly or indirectly to evaluate their on air anchors.

Talentbank, Ltd., a television news personnel and information data base company, headquartered in Fairfax, Va., thinks it has found the key to that evaluation.

In an analysis of late evening newscasts on network affiliated stations in the top 50 television markets, it found news anchor seniority to be a key factor in the success or failure of a news program.

"Generally speaking, the station with the senior news team is the station with the best rating," says John Bobel, Talentbank Ltd., president. Arbitron rating data from the November, 1984, survey period, were used in making the evaluation.

In the top 50 markets, 39 stations which are Number 1 in the late night ratings have the anchor with the longest tenure in the marketplace. In co-anchor situations, it is the tenure and the audience acceptance of the dominant anchor member which is important.

In many cases, Talentbank found, a strong anchor has had several co-anchor pairings over the years, but the station has maintained rating dominance.

Today, in terms of the news presenters themselves, personality is one of the key factors which can affect the newscasters' overall success," says Bobel. "This is not to say that content and production of the news program is unimportant, but that the newscasters' personality and presentation plays a major part, along with content and presentation, in ratings success and viewer acceptance of the newscast."

Report on satellites

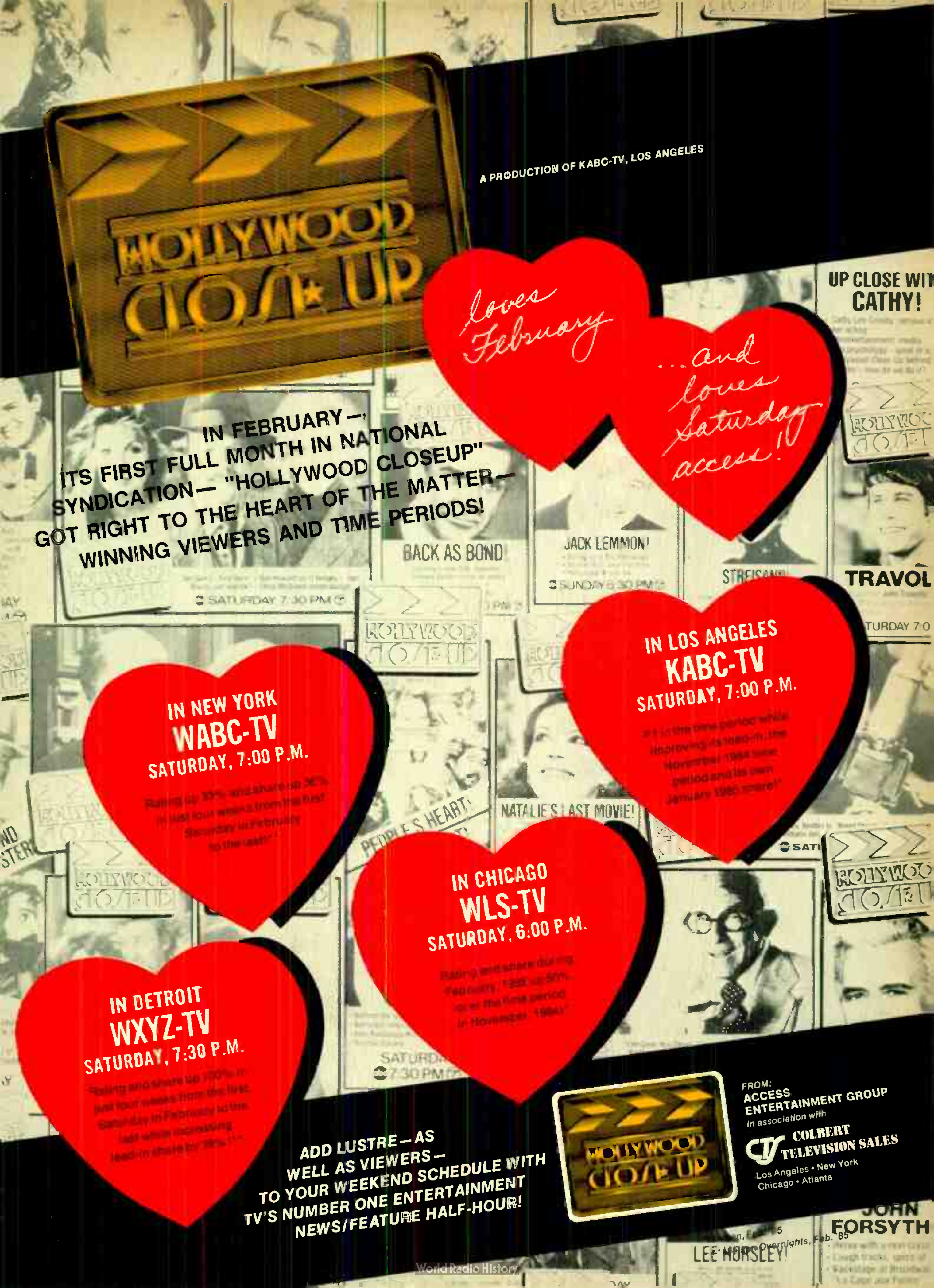
Companies that are looking to blast off commercial communications satellites may have a hard time in getting financial support in the years ahead. That's the conclusion drawn by a study, *World Satellite Systems Scoreboard and Forecast—1985*, conducted by Communications 21 Corp.

According to the report, which was penned by Dr. Robert Filep, veteran satellite industry analyst, a total of $9 billion may be required to construct and launch as many as 183 satellites between this year and 1990.

The author declares that money will be difficult to obtain for some companies because space investment dollars that previously went to communications satellite ventures are now going on developing newer space ventures, such as space stations.

Also, competition for investment dollars will sharpen because of the "growing number of different kinds of satellites being designed . . ."

Overall, however, he sees the worldwide communications satellite industry remaining healthy through the end of the century, although "signs over the past year suggest that some initial plans and projections may have to be revised." According to some estimates, as many as 418 communications satellites may be launched by the year 2000, reflecting an investment of $25 billion in space seg-


A PRODUCTION OF KABC-TV, LOS ANGELES
HOLLYWOOD CLOSE UP
loves February
...and loves Saturday access!
IN FEBRUARY—
ITS FIRST FULL MONTH IN NATIONAL
SYNDICATION— "HOLLYWOOD CLOSEUP"
GOT RIGHT TO THE HEART OF THE MATTER—
WINNING VIEWERS AND TIME PERIODS!
IN NEW YORK
WABC-TV
SATURDAY, 7:00 P.M.
IN LOS ANGELES
KABC-TV
SATURDAY, 7:00 P.M.
IN CHICAGO
WLS-TV
SATURDAY, 6:00 P.M.
IN DETROIT
WXYZ-TV
SATURDAY, 7:30 P.M.
ADD LUSTRE—AS
WELL AS VIEWERS—
TO YOUR WEEKEND SCHEDULE WITH
TV'S NUMBER ONE ENTERTAINMENT
NEWS/FEATURE HALF-HOUR!
HOLLYWOOD CLOSE UP
FROM:
ACCESS
ENTERTAINMENT GROUP
In association with
COLBERT
TELEVISION SALES
Los Angeles • New York
Chicago • Atlanta

Sidelights
Continued

ment alone, the report notes.

Also examined in the 67-page report are investment requirements, various kinds of satellites and marketing factors relating to comunications satellites. And the report features a listing of all non-defense communications satellites launched since 1965 and those which are planned for launch through 1999.

Copies may be obtained from Communications 21 Corp., Redondo Beach, Calif. A single-price copy is $399.99.

Artistic 'realist'

Symon Cowles, who left ABC after some 22 years of service and launched his own company, Cowles + Co., is a realist. Not only in terms of the business enterprise he set up as a financial opportunity but also because his major avocation is as an artist following the realist school of painting thought. Cowles has been exhibiting his paintings for a long time in both galleries and one-man shows. About three years ago, for example, the artist-in-residence made some excellent sales—27 paintings, at a one-man show that racked up between $500 and $2,500 per painting.

Because of his new business, Cowles says he may have less time for painting than previously, but he's hoping to get some time in, nonetheless, for working on canvas. As to Cowles + Co., it's a strategic marketing communications organization designed to serve the entire entertainment industry (he also has motion picture advertising experience) as well as marketers of other services, products and goods. Specifically, the new company will offer the full spectrum of services: TV advertising and promotion, TV on-air, promotion, film and tape design and graphics, sales and corporate presentations, logos and identity programs, corporate and product promotion and annual reports and corporate brochures. The list goes on and on.

Despite a new business, Symon Cowles is hoping to get some time in working on canvas.

Cowles and his art

In the marketing services area, Cowles + Co. will do analysis, planning production and advise on creative matters, including expressing solutions in form and content that are compatible with the clients' objectives.

As to Cowles' credits, they consist of holding not only executive jobs at ABC, where he was vice president, creative services, but also as director of advertising and promotion at Metromedia Television Stations Division from 1959–63. He did a stint before that at Warner Bros. Pictures. At ABC he was responsible for advertising, on-air promotion, sales development, art and conference planning departments, from 1976 through 1983. Before that, Cowles directed the advertising, promotion and public relations efforts of the ABC-owned stations division.

He has offices set up in Glen Ridge, N.J., New York and Los Angeles.

STAYING POWER!

1985-86

The Joker's Wild

9th FIRST-RUN SEASON

1985-86

TIC TAC DOUGH

8th FIRST-RUN SEASON

Why try the untried? Statistics prove that most new game strips fail in their first season. Get on board with — or come back home to the — two shows that have been winning time periods year after year in all day parts.

DAY TIME

CINCINNATI
WCPO-TV
9:30 A.M.
"THE JOKER'S WILD'S"
5 rating/20 share represents an eye-popping 82% share increase over last year and a 43% leap over its own Nov '84 share.*

NEW YORK
WOR-TV
2:30 P.M.
"TIC TAC DOUGH"
ups Gotham indie's Feb. '84 time period share a solid 44% and provides strong support for game show block.**

WASHINGTON, D.C.
WJLA-TV
9:00 A.M.
"TIC TAC DOUGH'S"
6 rating/23 share in the ayem and a whopping 92% share increase over last year is giving #1 "Donahue" fits.*

EARLY FRINGE

BALTIMORE
WMAR-TV
4:30 P.M.
"THE JOKER'S WILD"
almost triples Feb. '84 time period share, providing hefty audience flow into early news block.*

NORFOLK
WVEC-TV
4:00 P.M.
Locked in #1 rating tie and #1 in women 18-49, **"THE JOKER'S WILD"** makes station the only market affil to increase its share over Feb. '84.*

WEST PALM BEACH
WPTV
5:00 P.M.
"TIC TAC DOUGH'S"
10 rating/28 share lifts it to a powerful #1 in the time period as well as among women 18-49 and 25-54.**

ACCESS

PHILADELPHIA
WPVI-TV
7:00 P.M.
"TIC TAC DOUGH"
is an unapproachable #1 where it almost doubles "Entertainment Tonight's" rating and share and more than doubles "People's Court."*

SEATTLE
KING-TV 7:30 P.M.
"TIC TAC DOUGH" is solid #1 in time period thanks to a 25% increase over "Entertainment Tonight's" lead-in share.**

GREENVILLE/ SPARTANBURG
WLOS-TV 7:00 P.M.
"TIC TAC DOUGH'S"
17 rating/27 share represents a 23% increase over its lead-in and makes it #1 in the time period and among women 18-49/25-54.**

from BARRY & ENRIGHT PRODUCTIONS

NO TIME PERIOD RESTRICTIONS AND NO TIE-INS!

COLBERT TELEVISION SALES
Los Angeles • New York • Chicago • Atlanta

*Nielsen, Feb. '85
**Arbitron, Feb. '85

SLEEP

TIGHT.

No one likes to pass by a human being cursed by bitter cold and beaten by despair.

Neither should a big city TV station.

For KYW-TV 3, the "homeless" situation wasn't a community ascertainment matter.

It was a human issue that just had to be dealt with head on.

That's why we went beyond the usual series of news features, program specials, editorials and public service announcements.

KYW-TV's Project Homeless Fund was created-- a non-profit public charity that continues to raise money to help shelter, feed, clothe and care.

Our unique capacity as a television station is helping to bridge the gap between problem and solution for the "homeless" in our own hometown by bringing the issue to the attention of viewers, corporations and community organizations who also want to help.

And we'd like to believe that one of these nights, everyone will sleep tight because of it.

KYW-TV 3 GROUP W

PHILADELPHIA, PENNSYLVANIA

Tele-scope

CapCities/ABC merger: The impact, results, choices The medium is the message.

As soon as the news of the Capital Cities takeover of ABC came crackling over the Dow Jones wire at 10:36 a.m. on Monday, March 18, the word spread like grass fire within the industry. The financial writers and analysts got busy. The next morning *The New York Times* devoted almost as much space—over 30,000 words—as it did for the invasion of Grenada. *The Washington Post*, the *Chicago Tribune*, and the *Los Angeles Times* devoted several columns to the merger. ABC's press department held a picture-taking session where 40 television, newspaper and magazine photographers were grinding away. The Associated Press moved reams of copy to over 1,500 newspapers and 4,000 radio stations. The evening news of the three networks led off with the merger story.

By contrast, the Gulf Oil takeover by Chevron last fall, a $13 billion transaction, was handled in a rather routine matter on the financial pages and on business broadcasts. This proved conclusively that any news

Thomas S. Murphy

Leonard H. Goldenson

that has to do with the subject of media gets top billing. The major newspapers across the country including the *Wall Street Journal* followed up their initial reports on the ABC take-over with identifying the players and their backgrounds and who was likely to control the network. These reports were followed by cover stories in *Business Week*, *Newsweek*, and *Time*, and major stories in *Fortune* and *Forbes*. Overnight, Thomas S. Murphy, chairman and chief executive officer of Capital Cities Communications was thrust into national prominence.

Over the ceiling. The news sent other broadcast stocks soaring amid Wall Street speculation on which properties Capital Cities would sell, since the union of the two companies put Capital Cities/ABC over the FCC's regulatory cap of a 25 per cent ceiling on TV households. Here is the way the stations stack up in their percentage of household coverage, according to Arbitron data and factoring in the 50 per cent UHF discount for Tampa and Fresno:

Per cent TV households

ABC		*Capital Cities*	
New York	7.72	Philadelphia	2.97
Los Angeles	5.13	Houston	1.69
Chicago	3.55	Tampa-St. Petersburg	0.60
San Francisco	2.42	Hartford-New Haven	0.94
Detroit	1.94	Buffalo	0.72
ABC TOTAL	20.76	Raleigh-Durham	0.69
		Fresno	0.23
		CAPCITIES TOTAL	7.84
		GRAND TOTAL	28.60

Therefore, if the combined company were to sell Hartford-New Haven, Buffalo, Raleigh-Durham and Fresno, it would cover 26.08 per cent of the country. If Tampa-St. Petersburg and Hartford-New Haven were retained, and Detroit was sold along with Buffalo, Raleigh-Durham and Fresno, the total would be 25.02 or only two hundredths of one per cent over the 25 per cent restriction. The first move Capital Cities may make is to file for a waiver with the FCC on the overlap between WABC-TV New York and WPVI-TV Philadelphia. There is, however, a precedent for this situation since CBS owns both WCAU-TV in Philadelphia and WCBS-TV in New York.

Of the five owned ABC stations, Detroit was the lowest in earnings. New York was first with a net of approximately $55 million, Los Angeles second with a net of $50 million, Chicago third with a net of $25 million, San Francisco fourth with a net of $21 million and Detroit fifth with a $9 million net.

Big net. The estimated net for the six Capital Cities TV stations is approximately 55 per cent of gross revenues. It breaks down approximately this way: WKBW-TV Buffalo, $8 million; KFSN-TV Fresno, $6 million; WTNH-TV Hartford-New Haven, $12 million; KTRK-TV Houston, $51 million; WPVI-TV Philadelphia, $50 million, and WTVD(TV) Raleigh-Durham, $8 million. All of these stations are ABC affiliates with the exception of Raleigh-Durham and Fresno, which are CBS. KTRK-TV, under the management of Kenneth M. Johnson, had the highest share of audience of any ABC affiliated station in the top 50 markets, according to the TV/RADIO AGE analysis of the Arbitron sweep of last fall. WPVI-TV under Lawrence J. Pollock, president and general manager, has been the dominant station in Philadelphia for several years.

There is another aspect of the FCC cross-ownership regulations that further complicates the deal, but which Capital Cities is confident can be solved. For example, the divestiture of WXYZ-TV Detroit would allow the company to retain WJR and WHYT(FM) in Detroit. On the other hand, it will have to sell KZLA-FM in Los Angeles as well as WPAT-AM-FM in Paterson N.J.-New York, since ABC owns AM and FM stations in those markets.

Seed planted. Actually, while the ABC and Capital Cities merger heated up over the past few weeks, the seed was planted three years ago at an ABC meeting

TOM BROKAW

Off Camera

On being an anchorman:

"I love what I'm doing — who wouldn't? There's no heavy lifting, the hours are good, the pay is excellent. But the truth is, of my three titles – Anchorman, Managing Editor of NBC Nightly News, and Reporter — the one that means the most to me is Reporter. You can't be effective as an anchor unless you get out from behind the desk.

"I didn't get into journalism to put on make up and read out loud. If television hadn't been invented I'd be working as a newspaperman. I like being a reporter. I'm still excited when I get on to a good story. I like going face to face with people trying to smoke something past the public. I want to see events first hand, get the smell and feel of what's happening. There's nothing quite like it. And if you bring those same instincts to the anchor job, well, I think it shows."

On television news:

"I know of no more patriotic group than television journalists. But we're not mindless cheerleaders. One of the great strengths of this country is its ability to acknowledge and deal with its errors, its mistakes. Our role is to tell the truth about what, in fact, is going on. Sometimes the truth is elusive. Sometimes truth, like beauty, is in the eye of the beholder. So we work hard, very hard, to know all the facts before we go on the air.

"At the same time, people can't get all they need to know in this complicated world from television alone. They must read books, good newspapers and quality magazines, listen to the radio, talk to their neighbors, go beyond what information is easily available. That's the best check on any potential abuse of power."

On deciding what's news:

"People often ask, 'How do you decide what to put on?' Take Ethiopia. When we took the satellite feed, the room came to a standstill. People could hardly take a breath. A lot of people began to cry. I knew it had to go on that night, no matter what it replaced. NBC News

has been given a lot of credit for first broadcasting that story. The fact is, that story put itself on the air.

"And we're staying with it. The response is overwhelming – relief organizations write to thank us for the flood of contributions. That's a payoff for a journalist. We're not in this business to close up shop at the end of the day and forget about it. We like to feel we make a difference in people's lives."

On "bad news" and "good news":

"Sometimes what we report is painful and people say 'You guys only tell us the bad news.' Well, check any totalitarian country. You hear only 'good news.' Our great strength is the courage to hear all sides. Sure, we want people to be excited by achievement – space shots or triumphs of justice or medical breakthroughs. But shouldn't they also hear about malnutrition in America? Shouldn't they be outraged by what big money can get done in Washington?"

Personal notes:

"A friend of mine refers to the Brokaw Lucky Star. It's always up there, he says. He's right. I am very lucky. I was raised by hard working, honest parents who shared with me the traditional values of this society. They believed in the American dream but they believed it would be realized only if you worked hard and played fair. And, boy, nothing bothered them more than someone faking it or trying to be a big shot.

"Twenty-three years ago I found one way to guarantee that would never happen to me. I married Meredith – smart, independent, talented and she even laughs at my jokes. She keeps me focused on what's really important in this life.

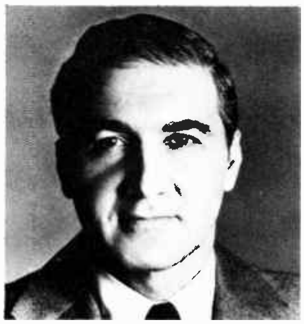
"You know what I wish could happen to every man in America? An experience like mine — living with four women like Meredith and our three teenage daughters. That's the most instructive part of any man's life. Don't talk to me about what women can't do. They can do anything. Yeah, I've been lucky. And I am very grateful."

in Phoenix according to Tom Murphy. In an informal conversation, Fred Pierce, ABC president, suggested to Murphy that should the 7-7-7 Rule be repealed, that ABC and Capital Cities should talk seriously about a merger. In a TV/RADIO AGE interview with the four horsemen—Murphy, Leonard Goldenson, ABC chairman; Daniel B. Burke, Capital Cities President and COO, and Pierce, the day following the merger announcement, it was stated that it made sense to move on the merger after the 12-12-12 Rule went into effect.

"It was a perfect marriage of two companies with a reputation for integrity and professionalism in the business. The synergistic aspects of the assets of both companies buttressed each other," said Pierce. As to the divestiture, "Whatever steps are necessary to satisfy the FCC will be taken," Murphy added.

As far as the cable holdings are concerned, Murphy said they would probably sell these systems, but possibly hold on to the systems that total 90,000 subscribers, in accordance with FCC regulations on network ownership. Murphy acquired the cable systems three years ago from RKO General in a $125 million transaction. At the time, he was queried by security analysts as to whether this was a good buy.

Daniel B. Burke



Frederick S. Pierce

His answer was that it was a fair price. (There has been some speculation in Washington that the FCC might relax the rule on network ownership of cable.)

'Stronger hands.' When Goldenson was asked as to why the company was being sold at this time, he replied wistfully, "There comes a time when stronger hands should take over and that time is now."

When Murphy was asked whether he would make some economies in ABC's operations since Capital Cities is noted for efficient and tight management, he replied that the history of Capital Cities acquisitions is that of highly decentralized autonomous subsidiaries.

Pierce added that, "ABC has been tightening its operations over the past several months to maximize our efficiency to increase profitability." Pierce also remarked that after the acquisition of ESPN the total personnel of ABC did not increase.

Goldenson will come out of the deal with approximately $45 million, as a result of his holdings of 376,593 shares of ABC. Pierce's holdings of 20,000 shares translates to about $2.5 million, while Michael P. Mallardi, executive vice president and chief financial officer, holds 9,900 which amounts to about $1.2 million. Elton Rule, former chief operating officer of ABC and former vice chairman of the board of the ABC, Inc., holds 91,297 shares, which amounts to roughly $11 million. The top 80 middle management executives will share approximately $80 million as a result of the ABC's restrictive stock bonus plan.

Blair is rep. All of the Capital Cities television stations are represented by Blair Television. This relationship goes back over a quarter of a century to the first Capital Cities station, WTEN(TV) Albany, when the late Frank Smith organized the company. As each additional station was acquired, Blair was appointed national representative.

This association was an important factor in the growth and expansion of Capital Cities in a period when national spot sales represented about 75 per cent of a TV station's total billing. At one point, two decades ago, Blair represented all five of the ABC-owned television stations.

First Boston was ABC's financial advisor. Murphy's unofficial advisor and friend was a remarkable individual—Omaha-based Warren Buffett, who is a substantial investor in media stocks. He is fondly remembered by Grinnell College, a small, excellent but troubled liberal arts institution in Iowa, which turned to Buffett for help. Buffett, through the broker Howard Stark, bought WDTN-TV Dayton for the college for $11.1 million in 1976. He sold it on behalf of the college four years later to Hearst for $50 million; the college endowment was $40 million richer.

Through his Berkshire-Hathaway Co., Buffett provided over $517.5 million in equity through the purchase of Capital Cities treasury stock. As a result, he will own 18 per cent of the merged company and will be a member of the board as well as the largest stockholder. If Tom Murphy can sell the excess properties to conform with FCC regulations, for between $800 million and $1 billion, he will have picked up a company that grosses $3.7 billion for about $2 billion. Of course, the deal has to go through the tortuous route of the FCC, but Murphy has been through those shoals before.

ABC Broadcast Group. The week before the merger was announced ABC had made some news of its own with a reorganization within the ABC Broadcast Group, coming in the midst of a disappointing primetime television season.

The restructuring, in effect, brought Anthony D. Thomopolous, president, ABC Broadcast Group, more directly into the program decision-making process by having Lewis H. Erlicht, president of ABC Entertainment, report directly to him. In order to make this workable, two other executives were moved into positions where they could relieve Thomopoulous of many day-to-day operational activities. These two appointments:

- Mark H. Cohen, senior vice president, ABC, Inc.,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became executive vice president of the ABC Broadcast Group. He will serve as Thomopoulous' deputy in coordination of each operating division. Reporting directly to him are Broadcast Operations and Engineering, Finance, Marketing and Research Services and Administration.

■ Mark Mandala, president, ABC Owned Television Stations, became president of ABC Television. He will have responsibility for the ABC Television Network and will continue to have overall accountability for the owned stations.

In other related moves: George H. Newi, vice president and general manager, ABC Television Network, was promoted to president, ABC Television Network, succeeding James E. Duffy, who was named to the new post of president of communications/broadcast; Dennis Swanson, vice president and general manager, WLS-TV Chicago, succeeded Mandala as president of the ABC Owned Television Stations; Joseph Ahern, station manager of WLS-TV, succeeded Swanson; and John C. Severino, who had been president of ABC Television, was named a senior vice president of the Owned Television Stations division, reporting to Swanson.

There were also some other new appointments within the ABC Owned Stations Division. Walter K. Flynn, who had been vice president and general manager, ABC Television Spot Sales, was named vice president and general manager, sales & marketing for the Owned Stations Division; and James J. Allegro was promoted from vice president, finance and administration, to vice president, operations, of the Owned Stations division.

NBC, affiliates news swap

NBC and 14 of its Texas affiliates have become partners in creating an experimental news coverage system designed to increase local and network news coverage throughout the state. The project, "The Region One News Exchange," is based in Dallas and requires that regional news material be shared among members for broadcast in their news programming. Under the plan, the news bureaus at the NBC affiliates will transmit selected news stories to Dallas via Western Union's Texas Video System, an intercity microwave network, while others will use airplanes and ground transportation.

The stories are then recorded and sent via microwave to Western Union's Cedar Hill earth station, then fed via satellite to each member.

Networks gain most in '84

Network television experienced the largest growth rate in 1984 among commercial TV's three segments, according to the Television Bureau of Advertising. Its revenues reportedly rose 21 per cent to $8.5 billion from $7 billion in 1983. Meanwhile, local advertising sales gained 17 per cent to $5 billion from $4.2 billion while national and regional spot increased 13 per cent to $5.5 billion from $4.8 billion (For more details, see tables, page 116).

These figures are projected from Broadcast Advertisers Reports data from the top 75 markets. For these markets alone, local was $3.485 billion in 1984, compared with $2.979 billion in '83, while spot gained to $4.164 billion from $3.676 billion. Procter & Gamble continued as the largest advertiser on both network and spot, increasing its spending 13 per cent on network to $412.7 million and 4 per cent on spot to $239.3 million.

Network results. TvB/BAR estimates show ABC-TV with the highest network revenue—$3,236,236,300, compared with $2,828,211,000 for CBS-TV and $2,490,869,900 for NBC-TV. ABC revenue was the lowest, though, in the fourth quarter. For all three networks, the biggest percentage gainer among dayparts was weekday early morning, increasing 27.9 per cent to $187,880,600 from $146,945,300. Next was nighttime, Monday–Sunday, up 24.3 per cent to $4,554,216,100 from $3,663,039,400. The only decline was in Saturday/Sunday early fringe, down 7.4 per cent to $170,709,400 from $184,262,000.

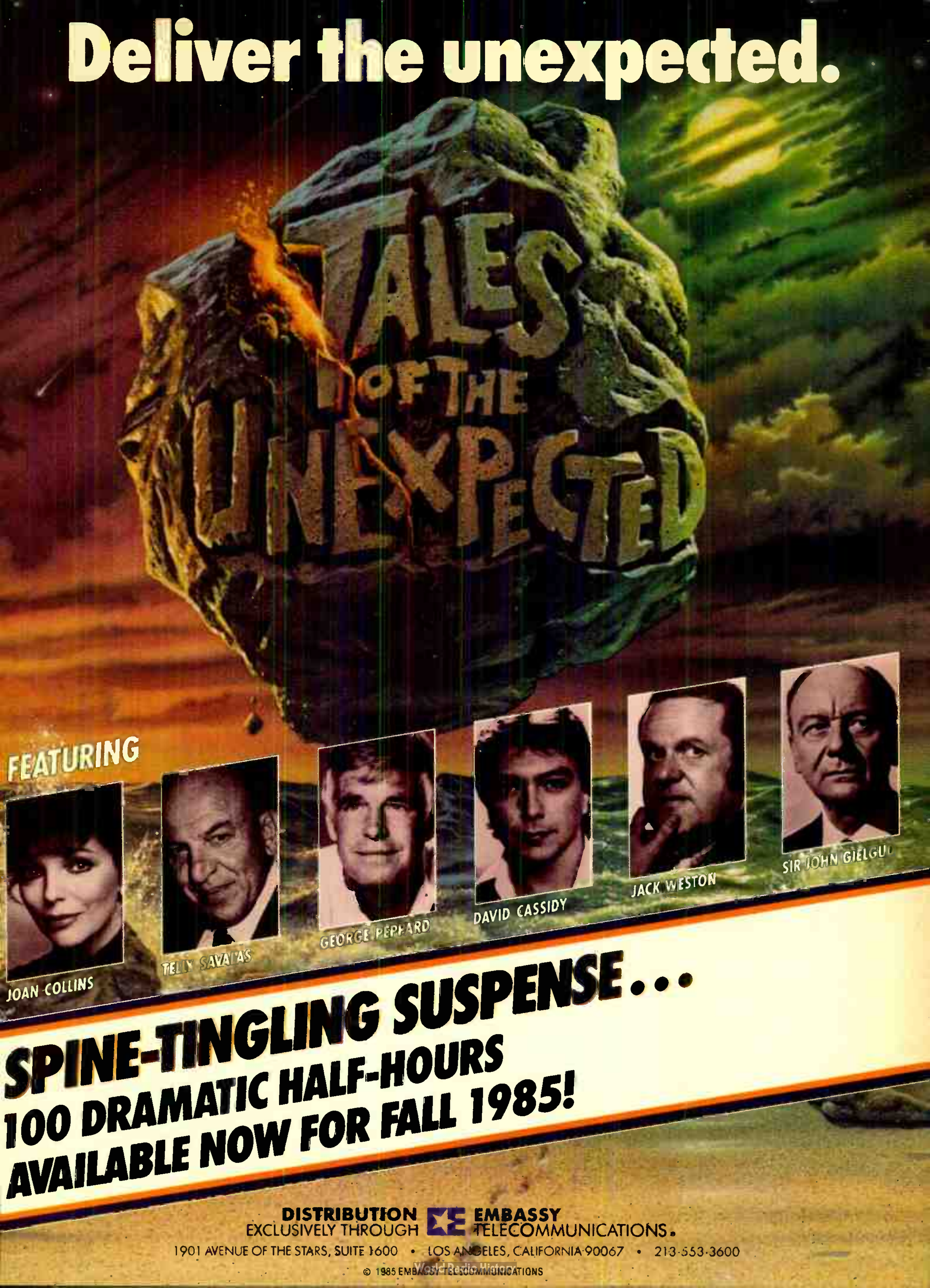
Leading growth category on network TV was consumer services, up 73 per cent; followed by restaurants/drive-ins, 65 per cent; building materials, 55 per cent; and sporting goods and toys, 46 per cent. McDonald's Corp. showed the largest network spending gain at 101 per cent, to $162,462,300 from $80,930,900.

Spot television. Daytime saw the largest gains in national and regional spot, up 20.6 per cent to $912,867,600 from $756,632,600. Late night grew the least, rising 9 per cent to $807,901,000 from $741,172,200.

Categories growing the most in spot expenditures were household furnishings, 44 per cent; sporting goods and toys, 40 per cent; automotive, 37 per cent; horticulture, 32; and travel, hotels and resorts outside the U.S., 32. The most significant gains in spot spending were from Nissan Auto Dealers Association, up 82 per cent to $33,515,000; and Ralston Purina Co., up 77 per cent to $35,450,700.

Local television. Categories growing the most on local television were medical and dental services, 51 per cent; automobile dealers, 49 per cent; and education services, 39 per cent. Much slower were local media, which grew only 6 per cent; and specialized local stores (such as music stores and jewelry stores), 5 per cent.

McDonald's, the top local advertiser, while showing the largest gains in network among the top 25 advertisers, was down 13 per cent in its local expenditures—to $91,487,900 from $105,024,400. Meanwhile, its hungry rival put a whopping 68 per cent more on the broiler: Pillsbury Co.'s Burger King, as the second largest local spender, plunked down $83,220,800, compared with $49,538,900 in 1983.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TV Business Barometer

January local biz up 12.6% over '84

Despite the flat January for spot TV, local TV billings surged ahead during that month. The local increase was 12.6 per cent, but the increase was really even better than that since January, '85, was a four-week Standard Billing Month (SBM), as against five weeks for January, '84.

As noted in the last *TV Business Barometer*, only a minority of stations report on the basis of the SBM—less than 30 per cent in the January returns. In addition, a few stations report on a calendar month basis for local and via the SBM for spot. Further, stations reporting on an SBM basis tend to be smaller stations, so their billings represent much less than 30 per cent cited above. Still, the SBM stations have an effect on the figures, even if minor.

Local billings in January were $265.7 million, compared with $236.0 million in 1984. This compares with $296.4 million for spot in January, which was down 0.1 per cent.

The poor performance of spot will do nothing to advance the cause of trying to overcome the traditional spot TV doldrums during the first month of the year. The reps have been trying for years to sell the advantages of the medium in January by pointing out that viewing audiences hit a peak at that time and yet there are plenty of station availabilities at advantageous prices.

January's performance this year cannot be blamed on a very good previous January, since the first month of '84 was only 9.2 per cent ahead of January '83.

The average month represents 8.3 per cent of the full year, but last year January spot was 6.3 per cent of the 12-month total. During the four previous years of the '80s, the January ratio was as follows: 1980, 6.0; 1981, 5.7; 1982, 6.2; 1983, 6.4. A TV/RADIO AGE study covering a dozen years (1962 to 1973 inclusive) of *TV Business Barometer* revealed an average spot ratio of 6.4 per cent in January (see December 31, 1984, issue with story on station ad sales).

Small gets smaller

This year's January local figures show that the smaller stations had the smallest increase, a reflection of the pattern in recent years. The larger stations had the best January performance, though they did not turn in the best growth record last year, when the medium-size stations placed first in percentage increases during eight months out of 12.

Meanwhile, network compensation in January did better than most recent months with a 5.0 per cent increase. That brought the station take for the month to $34.1 million. This was 5.7 per cent of total time sales plus network comp. In 1984, the ratio was 5.8.

Local business +12.6%

(millions)
1984: $236.0 **1985: $265.7**

Changes by annual station revenue

Under $7 million	+6.3%
$7–15 million	+8.0%
$15 million up	+14.5%

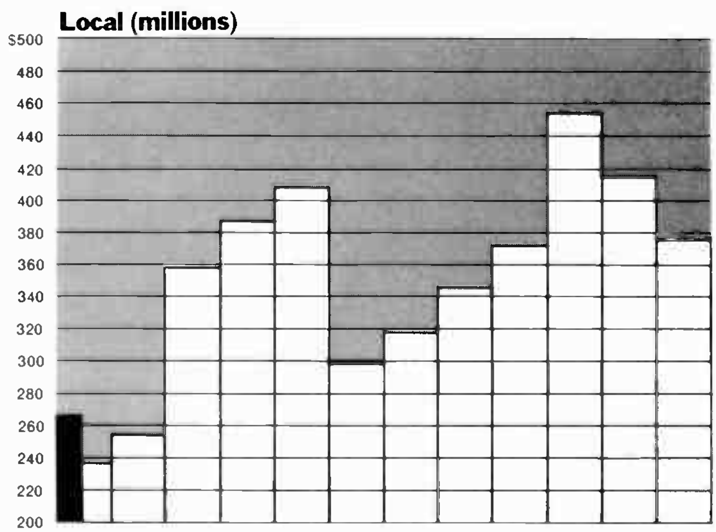
Network compensation +5.0%

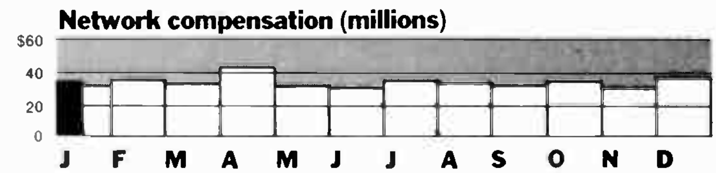
(millions) **1984: $32.5** **1985: $34.1**

Changes by annual station revenue

Under $7 million	+3.5%
$7–15 million	+6.1%
$15 million up	+5.1%

January





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★ Dudley Do Right
★ Devlin
★ Picture Pages
★ Wheelie & The Chopper Bunch
★ Valley of the Dinosaurs
★ Inch High, Private Eye
★ Uncle Waldo
★ Space Kidettes
★ Young Samson
★ Sealab 2020
★ King Leonardo

dfs PROGRAM EXCHANGE

*Source: Nov. '83—July '84 ARB Syndicated Program Analysis

Radio Report

Where P&G dollars go

Details of Procter & Gamble's growing spot radio investment, which jumped from about $2.8 million in 1983 to $3.5 million last year (see story, page 56) show that close to half of it, over $1.7 million, backed brands in the cosmetics and toiletries category, with Scope mouthwash and Crest toothpaste being the biggest beneficiaries. Other P&G brands in this category using spot radio last year were Head & Shoulders, Secret and Sure deodorants and Prell shampoo.

The estimated $1 million spot radio outlay P&G made for its paper product brands was shared by new Always Maxi Pads and Luvs disposable diapers. P&G brands splitting the more than $500,000 the company placed in spot for soaps, cleansers and detergents included Down to Earth, Tide, Oxydol, Zest and Spic'n Span. Soft drinks accounted for a little under $200,000 of P&G's spot radio dollars, most of them going for Orange Crush and the rest to Squirt Pak.

Jan. web revenue up 12.7%

Network radio revenues could top $300 million this year, to make 1985 the biggest sales year in the medium's history, says Radio Network Association president Jack G. Thayer. The higher estimate, along with higher actual figures for 1984, were both boosted by adding revenue reports from four more networks to the six-network company base previously used.

This raises last year's network radio revenue total from $267,439,055 to $287,981,910. And January, 1985, network radio sales for the 10 network companies now reported reached $17,627,925, against $15,636,998 for these 10 networks last January, for a gain of 12.7 per cent. The revenue figures are compiled by the Ernst & Whinney accounting firm, now based on sales data from the ABC Radio Networks; CBS Radio Networks; Mutual Radio Network; NBC Radio Networks; RKO Radio Networks; Sheridan Radio Network; Satellite Music Network; Transtar Radio Network; The United Stations Radio Network; and Westwood One Radio Networks.

Set sales set new record

Radio set sales to dealers continue to break records with the level for 1984 reported at a new high of 84.8 million by the Electronic Industries Association. Ken Costa, vice president for marketing information at the Radio Advertising Bureau, says that's an increase of 21.4 per cent over the 69.9 million sets sold in 1983, also a record at the time. He says last year's radio set sales out-performed sales of television sets—20.9 million TV sets sold—by a margin of four to one.

According to the EIA data, sales of AM-FM sets increased by 91 per cent to 77.6 million, and sales of home models climbed 81.6 per cent, led by portables, to a new high of 69.2 million sets. Almost 60 per cent of all units sold to dealers last year contained only radio receivers, and 40.2 per cent of the units combined radio receivers with tape players, stereo amplifiers or TV receivers.

Fast food radio dollars up

Pillsbury, with $11.9 million placed for its Bennigans and Burger King subsidiaries, was the biggest investor among the top 20 fast food restaurant chains that increased their use of spot radio advertising 36.5 per cent last year, according to Radio Expenditure Reports. Pepsico, putting up almost $8.8 million for its Taco Bell chain, and Ralston Purina, placing $7.9 million for Jack-in-the-Box restaurants, were the second and third biggest spenders in the group.

As a group, says Kenneth J. Costa, vice president for marketing information at the Radio Advertising Bureau, the 20 increased their spot radio investments from $64.1 million in 1983 to $87.9 million last year. An RAB analysis of the RER data indicates that 17 of these top 20 fast food operations raised their radio budgets, and three cut their spending. Five of the 17, says Costa, more than doubled their 1983 spot radio investments.

Biggest percentage jumps were recorded for Horn & Hardart's $1.8 million for Bojangles restaurants, up 417.2 per cent from 1983, and Saga Corp.'s $2.3 million for its Church's chain, an increase of 408.4 per cent over 1983. Other big percentage jumps were registered for Dunkin' Donuts, up 289 per cent to nearly $1.5 million; Pepsico's Taco Bell, up 145 per cent to almost $8.8 million; Marriott, up 103.4 per cent to $1.4 million for its Roy Rogers and Big Boy chains; and Chick-fil-A, up 93.8 per cent to $1.1 million.

Truckers listen longer

Some 60 per cent of America's truck owner-operators and their drivers listen to radio four hours a day or more, according to the new survey conducted by Marquest Media Services of Beauort, N.C., for a number of clients. The clients include Eastman Radio, some of the all-night clear channel radio stations Eastman represents, WWL New Orleans, and several ad agencies, including Ogilvy & Mather and The Marschalk Co., and the National Association of Truck Stop Operators.

The survey covers truckers' expenditures for various products and time spent with other media. And results are broken out according to whether the respondent was a truck owner or an employee-driver. The sample of 1,028—631 owner-operators and 397 employee-drivers—says Marquest, represents an estimated U.S. total of some 650,000 truckers, of whom some 247,000 are owner-operators. Respondents were interviewed, in person, at 20 truck stops from Pennsylvania and West Virginia to New Mexico and California and a dozen other states in between.

Spending data. Some 74 per cent of the owner-operators interviewed reported spending between $1,001 and $4,000 a year on truck tires and 47 per cent spent between $101 and $500 a year on truck batteries. Between "$500 or less" and $3,500 a year for miscellaneous repair parts is laid out by 65 per cent of owner operators, and 61 per cent spend between $15,000 and $44,999 a year for diesel fuel.

The survey also covers truckers' annual investments for motor oil, other fluids and additives, filters, windshield wiper blades, flaps and decorative items, trucking insurance, which money transfer services they use, and purchase of items from radios and tape equipment to brakes, transmissions and radar detectors.

Some 23 per cent of the owner-operators, for instance, reported buying radio or tape equipment for their truck cabs during the past year.

Back on the media end, the Eastman all-night stations and WWL New Orleans registered some respectable seven day cumes for the all-night midnight to 5 a.m. time period among the trucking fraternity. The most serious media competition to radio was neither television nor any form of print, but listening to audio tape cassettes.

Against the 60 per cent of truckers who listen to radio four or more hours a day, 60 per cent reported watching television less than two hours daily, and 74 per cent spend less than one hour a day reading newspapers. But 31 per cent said they spend four hours or more a day listening to audio tapes or records.

RAB launches co-op hookup

The Radio Advertising Bureau's new electronic co-op network, with co-op plans of some 8,000 manufacturers in its data base, has emerged successfully from test market and the bureau kicks off marketing the service to its 4,000 member stations this month. Initial target is to sign up 500 stations to go on line with the service by April '86.

The network, operated by TextLink, Inc., of Vienna, Va., was tested from November 15 last year to January 15 by 120 radio stations and RAB executive vice president Wayne Cornils considers the testing phase "extremely successful, since all of the stations involved in the test want to stay with the service." RAB regional personnel will be training station people to use the system. The bureau charges a $100 fee to join and 50¢ a minute for connect time. Usage time at the test stations ranged from one to three hours a month.

One satisfied customer who explains how it works is Paul Bernstein, co-op account exec at Group W's all-news WINS New York. According to Bernstein, the average agency he calls on "may know of only half a dozen co-op opportunities in a category. But I can press a couple of buttons on my computer the day before our visit and turn up a couple of hundred—including the latest changes as each supplier makes them in his own plan."

Summer survey adds Dallas

Dallas-Fort Worth becomes the 13th market scheduled for inclusion in Arbitron Radio's 1985 summer survey, June 20 to September 11. Some 260 radio markets are measured in Arbitron's spring sweep, 130 are surveyed each fall, and 25 markets get Arbitron's winter report.

But though only 13 will be surveyed this summer, Rhody Bosley, Arbitron Radio vice president, sales and marketing, says that summer "is the second strongest sales quarter for many radio stations." Most recent market added to the summer survey before Dallas-Fort Worth was Seattle-Tacoma. And Sacramento and Portland, Ore., were added to Arbitron's winter measurement within the past six months.

Sees radio appeal renewed

Newsweek examines the "renewed popularity" of radio in its March 25 issue and concludes that it has occurred in large part because of the contemporary hit radio (CHR) format. According to the magazine, radio is "winning back" such advertisers as General Electric, Chrysler and General Motors.

However, says the newsweekly, radio's "renewed success" has been accompanied by a "glut of new stations." *Newsweek* notes that big markets such as New York and Los Angeles have long been "overcrowded," but worries that the same situation is spreading to smaller communities.

The magazine discovered that radio's appeal to advertisers was due to its ability to target specific audiences and its low cost relative to TV. The article also pointed out that radio's costs have risen much slower than TV's.

Successor to Thayer sought

Jack G. Thayer, who was appointed president of the Radio Network Association last August, will be stepping down from the post because of his recent illness, and a search committee has been appointed to interview prospective successors. In the meantime, Tom Dawson, who has been managing the association's affairs, will continue to do so. The search committee consists of Nick Verbitsky, RNA vice chairman (United Stations); Dick Penn, secretary-treasurer (NBC), and Ed McLaughlin, past chairman (ABC). Present RNA chairman is Dick Brescia (CBS).

Radio Business Barometer

Spot in January climbed 17.1%

After winding up the year with a loud bang (December billings were up 23.8 per cent), spot radio started off '85 with a modest bang. It was, at least after adjustment for the Standard Billing Month (SBM), a higher percentage rise than '84 as a whole.

January spot radio billings were $37,747,000, as against $40,287,000 in January '84, according to Radio Expenditure Reports. But January of '84 was a five-week SBM, this past January was a four-week SBM. Adjusting '84 downward, therefore, generated a comparable figure of $32,229,600.

As a result, January, '85, was up 17.1 per cent over the previous year. As noted, this was higher than '84 as a whole, last year being up 15.3 per cent to a total of $818,009,200. This total is based on rep commissionable billings.

Four of the top 10 markets did particularly well in January, two showing percentage increases in the 30s and two in the 20s. None was down, though Washington was up only 2.2 per cent.

The big jumps were in Detroit, up 39.3 per cent; San Francisco, up 38.9 per cent; Boston, up 28.7, and Houston-Galveston, up 28.4.

There was a big gap between Houston-Galveston and Chicago, the next-ranking market, which rose 11.8 per cent. The Windy City was followed by Los Angeles, up 10.8 per cent; Dallas-Ft. Worth, up 10.2; New York, up 8.5, Philadelphia, up 7.8, and Washington, of course, tailing.

The top 10 markets overall pulled in $14,688,000 in January, a rise of 17.5 per cent. They accounted for 38.9 per cent of the spot radio total for the month, a typical, if not an average figure (it was 39.1 per cent in '84).

Among the four market groups tabulated by RER, the smaller markets (51-plus) turned in the best performance. They were up 23.4 per cent to $9,447,000.

As for the other two groups, markets 11 through 25 were up 12.6 per cent to $7,788,600, while markets 26 through 50 climbed 13.2 per cent to $5,863,400. Thus, the top 50 markets accounted for about 75 per cent of all spot radio business.

In line with '84

This is very much in line with last year's performance. In 1984, the top 50 markets accounted for 75.3 per cent of the spot radio's commissionable total as reported by RER. The top 50 total was $614,791,000 out of the previously-noted overall total of $818 million.

The four market groups tabulated by RER were remarkably even in their growth last year, the gap between the lowest and highest percentage increase being about two points. The top 10 markets rose 14.7 per cent; the 11-to-25 group, 15.1 per cent; the 26th-to-50th markets, 14.6 per cent, and the 51-plus group, 16.7 per cent.

National spot +17.1%

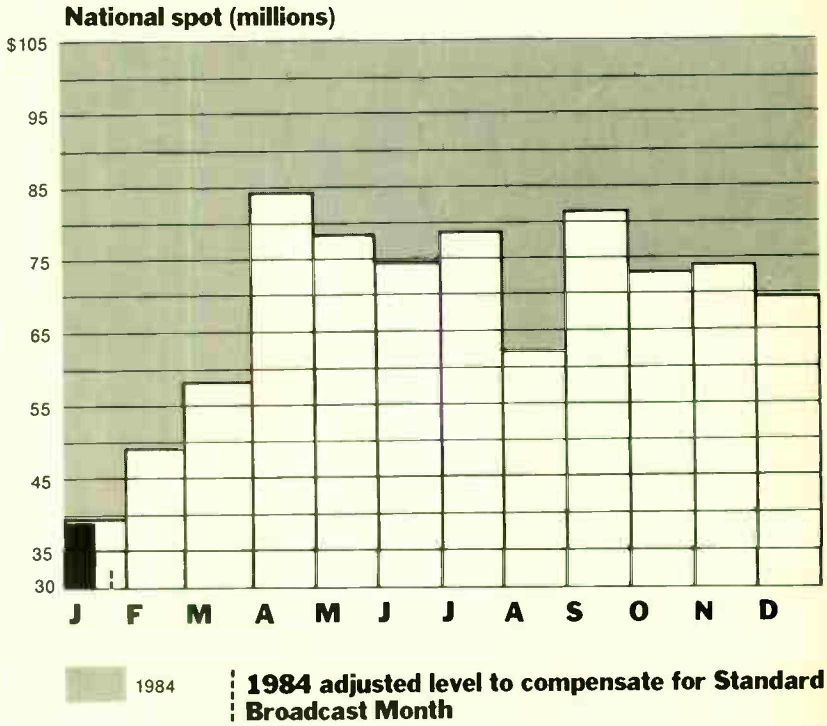
(*millions*) **1984: $40.2** **1985: $37.7**
1984 adjusted: $32.2

Changes by market group

Market group	*Billings (mils.)*	*% chg. 85-84*
1–10	$14.6	+17.5%
11–25	7.7	+12.6
26–50	5.8	+13.2
51+	9.4	+23.4

Source: Radio Expenditure Reports

January



THAT'S INCREDIBLE! PREMIERED ON KTLA LOS ANGELES AS A 7:30PM STRIP THE WEEK OF MARCH 18, 1985.

Now...

The highest rated strip on KTLA.

•

Just one rating point out of 1st place in its time period.

•

Boosting the time period's rating by 33%.

THAT'S INCREDIBLE!

165 half hours of incredible entertainment
An Alan Landsburg Production

MCATV

Source: Los Angeles NSI March 18-22 1985. Subject to qualifications on request.

MAJOR BROADCAST MEETINGS, SEMINARS AND CONVENTIONS 1985*

Apr. 14–17	National Association of Broadcasters, Convention Center, Las Vegas April 15, 1985 Issue
Apr. 20–25	MIP TV International, Cannes Television/Radio Age International April Issue
May 5–8	ABC-TV Affiliates Meeting, New York Hilton April 29, 1985 Issue
May 8–15	The Golden Rose of Montreux International Program Contest, Montreux April 29, 1985 issue
May 12–15	NBC-TV Affiliates Meeting, Century-Plaza, Los Angeles May 13, 1985 Issue
May 12–15	Broadcast Financial Management Conference, Chicago May 13, 1985 Issue
May 19–22	CBS-TV Affiliates Meeting, Fairmont Hotel, San Francisco May 13, 1985 Issue
June 2–5	National Cable Television Association, Las Vegas Convention Center May 27, 1985 Issue
June 2–8	Banff Television Festival, Banff, Alberta, Canada May 27, 1985 Issue
June 6–9	Broadcaster Promotion & Marketing Executives Association, Hyatt Regency, Chicago May 27, 1985 Issue
Aug. 4–7	CTAM Annual Convention, Fairmont Hotel, San Francisco August 5, 1985 Issue
Sept. 11–14	National Radio Broadcasters Association and National Association of Broadcasters Radio & Programming Conference, Dallas Convention Center September 2, 1985 Issue
Sept. 11–14	Radio Television News Directors Association, Nashville Opryland September 2, 1985 Issue
Sept. 30–Oct. 4	The London Market, Gloucester Hotel, London Television/Radio Age International October Issue
October	MIFED, Milan Television/Radio Age International October Issue
Oct. 7–11	MIPCOM, Cannes Television/Radio Age International October Issue
October 16–18	Music Video Festival of Saint Tropez Television/Radio Age International October Issue
Nov. 11–13	Television Bureau of Advertising, Hyatt Regency, Dallas November 11, 1985 Issue
Nov. 22–26	New York World TV Festival, New York November 25, 1985 Issue
Dec. 5–7	Western Cable Show, Anaheim, Calif. November 25, 1985 Issue

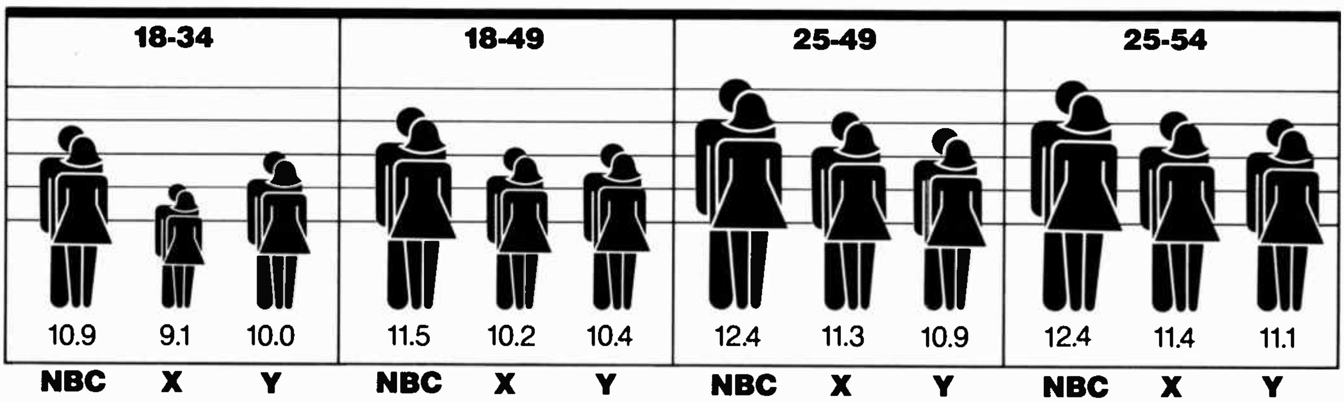
* Television/Radio Age will have coverage and bonus distribution at these meetings.

What's America Coming To?

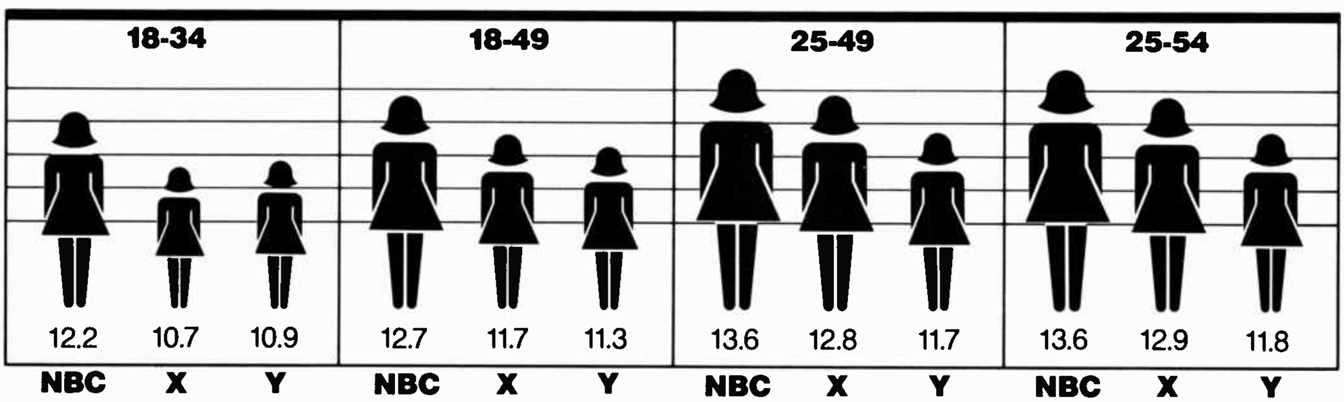
To NBC.

OUR INVESTMENT IN QUALITY PRIMETIME

Adults

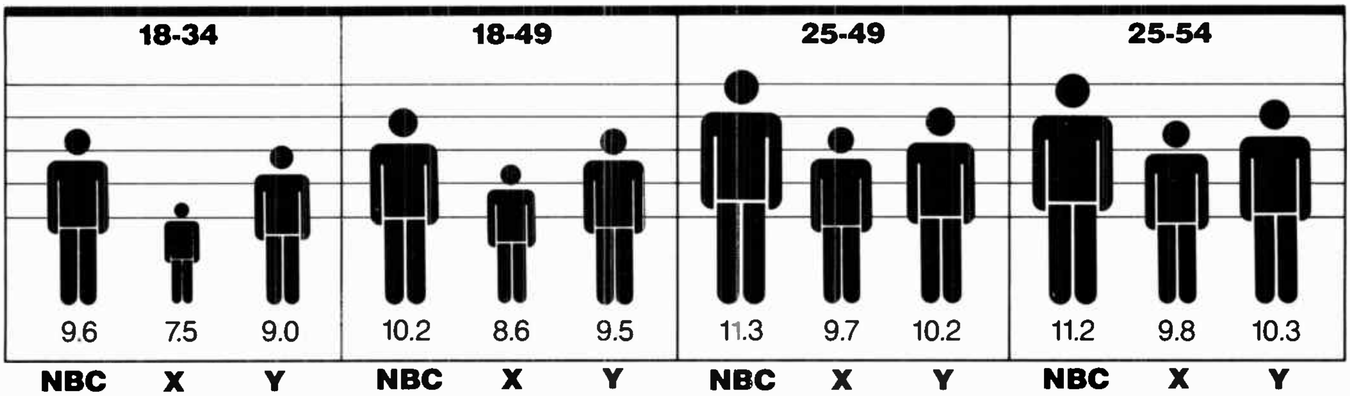


Women

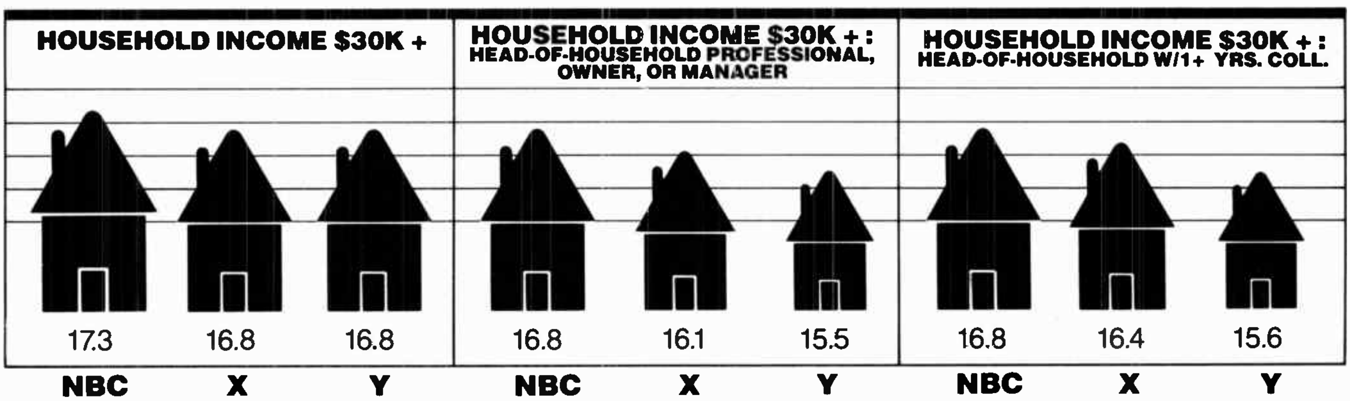


PROGRAMS IS PAYING DIVIDENDS.

Men



Households



SOURCE: NTI Age/Sex data based on regularly scheduled network series Sept 24, 1984-Feb 24, 1985.
Household income data NAD Network Prime Time average Oct, Nov. Dec 1984.
Audience and related data subject to qualifications available on request.

Look at Washington's top three now!

WDVM	7/21
5 WTTG	**7/20**
WJLA	7/20
WRC	6/17

America's Number One Independent is closing in on Washington's Number One Station!

In February, Channel 5 was the only Independent in the country to beat one affiliate, tie another for second and move within one share point of first place, Sign On to Sign Off.

SOURCE: Arbitron February 1985, ADI Share Sign On/Sign Off. Data are estimates only and are subject to the qualifications contained in the reports quoted.

5
WTTG
METROMEDIA

And we did it Independently!

5151 Wisconsin Avenue, N.W. Washington, D.C. 20016 Represented by Katz Independent Television

Television/Radio Age

April 1, 1985

Audience erosion, sports problems, syndication seen spurring new attitude

Atypical ad deals getting warmer TV web reception

BY ROBERT SOBEL

Longterm deals and other types of unusual arrangements between the three television networks and major advertisers regarding advertising buys are on the rise, although an outright explosion in their numbers is held unlikely. Instead, what is foreseen by both network and ad agency sources is ongoing activity in variations of the traditional methods of doing business.

What is important, however, is that the networks, which have basically shied away from non-traditional deals with advertisers, seem now to be more willing to be open to such arrangements. Two of the more recent examples, the Block Drug Co. multidaypart arrangement with CBS, and the American Home Products multiyear deal with NBC, which expires in about a year, are considered noteworthy developments and harbingers of new or similar buying methods to come.

Basically, the future for multiyear deals, which is not an altogether new concept, and for multidaypart arrangements, which have rarely been tested previously, is limited. Obviously, they have to be advantageous to both the advertiser and the network. And such deals have to fit the needs of both simultaneously, albeit for different reasons. Further, sources note, such deals are limited in growth depending on the marketing strategy of the advertiser and are of consequence mainly to advertisers with multiple brands.

While the networks deny it, observers see their more flexible attitude as a natural evolution, stemming from the continuing network audience erosion, the softening of the sports dollar and ratings and apprehension over the growing distillation of the network ad dollar into syndication.

Mutual benefit

In any event, what apparently is making such arrangements as AHP's and Block's work is that they are beneficial to both the networks and the advertisers. Advertisers see longterm arrangements as helping to offset escalating prices, especially in primetime, and locking up a large number of

The Block-CBS deal enables the network to move a portion of the client's purchase to another daypart without notification, in exchange for lower CPM rates.

Martha Raye in commercial for Block's Polident

Robert Igiel *of N W Ayer feels a multiyear deal can work for tonnage, but, overall, "you can do better in the open market."*

primetime daypart positions. Networks, on the other hand, see them as a means of securing inventory over the longterm, while helping to build and maintain a strong and enduring relationship with the advertiser, which may amount to big ad bucks.

AHP-NBC deal

In the AHP-NBC deal, which began several years ago and was renewed for three years, running through the first quarter of 1986, new negotiations have already gotten underway for what is said to be a two-year agreement involving about $900,000 annually. The present arrangement reportedly is for $250 million over the three years. However, another player, ABC, is getting into the act, and is bidding for the AHP buy as well.

Jake Keever, vice president, sales, at ABC was unavailable for comment. With two networks vying for AHP ad dollars, AHP appears to be in the driver's seat, and is expected to demand that a substantial part of its buy be placed in primetime, in addition to having smaller portions spread to all other dayparts. Also, it's said, AHP is seeking a guaranteed cost-per-1,000.

In multidaypart arrangements, the advertiser generally benefits by an increase in primetime slots, while the network has the advantage of moving a portion of the buy into some unsold programs. The Block-CBS deal enables CBS to move a portion of the client's purchase to another daypart without notification, in exchange for lower cost per-1,000 rates. The present pact runs until the fall, with a one-year renewal likely, if the arrangement works out for both parties.

Jerome Dominus, vice president of sales at CBS, believes that the Block deal is working satisfactorily for both factions, although he declines to talk about whether a similar deal with Block would be repeated for next season. "Block has enjoyed some very attractive rates as a consequence of the arrangement, and we have been able to take advantage of the schedule flexibility that they have granted us. We have been able to rearrange some inventory with them, which was beneficial to us."

Alec Gerster, executive vice president, director of media and program services at Grey Advertising, agency which handles Block, says the client is "certainly going to end up with a better cost-per-1,000 than they would have had if they purchased the time on a traditional daypart-by-daypart basis. It's Block's willingness to live with a certain flexibility to move money from daypart to daypart, which made it a good value for both Block and the network."

Varying conceptions

Assessments from other key agency buyers on both deals taken separately and together reveal varying conceptions.

Paul Isacsson, Young & Rubicam's executive vice president, director of broadcasting says that apparently the CBS-Block deal is of benefit to Block, which hasn't been able to spend much money in primetime in the past. They have small budgets, and they have always been opportunistic in their advertising methods, he says. All of Block's brands are involved in the CBS deal, including Polident, Promise toothpaste and Tegrin medicated shampoo.

Regarding the AHP deal, Grey's Gerster sees two basic problems. "First, in order for an agreement to be reached on a multiyear basis, the advertiser has to have demonstrated a consistency in advertising, which not many advertisers can show.

"Also, an advertiser is negotiating against the network sales force's optimistic look at what they believe they can get, as opposed to what the marketplace is really saying they will get."

It's reported by Ogilvy & Mather that most published predictions foresee a rise in cost-per-1,000s of 8–10 per cent for 'night network' and 12–15 per cent for daytime, with cost increases not appearing to moderate as normally expected in a post-election and post-Olympics year.

Tom Winner, senior vice president, director of broadcast operations, at William Esty, notes that both AHP and Block are very cost-conscious, so that the type of programming in which the ads run is less important than the fact that they can get a low price.

"For that type of advertiser, such esoteric negotiations make sense. Other clients have other objectives, such as putting in the commercial in the appropriate environment and to reach a specific demographic, normally somewhat upscale. To buy like that you have to be very program specific.

Controversial shows

"Also important is that when the ads run, all the advertisers want is a certain number of impressions, and which are probably more than they would get in the traditional fashion. But there are certain programs which may be hard to swallow, such as one that may be upcoming on ABC about male rape. If it ever gets to the air, you will see American Home or Block Drug in that show."

At NBC, Bob Blackmore, senior vice president, sales, says that the AHP deal represents an ongoing relationship by the network with the advertisers over many years and, Blackmore adds, he would like to continue it in some way. The multidaypart buy has worked well for both, he says. "They have products that cross all dayparts, and I assume we and they will want to continue." Blackmore says he's willing to pursue other or similar arrangements with other advertisers but not to the point where they don't make sense.

"We are open to arrangements with other advertisers, and we are here to sell product.

"If someone can show me something which will work for both sides and is of mutual benefit, I'm open to anything with anybody at any time. You need a certain number of these kinds of multidaypart deals to fill in the gaps when there is a problem in inventory, but you don't want to fill your schedule with such arrangements."

Blackmore adds that what makes the network business work is a mix of

Bob Geis *of Wells, Rich, Greene sees deals like those of Block and AHP as "perhaps putting a cap on the spiraling inflation rate."*

brands available for TV exposure. "There are thousands of brands, so that if a few have a problem in sales, others may have a different problem. But if you have enough people in the pot, you can always turn a negative into a positive. We don't have the ability to manufacture something, but we do have a finite amount of inventory in the various dayparts, so maintaining a balance in that inventory is very important. And you need enough of a mix of certain advertisers to make it work for the other advertisers as well."

Blackmore says that it helps other advertisers following the more traditional buying methods because a one-product advertiser's problem can be offset by the multibrand advertiser, who can be the backup on a moment's notice.

CBS' Dominus also notes that the network is open to finding additional advertisers who would give the network the flexibility involved as well as give the advertisers the benefits of an enhanced efficiency. "We are telling the advertiser we put a value on the flexibility, and they are entitled to the benefits from that value."

The Block situation, Dominus continues, represents one specific case which was innovative and worked. "I don't know what the next innovation will be; hopefully we or the advertiser will come up with it, in which case we would be receptive to it."

Past frustrations

But several of the agency buyers reveal that they had tried in the past to work out longterm or other types of arrangements, but met with little success. Richard Kostyra, senior vice president, media director at J. Walter Thompson USA, says that the agency has talked about multidaypart deals and about bulk buying and all kinds of different facets. But, he adds, nothing materialized because there were disadvantages involved either on one side or the other. JWT has, however, made some multiyear deals in the past.

At Young & Rubicam, Isacsson, who once wore a top network sales hat at CBS, says the agency has approached the three networks three or four times over the past year regarding multiyear deals, but the webs have indicated they are not looking for such arrangements, because the networks couldn't find incentives to support them.

NBC's Blackmore says that the network has entertained similar arrangements to Block's with other advertisers over the years, but that nothing materialized because either one side or the other didn't believe the arrangement proposed was feasible. "Each side has to feel it will benefit them before we or the advertiser come to any agreement." All in all, Blackmore continues, discussions apart from the regular buying procedures are ongoing between the networks and the advertisers, vis-a-vis ways to buy inventory on the advertiser level.

Blackmore notes that similar arrangements with advertisers such as Block and others would not work because the demos these advertisers are seeking don't fit into the NBC mold. "Block needs a little bit of an older audience, and we skew younger. *Miami Vice*, for example, is number 64 out of 65 shows but yet it is among the top 10 in young people. Therefore, it's one of the most valuable shows in television, but Block couldn't touch that show.

"CBS has a different kind of audience and, obviously, does very well with it. We have a different type of audience and we hope to do well with them. We wouldn't be in conversations with Block, because we don't have the kind of audience they want."

Curbing inflation

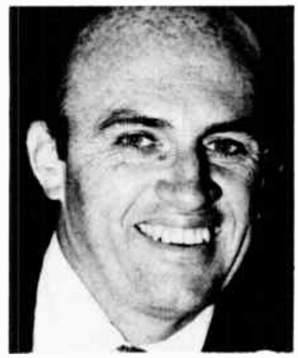
Bob Geis, senior vice president, media director at Wells, Rich, Greene, sees the Block and AHP deals as reflecting a desire on the part of the advertisers to find ways to negotiate television differently and "thereby perhaps putting a cap on the spiraling inflation rate. These two efforts are ways of doing that—making longterm deals which not only have audience delivery guarantees but also help fight costs. So advertisers are looking for these types of advertising positions to control the costs. The economic inflation rate is single-digit but many advertising budgets are not increasing in proportion to network television inflation rates."

In the end, Geis believes, the industry will see more advertiser-network ties, although not necessarily the specific approaches taken by Block and AHP. Regarding the agency's clients, Geis says he's talking to the networks on ways to secure television time at a more reasonable rate in the future. However, he was unwilling to spell out details because conversations are in the early stages. "At this point, and going into the new season, we haven't really gotten into the negotiating vein."

Most of the agency network buyers contacted see the networks' position changing toward striking longterm arrangements with advertisers. At J. Walter Thompson, Richard Kostyra, senior vice president, media director, says that certain pressures have led to more openness on the part of the network to cut these various kind of deals. "They are more willing now because both cable and barter advertising is reaching the billion-dollar mark; the softness of sports, which has set the networks back a bit in terms of advertising interest so that it's not uncommon for an advertiser to get some good prices at present for sports; and that ABC's fall to third in ranking has given the networks some pause for caution, in that multiyear deals can keep some stability in the marketplace.

Network erosion

The network audience erosion is also seen by the admen as contributing to the networks' willingness to explore new deals. And the Ogilvy & Mather report sees the slippage increasing this year, with the loss of two to three points predicted in primetime audiences, "while demand from such categories as communications companies remains strong."



Jim Cunningham *of FCB believes network ranking is playing an important role in the present-day negotiating atmosphere.*

Jim Cunningham, vice president, assistant director of national broadcasting at Foote, Cone & Belding Communications, believes that network ranking is playing an important role in the present-day negotiating atmosphere. He says that while NBC has tied up AHP in the past, the only reason that ABC has entered the bidding picture is because it will come in third in the primetime race this season.

"Last year, ABC wouldn't have tried to make such a deal. CBS, on the other hand, as the Number 1 network, is not inclined to get in on the bidding, from what I understand."

Geis at Wells, Rich, Greene agrees that a network's position in the ratings race is a significant factor in its willingness to make a separate deal. In a general sense, he says, the weaker the network sales position is, the more apt it is to get into a multiple daypart deal or into a longterm deal. "If the network is in a very strong position and feels it can command top dollar, it will not want to tie up its inventory over a longerm basis, so it does have some impact.

"However, he continues, "the way some of these deals are being negotiated even the network which is in the forefront might see a good opportunity for securing a base of dollars over a long period of time or as a good opportunity by mixing dayparts and having some freedom of parameters in terms of how much they are going to put in a package on a daypart-by-daypart basis."

Good for tonnage

At NW Ayer, Robert Igiel, general manager, production and network negotiations, says that multiyear deals such as AHP's are not really anything new and that their use depends on the client's needs. If a client wants tonnage then perhaps a multiyear deal can work." But, he continues, he's always found that, overall, longterm arrangements have not been advantageous in the second year. "You can do better in the open market, because in the second year you may find you are paying high single or double-digit cost increases. But we are always exploring ways of negotiations, and I have an open mind."

Esty's Winner notes that if the agency was representing advertisers such as Colgate or Warner-Lambert or other package goods sponsors which seek tonnage, he would be looking for multiyear deals. Although the agency doesn't have package goods clients, Esty is still probing deals, whether for sports advertisers or for a young female-skewing product. "We may not be into a longterm arrangement which may vary by daypart, but we may look to buy something that has a rating guarantee range. If the rating goes over a certain amount, we pay more; if it goes under, we get money back."

Jerome Dominus *of CBS says the network is "telling the advertiser we put a value on the flexibility, and they are entitled to the benefits from that value."*

Over the last year or so, points out Geis, many major advertisers have been looking for alternative ways, both inside and outside the networks, to stretch the dollar. "What we are seeing now is an outgrowth of some serious study over as much as a three-year period. The marketplace now, because it is in a softer situation than it has been for some time, might make such deals more conducive to both parties."

Kostyra at JWT believes that the reason that the ad agency's clients are moving towards making deals is a last-ditch attempt on their part to stem the rising costs. "We have tried everything else. You have to do something—either offer the networks something or create fear that they may lose something, in order to get an advantage against network costs, which have escalated dramatically over the past few years. The advertiser is sitting with product he's selling to the consumer at prices which cannot escalate as rapidly. At one point, the advertised product price on the shelf was rising at the same level as networks' costs. But that stopped a year ago."

At Esty, Winner notes that the networks are now realizing "they are no longer the monolithic entity they once were and, as good business people, they are acting accordingly." He continues that he believes that all three networks are willing to discuss any new idea that has merit. "They are listening to new ideas and are more encouraging than they have been over the past several years."

Syndication factor

Robert Daubenspeck, Foote, Cone & Belding's vice president, national broadcasting director, notes that although he's been discouraged in the past by the networks in presenting buying approaches, it doesn't mean that things can't change. "From here on in, I believe they are going to be much more open-minded because of such things as network erosion and syndication. Previously, they didn't admit that syndication was a viable factor. But they woke up a year ago last spring and realized that they were losing money to syndication.

All three sales heads were at the past NATPE for the first time, which shows the attention they are now giving to syndication."

But NBC's Blackmore believes that one of the primary stimulants in network-advertiser deals is due to the proliferation of new products and new brands, "which need network television to establish themselves, such as computers and information services. Everyone is talking about the fragmented audiences, but there are still brands which are appealing to masses of people. Networks are still the Number 1 force."

Bob Blackmore *of NBC says, "If someone can show me something which will work for both sides and is of mutual benefit, I'm open to anything with anybody at any time."*

Barter impact

Blackmore says that barter syndication, said to be eating several hundred million dollars away from the networks, has "nothing to do with primetime television. Barter syndication is some early-fringe, daytime and weekend television. It's really talking about apples and oranges. True, the advertisers need a mix, but I don't think barter is taking away from primetime dollars."

Wells, Rich Greene's Geis says it's difficult to analyze whether any apprehension over barter inroads on national advertising is making the networks amiable to longterm commitments. He points out that the networks have been in such a strong sales position for some time that they may believe that things like barter are not disturbing them. However, he adds, barter, in combination with other factors such as radio's growth as a medium, magazines experiencing a "wonderful" 1984 and advertisers increasing their cable support to some degree each year, must have an impact on the networks' thinking.

CBS' Dominus discounts any conjecture by some of the agency executives regarding the marketplace, erosion or other factors, for what they see as a new network stance on longterm or other deals. In fact, Dominus, believes that the Block deal is simply a refinement—"a fine tuning on business as usual. It's just part of smart inventory management. There have been quarters where nothing has changed, because we didn't need to make it change." □

Other major questions involve cart machines, CCD cameras, teletext future

Camcorder format, stereo conversion among TV priorities

By JOSEPH ROIZEN

Accelerating television technology has spawned a myriad of complex alternatives which will confront TV broadcasters attending the National Association of Broadcasters convention in Las Vegas in two weeks. The range of challenges that have to be met by delegates who need to make decisions on equipment acquisitions includes such unresolved dilemmas as: which camcorder format to choose; how fast they can convert to MTS; will teletext really fly; is a CCD camera worth waiting for; and have those expensive computer graphics become a serious necessity?

While many of these issues were already around in 1984, none of them have gotten any simpler. The camcorder format puzzle has a few more ill fitting pieces, since the Bosch/Fernseh Quartercam has joined Type M and Betacam as a viable format. In the wings is the Hitachi quarter-inch machine, which, even though it uses the same mechanical tape configuration as the Quartercam, is not electrically compatible with it.

Competition among cart machines is also heating up. Sony's Betacart has had some initial success, especially with the CBS order for $11 million worth (see *Sidelights*, March 18 issue), but Panasonic, Asaca, Lake Systems, and others have viable devices, and the Asaca machine even comes in a Beta cassette configuration with the enormous capacity of 100 cassettes. It was shown in Tokyo late last year and will probably be at NAB for its first unveiling in the U.S.

Color camera choice

The selection of a color camera won't be any easier this year, in fact it may be a lot harder, because the choice between normal tube cameras and the new CCD models has become more difficult. There must be a lot of broadcasters whose mouths are watering to get their ENG crews equipped with the RCA CCD-1, which needs no registration, eats speculars without indigestion, and makes good pictures in near darkness. The concern, however, is, can RCA produce them in the foreseeable future?

However, RCA's technical feat in creating the charge transfer device camera cannot be ignored. A camera with it superb operational characteristics would be a boon for news and EFP operations, and it should be remembered that RCA once pioneered and dominated the ENG camera market with the TK-76, of which they sold more than 4,000 units. Perhaps they can pull off another coup if their chip yield is adequate.

In the VTR arena, the broadcaster who wants to play it safe will have an easy time. One-inch, type C machines, which have become the ultra-reliable workhorse of the industry, now greatly outnumber quads still in operation. They will be available in ever more agile models that have good multi-generation video, stereo sound, slow and stop motion, extended play, frame-by-frame recording, and built-in diagnostics. All these and a lot more make these helicals very attractive, and there are even a few "economy" models around for tighter budgets. With all of the above, who needs a digital VTR? Perhaps nobody, but that won't stop it from coming.

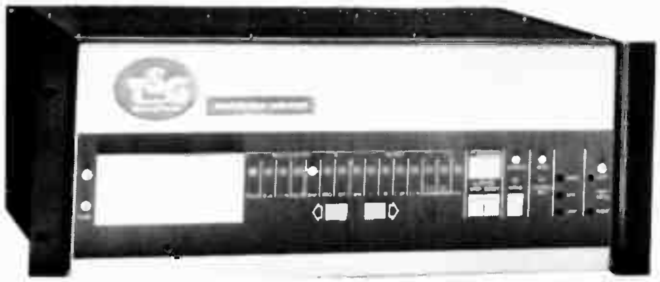
Digital VTR standard

An industry approved digital VTR standard seems to be just around the SMPTE DVTR committee corner. This future paragon of video virtue, whose 20th generation will look as good as the first, is intended to be a cassette machine using 19mm tape. (They purposely don't call it ¾-inch, so it won't be equated with the plebeian U-matic.) If current proposals are adhered to, the tape will give 90 minutes of playing time on a special formula coating with a thinner mylar base. As a real bonus to the excellent video, there will be multiple channels of superb digital sound, recorded in little blocks right down the middle of the tape.

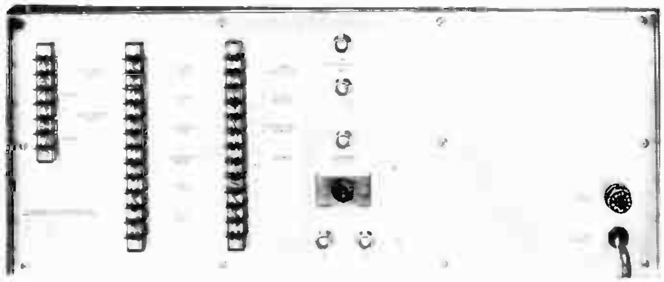
Digital VTRs, however, will be neither smaller nor cheaper than current high performance analog machines. They will be special purpose devices at premium prices, intended for those multigeneration applications where the user really needs the extra performance. If a common industry standard is ratified by the SMPTE and other standardization bodies reasonably soon (mid-year), look

Competition among cart machines is heating up. Players include Sony, Panasonic, Asaca and Lake Systems.

Sony's Betacart



Modulation Science's stereo generator



If there is an immediate 'glory' topic at this year's NAB, it would have to be multiple television sound. The broadcaster, to stay competitive, is going to have to jump on the MTS bandwagon.

forward to seeing some early DVTRs by the end of 1985. No doubt, Sony, and perhaps others, will show a 19mm machine in private suites at NAB this year, now that a format for a DVTR is imminent.

For those broadcasters and program producers with lesser applications and smaller equipment budgets, there will be plenty of video recording alternatives in the enhanced U-matic class, and in the available type M, Betacam and quarter-inch formats. Where compatibility is not a concern, the price/performance ratio of a particular VTR, or camera/VTR combination will be the deciding factor. Some Japanese manufacturers are already offering portable camera heads that interface with the recorder of your choice. Sort of a do-it-yourself camcorder combination.

With its highly visible success at the summer Olympics and the World Series, Super Slo Mo (Sony/ABC) and Super Duper Slo Mo (RCA/NBC) will certainly continue to attract attention at NAB. Each proponent of these vastly different technical approaches to the same problem will tout their own features.

Sony does it the hard way with a special camera and a highly modified VTR. It thereby gets smoother slow motion but less sharp stop motion. RCA merely puts a mechanical shutter in front of a regular CCD camera and uses a normal type C, one-inch VTR. The slow motion has a staccato effect (called "judder"), but the stop motion is very crisp.

Sony will point to smoother slow motion modes and higher resolution images, without the "judder" effect. RCA will point to sharper stop motion images (they were stopping pitched fast balls at the Series so you could see the seams), reasonable slo mo, and the clincher of a much lower price, because both the camera and VTR are fairly normal NTSC units.

For the bargain hunters there will be the likes of Nissus and maybe others, who take ordinary ENG cameras, fit them with variable rotating shutters, and sell the package for under $20,000. What Nissus showed at SMPTE last October looked quite good in the Super Slo Mo category, and no one could argue with the price.

Stereo sound

If there is an immediate "glory" topic at this year's NAB, it would have to be multiple television sound (MTS). Even with few stereo capable sets in users' living rooms, the broadcaster, in order to stay competitive, is going to have to jump on the MTS bandwagon. This means a move to begin ordering the equipment to convert the studio and the transmitter to multichannel sound, either for stereo or for bilingual services. Stations already doing this are even getting popular press coverage in the local papers, so the pressure will mount for all of them to do it.

This will also require that production and post-production houses upgrade or re-equip to keep up with the trend. Already you can hear Johnny Carson in stereo, since NBC chose to inaugurate MTS with that audiophile-oriented talk show.

Teletext at NAB 85 will be a mixed bag. CBS will continue to champion the NABTS Extravision service, which now has three affiliates actually on the air with local services. They are WBTV(TV) Charlotte, WIVB-TV Buffalo and CBS-owned KCBS-TV Los Angeles. CBS itself operates Extravision in its New York and Los Angeles headquarters, and put it out over the national network. In fact anyone getting a CBS network show (like the *CBS Evening News with Dan Rather*) can roll down the vertical interval on their home receiver and see the teletext digital data. NBC has dropped out of teletext for the time being but has left the door slightly open in case there is a surge of interest. The major handicap for NABTS is the lack of an inexpensive and integrated decoder in currently available TV receivers. There is also a continuing confusion over the "marketplace" decision that the FCC took on teletext standards, thus resulting in two incompatible teletext formats being broadcast in the U.S.

World System Teletext (WST) the U.K.-based teletext standard will again be exhibited at NAB next to the TDF (Telediffusion de France) stand where NABTS will be on display. The French teletext system Antiope was one source for the NABTS system, and is also compatible with the videotex NAPLPS standard which is gaining wide acceptance in the computer field.

Delegates attending NAB will also discover that looming in the more distant future is the question of high-definition television (HDTV), a topic which got an exhaustive review at the SMPTE Television Conference in San Francisco last February.

In fact, the conference may be regarded as a major turning point in the controversy over which HDTV system will become the universal standard in this decade and, perhaps, into the 21st Century. The opening shots of this battle were fired at both the St. Francis ballroom, where the conference papers were given, and at the North Point Theatre and KGO-TV studios, where the private SMPTE working group HDTV demonstrations were given.

A new industry buzz word, "progressive scan" will be oft repeated by engineers and program people debating the pros and cons of a future HDTV service. There are now two very distinct HDTV camps, the Japanese-developed (NHK Research) interlaced system using 1,125 lines, 60 fields and 20 MHz bandwidth, and the mostly American proponents of progressive scan systems at various line and field rates, including 655/24, 750/60, 1,050/60, 1,250/60, and systems at various line and field rates, and a few variations on these. The Standards Committee will have to carefully filter all of these HDTV proposals to arrive at some consensus.

Two weeks ago, the HDTV Technology Group of the U.S. Advanced Television Systems Committee recommended the NHK system. The ATSC Executive Committee will meet April 3 to evaluate the Technology Group's recommendations.

Progressive scan is a technique which does not depend on the interlace principle to produce two overlaid fields of a television image, but progressively scans every even and odd line in the image in a sequential form. Some of the advantages of progressive scan are easy to see: There is no interfield motion to blur still images; there is no interline flicker or line pairing; each field contains all of the information in real time needed to create a television image.

Unfortunately, progressive scan has one overriding demand, it requires twice the bandwidth of an interlaced image of equal numerical line structure, since the video information is created in half the time. It is possible that this constraint can be diminished by suitable video signal processing.

CBS, of course, is marching to its own drummer, proposing a 1,050-line, 60-field system that uses two piggyback channels to transmit a compatible color picture for ordinary TV sets, and an HDTV 1,050-line, 5:3 aspect ratio picture for those viewers who invest in a more sophisticated TV receiver.

The system has been well researched by the CBS Technology Center in Stamford, Conn., and is a follow-up to CBS' early involvement with the NHK system which they demonstrated in the U.S. a few years ago. CBS claims that compatibility with the color TV household in the U.S. was its primary goal.

CBS also points out that the 1,125-line NHK HDTV could be used as the initial high quality program production standard, then converted down to 1,050 very easily.

In the meantime, NHK Research also realized that a 20 MHz HDTV system is very demanding of TV spectrum space, and it launched a development program to compress its HDTV system into an 8 MHz channel.

The data reduction technique is known as MUSE (Multiple sub-Nyquist sampling encoding) and has been shown both in Japan and the U.S. Not only has it demonstrated transmitted images, but it has built a MUSE home VCR and a MUSE laser disc. Both devices produce better pictures than standard NTSC, and may make good the warning of CBS' Joe Flaherty to broadcasters a few years ago, that if something is not done, the television stations of this country will be delivering the worst quality pictures to the home, compared to other delivery systems such as cable, MAC, disc, tape, fiber optics or DBS.

There is also a very ardent and vocal group that is pushing for enhancement of the current 525-line, 60-field NTSC system by the use of unusual signal processing in the studio, called S-MAC. Another system that promises better pictures, it puts added complexity in the home receiver to take advantage of the MAC (multiplexed analog component) transmission system first developed by the Independent Broadcasting Authority in the United Kingdom.

Component analog video

While HDTV may indeed lurk somewhere in our futures, a more immediate need for studio signal handling of component analog video prompted an extensive two-day set of demonstrations at San Francisco. Once again a group of equipment suppliers pooled their resources to show the potential advantages of a single studio standard for the distribution of color video signals around a TV studio, a program production facility or a post-production center. Under Merrill Weiss, chairman of the SMPTE working group on component analog video standards, an extensive set of hardware components geared to the S-MAC signals was set up. RGB from a studio camera, and analog component recordings from a modified BCN, type B, one-inch machine served as image source material. A special Grass Valley switcher operating in the S-MAC mode produced chroma key picture overlays between local VTR images and the S-MAC sources.

As with the previous demo in New York, at the SMPTE Conference in October '84, a series of switchable impairments were available to assess the S-MAC signal performance with various constraints placed on the signal path. The Standards Committee is proposing that S-MAC become the analog component base for studio signal generation and distribution as an interim step toward the all digital studio. □

RCA's CCD-1

The choice between normal tube cameras and the new CCD models has become more difficult.

Buoyed by web successes, acquisitions, company plans some first-run ventures

Lorimar poised to take advantage of syndication boom

BY JOE FINNIGAN

The sprawling 44-acre Metro Goldwyn Mayer studio where the likes of Andy Hardy and Scarlet O'Hara once tread today plays host to the power-hungry J.R. Ewing of *Dallas*, the naughty ladies of *Knots Landing* and the winemakers of *Falcon Crest*. They moved in when Lorimar Productions set up headquarters at MGM in a building that overlooks a back lot. And they're now lording it over the entertainment capital.

Lorimar does not occupy the position of dominance in Hollywood that MGM held in its heyday, but it is surely at or near the top of the heap in the TV syndication business. That is no mean accomplishment in what has been called the entertainment industry's "hottest" market currently. Further, Lorimar appears particularly well situated to take advantage of the expanding market for syndicated programming being pumped up by the proliferating independent TV stations. Of its nighttime soap operas, now in the first phase of syndication, three are in the network TV top 10, doing well enough to hide the pain from the particularly poor showing of its most recent after-dark soaper, *Berrenger's*, which sports the lowest rating, but one, of all regular primetime network shows this season.

CBS contract

Lorimar recently signed a juicy contract with CBS which practically guarantees that the web will buy eight series plus 40 hours of TV movies and/or miniseries over the next four years. It's understood that there is an 'out' for CBS if the network doesn't like certain series presented to it, but it would reportedly be very expensive for CBS to exercise that option. Already prospects look pretty good, according to some quarters, for a gross of $100 million out of *Dallas*, now in its first syndication season, and another $100 million or so from the coming distribution of *Knots Landing* and *Falcon Crest* to a program-hungry industry.

One would think that Lee Rich, who founded the company in 1969 with Merv Adelson, its chairman, would feel pretty good about things. But Rich continues to growl about deficit financing of network shows and keeps on threatening to do something about it.

In the meantime, during the past three years since Lorimar went public, revenue climbed 109 per cent, net income went up 68 per cent, total assets increased 69 per cent and stockholders' equity zoomed up 300 per cent.

Revenue increases

The latest financial data show revenue reaching $263.2 million in fiscal '84, up 43.4 per cent. The company's net was $11.7 million, an increase of a third over the previous year's figure, and, while earnings per share rose only 17.7 per cent to $2.06, one Wall Street estimate puts the per-share figure for fiscal '85 (ending July 31) at $3.60. As for shareholders' equity, that more than doubled in the past fiscal year, rising from $48.8 to $104.5 million, according to the company.

Lorimar's financial people attribute the recent revenue increase primarily to two factors. One is the acquisition of Kenyon & Eckardt, a top-25 ad agency, back in August, 1983, first month of the fiscal year. The unusual acquisition was a reflection of Rich's background in the agency business. K&E had been showing some weakness in the growth department during the early '80s. It contributed $57.7 million to Lorimar's revenue pot in fiscal '84 (a lower gross than in '82), which represented 22 per cent of the revenue total.

Lorimar's cash flood also dictated other recent acquisitions, one of which

Linda Gray and Larry Hagman of 'Dallas'

Prospects look pretty good, according to some quarters, for a gross $100 million out of 'Dallas,' now in its first syndication season.

Lorenzo Lamas and Ana Alicia of 'Falcon Crest'

Constance McCashin and William Devane of 'Knots Landing'

Their audience appeal notwithstanding, will 'Knots Landing' and 'Falcon Crest' hold up in reruns?

was Karl Video, which had made a killing from Jane Fonda's videos on exercise. It also bought the Hemdale Film Library.

The other factor accounting for the company's jump in revenue during the last fiscal year was the sale of programming to the networks. This rose $21.9 million to a record $205.5 million, reflecting "a significant increase in the delivery of primetime programming . . . from 88½ hours in 1983 to 130 in 1984," the company said.

Theatrical origins

Interestingly, Lorimar started off as a theatrical film production entity. Its early efforts were not notable, so Rich and Adelson turned their attention to TV, where they scored a major success in 1972 with *The Waltons*, a genuine departure in network programming. The homespun, southern series "gave the company a real foundation," said Earl Hamner, writer and producer of the program. "It gave them an image of reliability." It also put Lorimar on the road to prosperity.

Since the company went public, Lorimar has earned about $68 million from domestic syndication alone of *The Waltons*, *Eight Is Enough* and *Laugh-In*. The list of other contributors to Lorimar's growing bank account includes two short-term series—*The Blue Knight*, 23 hours based on the best-selling novel by Joseph Wambaugh and starring George Kennedy and *Flamingo Road*, 37 hours. In the feature category, more than half a dozen packages of various ilk include *S.O.B*, *The Postman Always Rings Twice*, *Being There* and *The Man Who Would Be King*.

Meanwhile, there's the issue of syndicating the nighttime serials. The big question: Despite their undoubted audience appeal, will they hold up in reruns, with *Knots Landing* entering the syndications lists this year and *Falcon Crest* in 1986? The network ratings are impressive. Through March 10, *Dallas* scored a 25.2/39, 0.1 of a rating point behind first-place *Dynasty*, but one share point ahead of the ABC show; *Falcon Crest* and *Knots Landing* were tied in eighth place with a rating of 20.3 and respective shares of 34 and 33.

While all the answers are not in, *Dallas* was impressive in the traditional daypart for serials. The November Nielsens show *Dallas* to be the second highest-rated daytime syndicated show, following *Phil Donahue*.

Deficit financing

Rich emphasizes that network sale of a series doesn't translate into a gold mine.

Turning to his favorite subject, he said, "Deficit financing must stop. I see the producer saying to the network, 'Hey, fellas, we're not going to take this bath of $200,000, $150,000 an episode, with no chance whatsoever of getting our money back. We're just not going to do it.'

"You get these people in programming who want the world. I've often said, 'You want something, Charlie, step forward and pay for it.' And these people don't understand. They call you and they say, 'Hey, I'd like to reshoot this scene.' I say, 'Fine, I'll let you know what it cost. Seventy five thousand dollars!' 'What?' 'That's it, you want it, you pay for it.' "

It is such conversations that have given Rich a reputation as a tough-talking no-nonsense executive.

Syndication momentum

Picking up that income slack that Rich complains about is the company's syndication arm. It's headed by Don Sipes, president of Lorimar Distribution Group. Ken Page oversees the company's worldwide television distribution and is also vice president of Lorimar Productions Inc. Pat Kenney is president for domestic sales.

In conversation with all three of them, what comes across is that Lorimar's prosperity has forced it to put emphasis on buying as well as selling. "We're really on an acquisitions kick," Sipes said. "We're building our library, and we're acquiring rights to television series from independent people. You normally make a deal for foreign rights; then have first refusal or some kind of price set for

Lee Rich: Lorimar's candid co-founder

"They can call me anything as long as they pay me."

Lee Rich, Lorimar's president since the company was founded in 1969, came to the Hollywood production community from the advertising business. He spent 14 years at Benton & Bowles, leaving as vice president in charge of media and programming. Prior to joining Merv Adelson in the founding of Lorimar, Rich was president and executive producer for Mirisch-Rich Production for four years.

Born in Cleveland, he received a Bachelor of Arts degree from Ohio University, returning there in 1982 to receive an honorary doctorate in communications. He also was a U.S. Navy officer from 1943 to 1946 and served aboard a destroyer escort. He and his wife, Angela, reside in Beverly Hills; he has two daughters from a previous marriage.

Ascerbic opinions

Rich is known in Hollywood as a man who seldom withholds his opinions, which are often acerbic.

On actors who report late to work: "It cost us a great deal of money. I have one performer on a series of ours that was, between August 20 and December 18, 1984, 17 hours and 30 minutes late. I could give you another performer that is doing the same thing to us. I can't run a business that way.

"There are some people in life who just can never come anywhere on time. If they're a performer, then they shouldn't be a performer. If a performer is not a key performer, and in one instance the person is not a key performer, I could very well replace that performer. And if it got to a point where I couldn't solve this, I would certainly give a great deal of thought to doing that."

On negotiating with the networks: "The problem at the networks is that there is no communication. The problem also at the networks is that the business affairs people have become stronger than ever because they're involved in the money. But we deal with the programming people, and the programming people are the ones who say, 'Hey, I want to shoot this pilot in Boston.' Or, 'I want to shoot it in Pittsburgh.' Well, you go the business affairs people and they say, 'Bleep you! I don't care what he says.' So there's absolutely no communications between the two."

On Hollywood labor unions: "I think the unions have to understand that there's a brand new business here. The deficit business is a business most companies are not going to take anymore.

"We can't continue to pay these kinds of prices."

Work routine

On his reputation as a workaholic: "I work very hard.

"I'm usually in the office about 8:30, and I usually leave about 7, sometimes a half hour later. I do a lot of reading on weekends—scripts. And I try to catch up on mail. Since I remarried in the last couple of years, I've taken more vacations, because my wife insists on it."

On the Hollywood party circuit: "I hate the big affairs. I always have. They accomplish nothing."

On being described as a 'blusterer:' "I don't think I'm a blusterer, maybe I am. I don't know.

"They can call me anything as long as they pay me."

On being stereotyped as a "soap opera producer"—all suds and no substance: "We do so many things. Sure the spotlight is on the high rated *Dallas*, *Knots Landing* and *Falcon Crest*.

"But," he continues, "a lot of people don't look at what we've done in other areas, movies of the week and miniseries, *The Winter of our Discontent*, *Sybil* and all the things we've done over a period of years. It's an amazing list of diversity. We're going to do all kinds of things." □

domestic." Sipes also sees Lorimar moving into the first-run syndication field and its attendant barter business.

Kenney's domestic syndication arm is riding on the wave of successes, most notably *Dallas*, although some doubted that the Texas-based serial would be a success in syndication. "There's no question that *Dallas'* early reception was mixed by nature of the fact that clearly it was the Number 1 show in television, it had been for a number of years, and the reruns in the summertime fell off demonstrably which made people concerned," Kenney acknowledged. Some wary broadcasters were saying that viewers who "knew who shot J.R." knew everything about *Dallas* and wouldn't watch repeats. Kenney countered those arguments by saying "J.R. was shot sometime ago, and really it's four seasons later and still our Number 1 show. Another thing we said was that people (who watch) in different dayparts are not that familiar with the story lines.

"So, if you could run the show in those time periods, you're talking about a virgin audience, which is not familiar with the story. And the results of *Dallas* as we have seen, turns out to be a tremendous hit for the affiliates. And very well for the independents."

Although most of the larger markets carry *Dallas* in access, the show's best-performing time slot appears to be around 3 or 4 p.m.

According to Petry Television's "Market and Syndicated Program Performance Report," based on NSI data for November, 1984, *Dallas'* best household rating and share, in the top 100 markets—10 and 36, respectively—were turned in by WFAA-TV Dallas-Ft. Worth, ABC affiliate, which airs the program at 3 p.m. Next best rating surfaced at WHBQ-TV Memphis, also an ABC affiliate, where the show had a 9/24 at 3:30 p.m. Six stations got an 8 rating. They were: WKRN-TV Nashville (ABC affiliate, 20 share, airtime, 4 p.m.); WTEN(TV) Albany-Schenectady-Troy (ABC, 25, 4 p.m.); KOTV(TV) Tulsa (CBS, 30, 3 p.m.); WXEX-TV Richmond (ABC, 29, 4 p.m.); WJRT-TV Flint-Saginaw-Bay City (ABC, 26, 4 p.m.); and WLBT(TV) Jackson, Miss. (NBC, 27, 2:30 p.m.).

Access ratings

However, indies in six of the seven largest TV markets run the series in access. Highest rating among them was a 6, with a 9 share, at KHJ-TV Los Angeles. Close behind was WOR-TV New York with a 5/8, followed by WXON-TV Detroit, with a 4/7.

Best HH figures among all stations carrying *Dallas* last November surfaced at WTOK-TV Meridian, an ABC affiliate, where the program garnered a 15/47 at 3:30 p.m.

Says Kenney: "We're over the first phase, so all the people who said. 'Oh, it won't draw,' they can't be wrong; so the only thing they can say is, 'It worked the first time.' " And he insists it's still working.

Not only does *Dallas* continue to "work," Kenney said, its success is having a coattail effect on other Lorimar productions. Stations, he said, "have purchased *Knots Landing* in the hopes that it will be as big as *Dallas* in syndication.

First-run plans

Kenney also revealed plans for first-run syndication shows that Lorimar plans. "We have some unique ideas, and there's one in particular in development right now," he said. "We will be in first-run syndication by the fall of 1986." Lorimar's initial venture into first-run syndication is a late night script described as "similar in fashion to *Mary Hartman, Mary Hartman*. It's called *Wicked, Wicked Lives*," Kenney said. "*Wicked, Wicked Lives* deals with two feuding families who were formerly in business together, the feature film business. And through various manipulations, one family ended up with the company. The other family is on the outside looking in. My favorite character is Magda, an old film star in the silent era.

Magda didn't have a voice for talkies. So in the course of this show, she only speaks in subtitles."

Wicked, Wicked Lives is a comedy—a form that Lee Rich has said "we broke our pick on" in the past—and a hit comedy is something Lorimar seeks. For good reason. As Page put it, "If you've got a half-hour sitcom with which to go into syndication, you've got money in the bank. Your sub-teen kid could sit back and hang a sign out the window and pick up a half a million dollars an episode. And a smart professional organization can get a million dollars for a half hour."

How much is being paid abroad for shows? According to Page, "When you've got a good action-adventure show you should be picking up anywhere between \$160,000 to \$225,000 an hour on international." How does that compare with prices in the U.S.? "Remember," he replied, "when you're selling abroad, you're selling for a maximum of two runs, where you're selling it for six runs in the States." He estimated that *Magnum P.I.* would command \$1,500,000 an episode in the U.S., and *Fall Guy* might bring in \$1,000,000.

"The beauty of the international market," Page continued, "is the syndicator's opportunity to sell shows which only survived a short time on U.S. networks. "When you're dealing internationally, even at 13 epsiodes, a 'failure,' makes money." It's very convenient for a lot of broadcasters, they love it. They're going to be in and out, and they go on to something new. You don't have to wait to demonstrate great success with years of production to make an international sale."

K&E's overseas offices

When Lorimar purchased Kenyon & Eckhardt, the deal included 55 overseas offices staffed by nationals who could conceivably service Lorimar's syndicators. Page sees certain advantages to having those offices. "It's still, however, something that has to be developed for its full potential, he stressed.

"In France the K&E connection is a very strong one, and we have high hopes for it. Can we make film salesmen out of every media buyer or account executive? That's still debatable. It's marvelous to have those offices because the local K&E people are local nationals. They are not exported from Peoria and put down in Peru. So you get a sense of the market and what's going on."

Where does Lorimar do the most business internationally? "Canada remains the best friend America ever had," he replies. "Then you could say

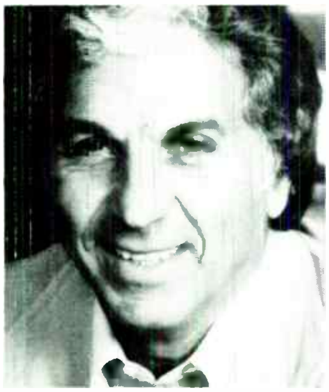
(*continued on page 116*)

Don Sipes

Ken Page

Pat Kenney

Chairman Merv Adelson



In the midst of its off-network syndication success, Lorimar reveals some ambitious plans for first-run projects.

Use of 'variety of vehicles' will also include cable, print and TV daypart mix

P&G 'forced' media diversification seen as plus for radio

With a mouth-watering pool of potential dollars as the possible prize, the radio sales community is eying Procter & Gamble expectantly.

No one is making any bullish or boastful claims for the audio medium, but P&G—one of the top ad spenders overall and the top TV spender by far for years—is viewed as a company that has been forced to twist and turn in a fast-changing environment no longer of its making. The virtually one-medium client is now emerging from the fires of unfamiliar setbacks with new knowhow in using the full arsenal of marketing and media tools available today. And that includes radio as well as cable, print and television dayparts outside of daytime.

Though the growth of Procter's radio dollars tends to get buried and all but overlooked under the overwhelming weight of its television investment (some $651 million in 1984, according to Broadcast Advertisers Reports) that growth has been significant, and from radio's point of view, not insubstantial.

A jump from 1983's network radio outlay estimated at approximately $1.5 million, to close to $4 million reported by BAR for 1984, makes the country's Number 1 television advertiser investor Number 13 on the latest list of top radio network spenders compiled for the Radio Network Association. In spot, P&G's radio outlay rose from an estimated $2.8 million in 1983 to close to $3.5 million last year, according to Radio Expenditure Reports.

Says one agency man: "Four million dollars in radio network isn't big bucks to P&G, but it's certainly a big jump in just one year from only a million and a half. Especially when you remember that in 1982 Procter put only a little more than $150,000—about one tenth as much—into network radio." He adds that the spot radio estimates "are subject to more error than the network numbers, and again, $3.5 million is no big deal for P&G. But it's a lot bigger deal to radio than 1983's $2.8 million and 1982's $1.3 million."

Another agency observer compares what's happened to P&G in recent years to what's happened to auto mechanics since the Model A Ford: "Maybe a choice of five or six wrench sizes were all the mechanic needed. Today, instead of a handful of wrenches, you need a garage full of different tools."

Working women

In the same way, notes this observer, big multi-product companies like P&G used to have one big homogenous mass audience of stay-at-home housewives and mothers. At first, during the 1930s, all that was needed to reach that audience was daytime serials on network radio and women's magazines. But today, he points out, "Half the women go to work, just like men. To reach their customers, a P&G still needs its daytime soap operas, which today are on television, to reach the half of their customers who still stay home. But like the mechanic who now needs all these additional tools, the advertiser also needs a lot of extra tools—primetime TV, late fringe, independents as well as the network affiliates, syndication, radio and cable to get to the half of their customers who aren't home during the day to watch the soaps."

Though they don't get as specific as this, particularly when it gets down to radio and to tactics designed to reach working women, a spokesman for P&G in Cincinnati does confirm, at least in part, the use of more media tools. He

Procter & Gamble headquarters

P&G, says a spokesman, is looking at "a variety of media vehicles and broadcast programming to extend our reach."

observes that the company "does not use a lot of radio advertising," but says that P&G marketing people do invest "a good deal of time and energy in looking for a variety of both media vehicles and broadcast programming to extend our reach. That includes some radio and cable, and print as well as broadcast television."

Much the same, he adds, applies to programming: "That's why this variety includes syndicated programming and special miniseries like *A.D.*, as well as our daytime programs."

The man from Cincinnati continues that, "All this is an ongoing effort because of the constant change in audience tastes; what's dynamic today may not be so popular later, when and if something more attractive takes its place."

It's true that P&G "does not use a lot of radio," compared to its impressive investment in TV, estimated at $651 million last year. The 1984 outlay of $7.5 million for radio, for instance has a tough time competing for press attention with the $35 million and attendant excitement reportedly involved in the company's most recent single super colossal TV project, *A.D.* Procter & Gamble, through Benton & Bowles, was the primary sponsor of this epic 12-hour miniseries, a co-production of Procter & Gamble Productions and International Film Productions seen on the NBC-TV network March 31–April 4.

However, the importance that Cincinnati places on radio as a way to follow all those on-the-move working women can be judged by the fact that some $1.7 million of the estimated $3.5 million P&G invested in spot radio last year—more than for any other broad P&G brand category—was for cosmetics and toiletries. This coincides with the thinking that women who hold jobs outside the home take more care of their looks more often than do their stay-at-home counterparts.

Ethnic customers

And just as P&G is apparently using more radio to follow the harder to reach working women, the marketing executives in Cincinnati have also been increasing the radio dollars they invest to reach their ethnic customers. A national sales manager for one major market Spanish language radio station reports P&G among several major advertisers with similar solutions to their marketing problems: "Many of the larger packaged goods companies are looking more seriously at the Spanish market than ever before. Procter & Gamble, in spite of their previous history of not using radio in the big TV markets, had seven brands on our station last year."

But an agency man points out that, "It's more than adding more TV dayparts and other media to daytime television. There are other changes in Procter's marketing tactics." These, he points out, include more and faster new product introductions, many of them line extensions, such as a "new Crest" toothpaste, reportedly in test market now, featuring properties that fight tartar buildup, along with its cavity fighting ability.

This follows introduction in the last two years of Ivory shampoo, Spic & Span Pine, Citrus Hill orange juice, Liquid Tide, Always Maxi Pads, Duncan Hines cookies and Encaprin, a pain reliever for arthritis suffers. Still reportedly on the R&D drawing board are a synthetic food said to help cut blood cholesterol and a carbonated soft drink to be sold in powder form.

Hard lessons

One agency observer looks back at these shifting tactics in both new product development and in use of a wider variety of media in the face of shifting consumer lifestyles and some tough competition and compares it all to what came out of the hard lessons learned by allied generals in the early stages of World War II. He recalls that the French prepared for the "next war" between 1918 and 1939 by applying the bloody lessons of trench warfare that the allies "won." Since it brought "victory," such as it was, they reasoned, a bigger and better trench system would win the next war, too. So they built the Maginot line.

Similarly, P&G became undisputed champion of the packaged goods wars by deploying only two media weapons on a truly massive scale: women's magazines and network radio, until network radio was replaced by daytime televison. Daytime TV and magazines were enough to keep Procter on the marketing throne for a long time—until a lot of other companies learned how to do it, and half the adult female population left home for salaried jobs.

Thus, it was only after the company had taken some tough lumps and losses, so this line of reasoning goes, that P&G, like the Allied generals, learned how to fight modern marketplace war. But they did learn. The result is P&G's growing number of new products and the growing number of other TV dayparts outside of daytime, and the growing number of other media added to television network affiliates and women's magazines—although television, in all its forms, remains the dominant media weapon.

And as another media executive points out, there's been a good deal of dollar shifting within television. Whereas daytime TV was once almost the sole form of the medium used, P&G today uses a healthy mix of independents, spot on both affiliates and independents, syndicated programming, fringe and primetime exposure, with the most outstanding recent example being its sponsorship of the primetime miniseries, *A.D.*

One agency media chief expects companies like P&G to gravitate toward more use of 15s, utilizing a mix of 60s, 45s and 15s, "because companies like these have the multiple brands that can be switched around to fill both halves of the split-30 availabilities."

Meanwhile, radio sellers are encouraged because, besides raising its radio investments on both the networks and in spot, P&G's decision makers are taking the time to sit down and educate themselves about radio's potential.

While a normally garrulous Radio Advertising Bureau clams up uncharacteristically when asked about it, it is known that RAB and the Station Representatives Association have teamed up to form a National Radio Marketing Group, and that P&G is one of its priority targets for 1985. The introductory presentation to come out of this was made in Cincinnati in November, and since then there have been a number of additional presentations to various brand groups. On the drawing board now is a follow-up pitch being designed to spotlight the creative potential of sound.

It is known that RAB and SRA have teamed up to form a National Radio Marketing Group and that P&G is one of its priority targets.

Radio salespeople are reluctant to discuss this because, "No one wants to rock the boat." But while radio people won't talk about P&G per se, they do agree that more national advertisers in general are increasing their use of radio "because of the two-pronged effect of continuing escalation of TV costs and declining TV network audiences, as more people switch to independents, to pay cable and to watching cassettes." □

Nielsen's 'Megabase' latest service to provide audience stats electronically

Computer access to TV data growing

Sometime this fall, Nielsen offices across the U.S. should be in position to access, on client request, a far wider variety of data from the company's central computer bank than heretofore available. This additional information will include for the first time metro persons data for about 75 larger markets, and approximately 100 different daypart breaks for all 205 DMAs.

Later—though the target date is not yet set in concrete—clients could be accessing Nielsen's new "Megabase" directly via their own on-premises computer terminals, probably sometime in the second half of 1986.

This Nielsen development is part of a significant trend moving toward direct computer access to more audience data by clients and agencies, as well as the ability to massage the information. Both Arbitron and British-based AGB are also in the thick of it.

No one at Nielsen is predicting that this electronic access capability is about to put the rating book printers out of business. But it is one more step toward quicker use of the most recent audience survey results before the printed books arrive, and it's one such step among several others that have been heard in just the last two months across the audience measurement industry.

Currently, for instance, computers at such charter client agencies as Ted Bates/New York and D'Arcy MacManus Masius in St. Louis are receiving overnight persons data from the AGB people meter test in Boston. D'Arcy is reportedly downloading this daily information into its own computers so the AGB results will be available for comparison against the February tapes for Boston from Arbitron and Nielsen when they arrive.

Temporary limitations

The AGB data right now, however, are only for households and for five people demographics: all persons 2-plus, children 2–11, all persons 18-plus, men 18-plus and women 18-plus. Tony Taylor, AGB director of client service, however, emphasizes that this present and temporary limitation on age-break segmentation exists right now only because these are the breaks AGB's charter test backers have asked for. "They have other priorities on their mind, such as our validation tests," he explains, assuring that the technical capability exists right now to transmit overnights for all the standard age breaks. And those demographics, he adds, will be available for overnight access this fall at the conclusion of the current test phase.

Meanwhile, it's been Arbitron that is taking the longest operational strides toward direct client electronic access. Most recent step has been Television Arbitrends, which went on line just last month with overnight station ratings and shares by program title and quarter hour from each of Arbitron's 11 metered markets. This is available to clients through their own micro-computer terminals in two forms: straight overnights, and if the subscriber buys Micro Overnight software from Elan Micro Systems, he has the added option of being able to massage the overnights and reformat the data.

Arbitron says that a format can include a lineup of up to nine stations and up to 15 custom dayparts that can include up to three non-contiguous quarter hours. And up to 18 months of daily reports can be stored for trend comparison purposes. Any such results can also be re-transmitted to subscriber-designated clients who have their own computers (which Arbitron calls "Remote Access Points," or RAPs) and who are also authorized by Arbitron.

Other directly accessible data available from Arbitron just since last spring include Product Target AID. This combines TV audience data from Arbitron Information on Demand (AID), Simmons product use information, and ClusterPlus lifestyle information. Arbitron says it's picked 200 of the most heavily used products and services and matched the product users to the appropriate lifestyle clusters.

Typical category

Thus, a typical Product Target AID category such as "mobile, white collar workers, above average home value," is more likely to take a foreign trip than travel to a theme park, and tend to own compact and subcompact cars and buy steel belted radials rather than bias ply tires. This group is least likely to own a full size car and is more likely to buy

(continued on page 120)

Arbitron is taking the longest operational strides toward direct client electronic access.

Arbitron data being accessed

Viewpoints

Harold E. Protter

President, WNOL-TV
New Orleans

Many TV stations aren't maximizing productivity available from half-inch tape

If you were to have read the July 31, 1978, *Television/Radio Age*, you would have found an article on Page 30 that discussed the future of one-inch tape. It was clear then that one-inch would "eventually become the broadcast standard."

Even though it was clear in 1978 that one-inch video tape was ready for wide use, hundreds of two-inch tape machines, representing millions of dollars, were purchased between 1978 and 1983. While some of these purchases may have had economic justification, most purchases were made because upper management left equipment decisions to engineering personnel, who were slow to embrace the one-inch technology.

Today, in many television stations across the United States, tape decisions are being made that do not maximize the productivity available now from half-inch.

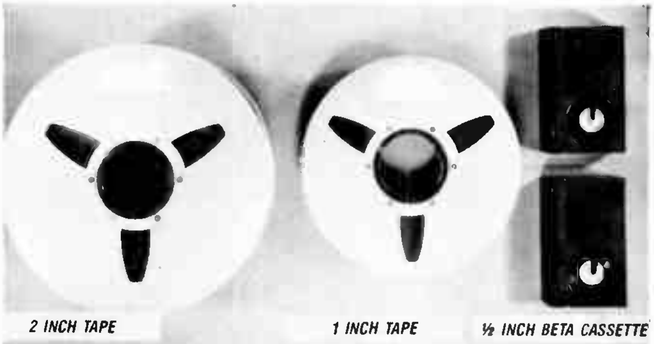
Half-inch tape is in many ways already ahead of where one-inch tape was in 1978. Half-inch systems now exist that must be considered before any station increases its investment in one-inch or 3/4-inch technology or commits for refurbishing their two-inch cart machines.

Offers ultimate flexibility

Many of the basic reasons in favor of half-inch tape today were the same reasons one-inch tape made sense in 1978. Half-inch tape has quality parity with one-inch tapes. Half-inch tape is superior to one-inch tape for multiple generation dubs. Half-inch tape machines are smaller and cost less than one-inch machines. Half-inch tape costs less than 25 per cent as much as one-inch and takes up far less space, despite the limitation of approximately 31 minutes-per-tape. Half-inch tape machines require substantially less maintenance than one-inch machines. Because half-inch tapes are sealed in cassettes, they are virtually immune from tape error caused by fingerprints, dirt and human handling.

In addition, half-inch tape offers a unique advantage that no other format has offered to date to the broadcaster who wishes to operate with full broadcast quality—*the ability to use the same format for commercials, programs, feature films, news, PSAs and station IDs*. All this, and the capability for full automation through software interface.

One twist that is unlike 1978 is that many stations are entering the world of half-inch tape via their news departments. Some news departments are shooting with high resolution half-inch and dubbing to 3/4-inch for editing. In doing so, they are losing 75 per cent of the advantage of half-inch tape. In order to derive the benefits from half-inch field cameras, the tape must be edited on half-inch equipment and played back on air via half-inch tape. Once a station makes a decision to air news from half-inch tape, the station has moved part of the way toward being able to play back *all* materials from half-inch. Some stations have purchased half-inch systems for news playback. By investing little more than twice the cost of such a system, a station can go 100 per cent half-inch.



Comparison of 60 minute tapes: *two-inch tape, 12 lb., 7½ oz.; one-inch, 5 lb., 6 oz.; half-inch Beta cassette, 14 oz.*

Quarter-inch limitations

One argument that has station management teams leery of half-inch is quarter-inch developments. While quarter-inch may have real potential for ENG, it does not seem to have the potential for a total station playback system.

Just as more sophisticated one-inch machines were expected in 1978, more sophisticated half-inch machines are coming. Like 1978, production devices that take maximum advantage of the new technology are in the works. However, the economic reasons are here *now* to put half-inch to work. The broadcasters who entered half-inch in 1983, 1984 or 1985 are already reaping the benefits. Most broadcasters who go heavier into one-inch in 1985 are going to have regrets.

Unfortunately, there are two formats in half-inch tape. There is no standardization and no prospect of it. But, either the Sony BetaCam format or the Panasonic M format can serve a total station's needs. The economies exist right now, even though no programming or commercials are currently delivered on either format. However, if both formats thrive, it is possible to foresee programming and commercials delivered in both M and Beta formats, just as both one-inch material and two-inch material are both currently available.

Programming/Production

Upfront syndication lively, paced by kids

Although actual hard upfront negotiations won't get underway for another month or so in syndication, except for kid programs, early indications from both advertisers and other sources are that the marketplace will be lively and active, with some business taking place before the network rounds begin.

Brian Byrne, Orbis Communications executive director, advertiser sales, says that at this point talks between syndicators and ad agencies are in a "feeling-out period," regarding available product, guarantees on household demos and ratings and other pre-negotiation matters. "These then will be compared to the advertisers' planning costs, which at this point are in an advanced stage."

Activity seen. Byrne believes that activity will increase in the syndication marketplace for 1985–86 as compared to the present season. One factor, he notes in an interview, is that, although the number of scatter advertisers is less in the upfront arena this year than last year, the number of new advertisers into syndication is greater, "so that there may be less dollars available in the scatter 1984–85 year, but there are more advertisers which participated in that marketplace than in syndication before. That means that these advertisers will return, which all by itself, will create a broader marketplace."

This is also true in the case of other advertisers who spent the bulk of their dollars upfront last year and didn't participate in syndication, and who this year will make syndication a part of their upfront buys. These advertisers have had a year to see the continuous growth of syndication in the number of programs, stations, quality of programs and the types of lineup which can be developed. In primetime, in particular, there is an advantage in greater efficiency, and this year in the number of movies which have moved into the primetime marketplace."

Kids active. The kid syndication kid marketplace is especially active, note the agency negotiators, and a lot of buying by advertisers has been done, stimulated by purchases from Nabisco and McDonalds, plus buys via Leo Burnett. Group W's *Fat Albert & The Cosby Kids*, *She-Ra*, and *He-Man and Masters of the Universe* are virtually sold out, notes one agency buyer, while *Heathcliffe* is already sold out. Other programs are moving rapidly in sales, he points out, including *The Funtastic World of Hanna Barbera* and *Thundercats*.

Richard Kostyra, J. Walter Thompson's senior vice president, media director, notes that the quick sales pace being set by kid product upfront is particularly unusual in that the networks haven't announced their kid schedule yet (ABC is supposed to announce after presstime, on March 26).

Kostyra believes that all the kid shows will be sold out momentarily even before ABC announces its 1985–86 kid schedule.

Richard Kostyra

Regarding syndication upfront generally, Kostyra says that the agency is holding back on buying. "We have bought some hot things and made some renewals, basically in anticipation of what the networks would offer in dayparts other than kids. Dollar for dollar, I would want to be in network."

According to Byrne, the timing on upfront buying by advertisers varies. A number of advertisers are planning to buy syndication first, as they did last year, "so they are setting aside a syndication budget." At Foote, Cone & Belding, Robert Daubenspeck, vice president, national broadcasting director, notes that while the agency is not yet negotiating, he expects to be in talks momentarily.

At this stage, he says, "we are getting some budgets firmed up on the part of our clients. In every case where syndication is a viable alternative, more and more of our clients' money will go into syndication. All-in-all we see a very active marketplace."

DFS report. At Dancer Fitzgerald Sample, the agency's television report for February notes that some advertisers are negotiating for 1985–86 syndication now before network sales begin. "While advertisers such as Lever, Noxell and Coca Cola probably have different marketing objectives, they seek similar advantages in these early negotiations: prevent purchase by competition of most desirable programs; obtain efficiencies substantially better than network now or if unsuccessful, threaten to reduce syndication expenditures next season and convince networks that any major increases will cause further diversion of network funds to syndication." Regarding prices upfront, agency buyers are saying that they are hearing single-digit increases, which at this stage is "realistic and reassuring," as compared to some of the hot syndication properties which are fetching high increases in the front arena. (See TV/RADIO AGE, issue March 18, regarding barter.)

At Grey Advertising, Alec Gerster, executive vice president, director of media and program services, notes that while there will be a lot of activity and interest in upfront syndication, it doesn't translate to cost-per-1,000 increases by the syndicators, or necessarily will it have a dramatic impact on what the networks are going to do in the way of prices.

Syndicast, On-Air deal

Syndicast Services has been named national sales rep for all upcoming barter programs of On the Air. Syndicast president Sheldon Boden says the total value of the current assignment is $10 million in projected sales volume for this year. Initially, the assignment consists of three series and three specials.

These are *Visions*, monthly two-hour series; *Lovesongs*, half-hour strip; and a weekly hour music show set to start in July. The three specials are, for primetime, *Television: Our Life and Times*, hosted by Jack Paar; *Years of Danger, Years of Hope;* and *The 1985 Soap Opera Awards*. On the Air, established in 1980, distributes shows for the most part which are offered via cash plus barter.

NATPE exhibitors

The convention won't be held until Janury 17–21, 1986, but 76 early-bird companies have reserved exhibit space for the NATPE International's 23rd annual programming conference, to be in New Orleans. According to Phil Corvo, NATPE executive director, the initial lineup consists of 72 renewals and four newcomers. The four additions are Faith for Today, France Media International, French Television Channel 1 and Time Buying Services. The last NATPE convention attracted nearly 7,000 attendees.

Syndication shorts

D. L. Taffner has added 39 stations to the *Too Close for Comfort* Year II adhoc network, including stations in all the top 20 markets and 27 of the top 30 markets. The second year of *Comfort*, containing new episodes, will begin airing April 1. Newest stations include KBHK-TV San Francisco, WEWS(TV) Cleveland, WXXA-TV Albany-Schenectady Troy, WJTV(TV) Jackson, KLRT-TV Little Rock and WLRE-TV Green Bay.

Taffner's international division, D.L. Taffner/Ltd. International, will represent the Weiss Global Enterprises library overseas for TV, cable and satellite.

Comedy Tonight, late-night half-hour strip being distributed by **Orbis Communications**, is a go for the fall. The strip, hosted by Bill Boggs, has cleared 60 markets to date, representing 55 per of the U.S. Metromedia stations are among those outlets signed.

Worldvision's re-release of *Ben Casey* via Evergreen Programs hs been sold to WNBC-TV New York, WPWR-TV Chicago, KTVT(TV) Dallas-Ft. Worth and KDTV(TV) Tucson, for a current total of 62 markets. *Casey* consists of 153 hours, and the programs have been transferred from 35mm prints to one-inch master tapes, for high quality.

"Ben Casey" is being re-released for syndication by Worldvision's Evergreen Programs. Series contains 153 hours. Vincent Edwards is in starring role.

Format, staff shifts

Bob Dunphy has been named program director at WRFM(FM) New York, a Bonneville International Corp. station. Before coming to WRFM, Dunphy spent nearly five years with Greater Media, in research and as program director. After Greater Media, he joined WZZP(FM) (now WLTF) Cleveland, as program director.

KMOX St. Louis has made major programming changes affecting the 9 a.m.–noon, 3–6 p.m. and 6–8 p.m. time periods. Arnie Warren will host the 9 a.m.–noon segment. Bill Wilkerson joins Anne Keefe in the 3 p.m. slot, while adding the 4–6 p.m. drive time spot to his duties as well as continuing to co-host the morning drive time with Bob Hardy. The afternoon show will undergo revamping generally, including new portions on shopping, travel tips and criticisms on the arts, in addition to the present fare such as traffic reports. Dan Dierdorf becomes host of *Sports Open Line*, in the 6–7 p.m. slot.

WAPP(FM) New York has signed Paul Schaefer, of *Late Night With David Letterman*, to host a Friday show from 7–9 a.m.

Dale Parsons, Jr. has been named program director at WNBC New York. Parsons was operations manager, WTAR/WLTY(FM) Norfolk-Newport News for three years.

The WCLV(FM) Cleveland-distributed *Adventures in Good Music* will be heard in Australia beginning April 1, through the Australian Broadcasting Corp.'s 35-station national network. The network services Australia's population of 15 million with fine-arts programming. Karl Haas is host of *Adventures*.

WCLR(FM) Bonneville station in Chicago, has added Val Stouffer joining Doctor Duncan as co-host of its morning drive programming. She previously was WCLR morning traffic reporter. In a parallel move at WCLR, Bob Conway and Barry Keefe trade news anchoring responsibilities.

Radio sports feature

Flashback, a two-minute feature which culls the history of virtually every sports event over the last six decades, has been introduced by the Clayton Webster Corp., St. Louis. Bob Costas is host of the strip series. Radio stations signed currently include WMAQ Chicago, WJR Detroit, WLW Cincinnati, WCBM Baltimore, KNBR San Francisco, WFIL Philadelphia, WWL New Orleans and KSTP Minneapolis-St. Paul.

Each program in the series, which will debut April 29, is offered exclusively to one station per market; is available at no cost to *Sporting News Report* stations; and answers the question in the previous program through the actual broadcast at the moment it happened.

Radio syndication

KUUY Cheyenne, Wyo., and KMOK(FM) Lewiston, Idaho, have selected **Drake-Chenault** as their consultants. KUUY will broadcast country music and will be assisted by national programming consultant Jay Albright. KMOK will air contemporary music. Frank Proctor, national programming consultant, will assist the station.

Yama Davis Productions, Birmingham, radio syndicator of programs via the public radio satellite system, will begin offering satellite transmission of PSAs for non-profit organizations in March. Transmission reach is expected to be about 300 public radio stations. The organization is expected to provide one master tape of the PSAs, and the stations taking the feed will be alerted by telex at least 10 days before the transmission. Charge for a monthly 30-second feed is $75.

Bonnie Abdelnour has been named director/corporate development at the **United Stations Radio Network.** She comes to US from WPIX(FM) New York, where she was national sales manager and director of new-business development. Also, she spent four years as an account executive with WOR New York and functioned in a similar capacity at WHN New York.

Burkhart/Abrams/Michaels/Douglas and Associates, Atlanta, and the **Holt Media Group**, Allentown, Pa./Washington, have agreed to mutually market each firms' services and products.

Ohio State winners

Forty-seven television programs and 20 radio shows are winners of the 49th annual Ohio State Awards competition, which honors excellence in educational, informational and public affairs broadcasting. The awards are sponsored by the Institute for Education by Radio-Television, which was founded in 1930 by Ohio State University.

The winners are, in social sciences and public affairs:
Climate of Death, KRON-TV San Francisco; *Hot Freight*, WPLG-TV Miami; *Kids 4 Kids*, WNBC-TV, New York; *L.A.*: Above and Below, KABC-TV Hollywood; *Stopped for Questioning*, KRON-TV, San Francisco; *The Kesterson Dilemma*, KGO-TV, San Francisco; *The Sizzle Behind The Sell*, WBZ-TV, Boston; *Video From Russia*, KABC-TV, Hollywood; *A & E Furnace Repairs*, *Saving Grace* and *TV Repairs*, KCTV-TV Fairway; *Children Of Faith*, *Crisis Close To Home*, WTHR-TV, Indianapolis; *Electroshock Therapy: The Practice*, *The Controversy*, KAET, Tempe, Ariz.; *Lost In Time: Early Alabama Indians*, Auburn Television, Auburn University, Ala.; *The Mormons—Living in Zion*, KUTV, Salt Lake City; *Behind Closed Doors: Battered Dreams*, *Family Violence in America*, WVLV Radio, Lebanon; *Good Work*, TV Ontario, Toronto; *Annenberg Series: Sound Studies In Sociology*, WHA Radio, Madison, *Faces of Culture*, KOCE-TV, Huntington Beach, Calif.; *Portrait of America*, WTBS/TV Atlanta; *Congress: We The People*, WETA, Washington, The American Political Science

Programming/Production

(*continued*)

Association, & Toby Levine Communications, Potomac; *The Toxic Timebomb; Illegal Dumping in The Tri-State Area*, WNBC Radio, New York; *The Phone Mess*, WCBS Newsradio, New York; *The State Of The Unions*, KMOX Radio, St. Louis; *The Immigration Problem*, KNX Newsradio, Los Angeles; *Grampa's Place*, Radio New Zealand, Wellington, New Zealand; *D-Day—ABC News Nightline*, ABC News, New York; *Crime of Silence:* The Sexual Abuse of Children, Independent Producers Janis Ball and Portia Franklin, & National Public Radio, Washington; *D-Day Anniversary*, NBC Radio Network, New York; *Hawkins Point: The End Of The Line*, Independent Producers Deborah George and Moira Rankin, Adelphi, MD, & National Public Radio, Washington; *Dead Wrong—The John Evans Story*, CBS Entertainment, New York, and *Your Children, Our Children*, KTCA-TV and MGW Productions, St. Paul.

Natural and Physical Sciences:

Sea School/Alaska Fisheries, Alaska Department of Education (OIS), Arctic Environment Information and Data Center, Alaska Department of Education, Juneau; *Moment to Moment: Living with Parkinson's*, Lancit Media Productions/Intramed Communications, New York; *Up Close And Natural*, New Hampshire Public Television, Durham, N.H.; *Johnny Ball's Math Games*, British Broadcasting Corp., London; *The Making Of A Continent*, WTTW/Chicago, Chicago; *Nature*, WNET/Thirteen, New York; *The Total Artificial Heart: The Technology, The Issues*, KAET-TV, Tempe, Ariz.

Performing Arts and Humanities:

Reading Rainbow's, Lancit Media Productions, Ltd., New York, NY; *English as a Second Language: The Verb To Be, Part 1*, WMTJ-TV, Rio Piedras, PR; *Studio One: Life on the Mississippi*, Voice of America—U.S. Information Agency, Washington; *Music Under Fire*, KUSC-FM, Los Angeles; *By His Bootstraps*, National Radio Theatre of Chicago, Chicago; *Castaway's Choice*, KCRW, Santa Monica; *Arthur Fiedler: A Man And His Music*, WBZ Radio, Boston; *Lincoln's Music In America: The San Francisco Opera*, Concert Music Network, Chicago; *American Prose Series*, American Audio Prose Library/KOPN Radio, Columbia, Mo.; *New England Almanac: Portraits In Sound of New England Life and Landscape*, Independent Producer, Thomas Looker & WFCR, Montague Center, Mass.; *Blake (or) The Huts of America*, WGBH Radio, Boston; *Expressions*, Provincial Educational Media Centre, Richmond, British Columbia, CN; *Welcome Home, Jellybean*, Cynthia A. Cherbak Productions, Hollywood, CA & CBS Entertainment, New York; *Andrea's Story: A Hitchhiking Tragedy*, ABC Afterschool Special, ABC, New York.

Breadwinner, Capital Cities Television Productions, Philadelphia; *Crumpet Corners Christmas In the Colonies*, WCVB-TV Boston; *Visions in Bubblegum*, Canvas & Stone, WDIV-TV, Detroit; *Adam*, produced by Alan Landsburg Productions, Los Angeles, & Broadcast on NBC-TV, New York; *George Washington*, CBS Entertainment, New York; *Something About Amelia, ABC Theater, New York; Smithsonian World*, WETA-TV & Smithsonian Institution, Washington; *Dreams Can Come True*, WSPA-TV, Spartanburg, SC.; *The International Violin Competition of Indianapolis*, WRTV/Cathedral Arts, Indianapolis; *Annie Special*, KYTV, Springfield; *Rock 'N Reality*, KYW-TV, Philadelphia; *Olympic Gold: Local Heroes*, KIRO-TV, Seattle; and *Europe By song*, WXIA-TV, Atlanta.

Zooming in on people

Robert Unkel has been named executive vice president, corporate affairs, at LBS Communications. Unkel joined

Robert Unkel

LBS in September, 1983, as vice president, programming, and was promoted to senior vice president in December, 1984. Besides serving as coordinator of communication and activity among the three main divisions within LBS, Unkel will oversee advertising and promotion, marketing research and programming services.

Ronald L. Nelson has been named president, **Paramount Television Network and Video Distribution**, and **John Pike** has been appointed executive vice president, network television. Nelson was executive vice president of the television group, and takes over the job formerly held by Mel Harris, who was named president of the Paramount Television Group. Pike was senior vice president, current programming, for Paramount Television.

Paramount Television Group has been reorganized, and **Dea Shandera, John Wentworth** and **Cathy Conway,** managers of advertising, promotion and publicity, will handle all the TV group's programs.

Richard Golden has been appointed to the new position of vice president of sales for the East Coast at **Lionheart Television.** Prior to joining Lionheart, Golden was a sales rep at LBS Communications. Before that, he was a programming consultant at Katz Communications for three years.

Peter Preis has been named director of western sales, and **William Trotter** has been appointed eastern division manager **MGM/UA Television Distribution,** domestic syndication. Preis, western division sales manager since June, 1984, spent six years with MCA TV International before joining MGM/UA in January, 1982, as southwestern division sales manager, based in Dallas. Trotter joined MGM/UA in 1983 as account executive.

Gerald Adler has been appointed vice president, international program development, at **Viacom World Wide Inc.** Since July, 1982, Adler has been vice president and managing director of Viacom International and Viacom S.A.

At **LBS Communications, Rand Stoll** has been named vice president, marketing, advertising sales manager, and **John Reisenbach** has been appointed vice president, marketing, advertiser sales. Stoll joined LBS in 1982, and was an advertising sales rep. Reisenbach came to LBS in 1983, also as an ad rep. Before that, he was with Backer & Spielvogel, as manager, network TV.

Rand Stoll

John Reisenbach

Alexander Dusak has been named director of advertising and marketing at WOR-TV New York. Since 1980, he has been president of Dusek Communications, company involved in promotional services for diverse broadcast entities.

Alexander Dusek

Cynthia Bell has joined FCB/NY's national broadcast unit as group supervisor. Bell has been at SSC&B, where she was network supervisor.

Cynthia Bell

BBDO bows formula

BBDO has introduced a copyrighted research technique which goes beyond the traditional method of measuring audience loyalty and which projects the survival chances of a network primetime show. Called "The Loyalty Factor," the formula is based on existing TV ratings data and is seen by the agency as highly beneficial to advertisers in providing them with a means of documenting that the shows they are sponsoring have a large and loyal audience each week, with the stronger the show's loyalty score the better the program's chances of getting consistently higher ratings. Loyal viewers are determined by BBDO as individuals who watch the same program three or four times during a four-week period.

The agency's media department compiled a report at the start of the current season on a measurement of viewer loyalty. An analysis was made of the loyalty factors of the 1983 TV programs that would be returning for the 1984–1985 season, and the survival chances of each show in the current season were then quantified.

To determine what the program's chances were for doing well, an overall "strength evaluation" of the program was made, using three major criteria: (1) the percentage change in the show's loyalty; (2) the show's loyalty factor in comparison with competing programs of a similar nature; and (3) the show's loyalty factor when compared with other programs on the same network. Based on these loyalty criteria, BBDO predicted which shows have weak or strong followings.

As it turns out, BBDO did very well, regarding the fourth quarter. On average, the agency batted 82 per cent, on target on 28 of the 34 programs offered by the networks. It did best with projections on CBS programs, with a 92 per cent grade, being correct on 12 of 13 shows; while going eight for 13, or 80 per cent, on the NBC shows; and batting 73 per cent, with eight of 11 programs shown on ABC.

The incorrect strength predictions were on *Fall Guy*, *Hotel* and *Love Boat*, all projected in the "strong" box but, which turned out "weak," for ABC; *Magnum P.I.*, on CBS, and on NBC, the *A Team* and *Diff'rent Strokes*.

Gingold leaves Birch

David S. Gingold, president and chief operating officer of Birch Consumer Research, Inc. cites the "hectic pace of the last five years," and "spending more time on the road than at home," as the primary reasons for resigning his post.

Gingold, a founding member and prime mover of the Birch Radio Ratings, says that he will "redirect my entrepreneurical and management experience. I'm considering a number of opportunities, but have made no commitments at this time." Gingold began his career with Birch in 1980 as vice president, director of sales and marketing. He was named president of Birch Radio in March of 1984, and to his current post last July.

KalaMusic bows swing

KalaMusic, worldwide syndicator of radio programming based in Kalamazoo, Mich., is kicking off a new format called *Jon Holiday's The Big Bands*. Stephen C. Trivers, KalaMusic president, says *The Big Bands* is not a nostalgia format, but designed to satisfy today's broadly based demand for swing music. Nevertheless old '78s have been processed by Holiday into sound Trivers says is as good as newly released albums.

Anti-drunk driving push

The broadcasting industry continues its ongoing campaign to warn teenagers about both the perils and consequences of drunk driving.

One of the upcoming examples is an After School Special prepared by Children's Television, ABC Entertainment, and slated to be shown on the ABC Television Network in primetime on May 21 from 8 to 9 pm.

The film, *One Too Many*, was prepared under the aegis of Squire D. Rushnell, vice president, Long Range Planning and Children's Television, ABC Entertainment, and Dolores Morris, director of children's programming. *One Too Many* stars Michelle Pfeiffer, Marc Winningham, Lance Guest and Val Kilmer.

Mothers Against Drunk Driving (MADD) and Students Against Drunk Driving (SADD) have both expressed support for the project and have helped to develop a TV alert through ABC's community relations department.

Vidifont marketing

Thomson-CSF will be taking a new tack in marketing its Vidifont character generator line at the NAB convention this month. It's going back to basics on the belief that a state-of-the-art, inexpensive character-generator is what the industry needs.

The machine is expected to cost in the $30,000 to $40,00 range. At presstime its designation was not firmed, but it will carry the Vidifont label. At the same time, the model with all the bells and and whistles—the Vidifont V—will still head the line.

"Encore" systems

KWTX-TV, CBS affiliate in Waco, and KTVU(TV), a San Francisco indie, have become the world's first broadcasters to install MCI/Quantel's new "Encore" digital video effects system. KWTX-TV will use "Encore" heavily in its news and sports programming and for commercials production, according to the station's assistant chief engineer, Craig Harper.

At KTVU, Sterling Davis, director of operations, says the station will use "Encore" for commercials production, promos and other station materials. He notes that the system was chosen because of its overall capabilities. "We particularly like the whole control system with the simple tracker ball and floating viewpoint. The compactness of both the control panel and the electronic is also appealing."

Commercials

Ominous findings released by JWT

The prophetic time of year, at least since the staging of William Shakespeare's tragedy, *Julius Caeser*, is the ides of March. Some agencies, with a portentous sense of timing, choose that fickle season to release research studies.

One such shop is J. Walter Thompson and last week Ron Kaatz, senior vice president and U.S. Director of Media Concepts, released a study.

Entitled *Video in the Eyes of the Viewer*. It was based on six interviews, conducted by Marc Weiner and Allyn Rawlings, two researchers based in JWT/Chicago. The subjects had one condition of life in common, they were video addicts, who had television, cable and videocassette recorders in one household. Kaatz characterized them as "part of the growing group of new media consumers on the cutting edge."

However, it's the conclusions drawn from this shortform survey that provide the cleavage for broadcasters.

JWT's findings are as follows:

- Network TV is declining. The competition for viewers' attention is very strong. Cable and VCRs offer distinct meaningful product benefits.
- Network TV commercials face an increasingly more difficult task of capturing viewers' attention.
- Less hours are being spent watching network TV
- Cable and VCRs are getting people out of the habit of watching commercials.
- Zapping appears to be here to stay.
- The problem for advertising agencies isn't that commercials are disliked, it's just becoming easier and easier to avoid them.
- It does not appear that traditional commercials appearing on cable stations will have any better chance of being watched. There is no reason to think that the medium will improve receptivity. In fact, traditional commercials appearing on cable may cause some resentment since people realize that pay TV costs them money because the station isn't supposed to sell time to advertisers.
- Attempts by the cable industry to produce different forms of commercials (longer, more entertainment oriented, tied in with the programming, etc.) may have some potential for success.

Realizing the seriousness of its findings, the agencies researchers posit a cautious caveat: "If these conclusions are correct," it begins, "the implications could be very serious. But before we attempt to predict the future of network TV advertising, it would probably be a good idea to conduct a full-scale, nationally representative study to precisely quantify some of our hypotheses." (A quick call to the agency produced the statement that no such study is now on the drawing boards.)

Pepsi dominates IBAs

BBDO continues to come up smelling like a rose with its Pepsi Cola account, as three of the spots from its international arm won best television commercial citations for a series in the 25th Annual International Broadcasting Awards Competition, sponsored by the Hollywood Radio and Television Society. Winner of the IBA Sweepstakes Award entitled them to both a plaque and a trophy.

Dick Orkin's Radio Ranch in Hollywood pulled off a major awards coup, producing three spots that won citations in the radio category, for *Ad Week*, a trade publication.

In the vintage category, the IBA was intrepid enough to pick "the world's best commercials of the past quarter century." The winners were for Hallmark Cards, "Ballerina, Christmas Wish, and Music Professor, the agency is Young & Rubicam, Inc. The commercials were created in 1983.

On the radio side, three Excedrin commercials, vintage 1967, also from Young & Rubicam, Inc. won the nod. Sweepstake and Trophy winners are listed below:

Television:

Sweepstakes: Pepsi Cola series, Pepsi Cola, BBDO Int'l, New York/Fairbanks Films, Sunlight Films, Giraldi Productions, also trophy winner.

1. Live Action, 60 seconds, English language: "Spaceship." Pepsi Cola/ BBDO Int'l, Inc. Fairbanks Films, New York.
2. Live Action, 60 seconds, Non-English language: "Match It If You Can." Fiat/ MPM, Sao Paulo, Brazil/TVC, Sao Paulo, Brazil.
3. Live Action, 30 seconds, English language (produced in the U.S.): "Howard." Conwood Corp./Tucker Wayne and Company, Atlanta/Eggers Films, Los Angeles.
4. Live Action, 30 seconds, (Produced outside the U.S.): "Statman." Rank Xerox, U.K. Ltd., London/Barrie Joll Associates, London.
5. Live Action, 30 seconds, Non-English language: "Synchronized Swimming." Nisshin Oil Mills/Dai-Ichi Kikaku Co., Ltd., Tokyo/Tanaka Promotion Co., Ltd., Tokyo.
6. Animation: "Fascinating Reading." The Age Newspaper/USP Needham Melbourne Pty Ltd., Melbourne/Zap Productions, Artarmon, NSW, Australia.
7. Combination: "Invisible Copier." IBM Copiers/Doyle Dane Bernbach, New York/R. Greenberg Associates, Inc., New York.
8. Humorous: "Hunchback." Dr. Pepper/Young and Rubicam, New York/ Filmfair, Inc., New York.
9. ID's, 10 seconds or less: "Orangutan." San Diego Zoo/Phillips-Ramsey Advertising, San Diego/Plum Productions, L.A.
10. Public Service: "Smoking Baby." American Cancer Society/Joseph Vogt Productoins, San Francisco.
11. Local (One Market): "Teenager." Alcoholism Rehabilitation/Della Femina, Travisano and Partners, Los Angeles/DFT and WE, L.A.

Radio:

Dick Orkin's Radio Ranch has been known to West Coast producers for some time as a leading exponent of effective tongue-in-cheek advertising. Orkin hit the "sweepstakes" with the *Adweek* series.

Sweepstakes: "Comings and Goings/Mr. Faux Pas/They Found Him." Adweek Magazine/Dick Orkin's Radio Ranch, Los Angeles. Also winner in series category.

1. Musical, 60 seconds: "Earl Thomas Conley," Budweiser Beer/D'Arcy MacManus Masius, St. Louis/Milsap Williams, Nashville.
2. Musical, 30 seconds: "It's a Blast." Wintario-lottery/Payhurst Advertising Ltd., Toronto/Trudel Productions, Toronto.
3. Humorous, 60 seconds: "Comings and Goings." Adweek Magazine/Dick Orkin's Radio Ranch, L.A.
4. Humorous, 30 seconds: "Test." Jell-O Pudding/Young and Rubicam, Inc., New York.
5. Open, 60 seconds: "The Date." McKesson Corp./Dailey and Associates, L.A./L.A. Studios, L.A.
6. Open, 30 seconds: "Body Glitter." Pharmaceutical Sales/Radio New Zealand, Wellington/Commercial Production Unit, Radio Station 3ZB, Christchurch, New Zealand.
7. Local (One Market): "Lighting Shirts." City National Bank/The Rub Group, Baton Rouge/Sarley Cashman Creative Services, Hollywood.
8. Public Service: "Mr. Bear." Poison Control/John Brown and Partners, Seattle/Steve Lawson, Seattle.

More on the split-30

A second study that came forth with some cautionary conclusions as far as the viewer's receptivity to commercials is called *Shorter Units, Risk, Responsibility* and *Reward*, presented at the recent Annual meeting of the Advertising Research Foundation.

A joint presentation was made by Marvin S. Mord, vice president, marketing and research services, ABC-TV, and Edith Gilson, senior vice president in charge of research and planning, J. Walter Thompson.

The pair term the 15-second spot "another dilemma in the growing complexity of the new video environment," and warn broadcasters about the care that must be taken in their use. Among the admonitions given:

- If the increased use of shorter length commercials results in more commercials per break, the viewers will definitely notice.
- Viewers who both own VCRs and subscribe to cable TV are even more likely to notice more commercials.
- Although all viewers notice the greater number of commercials, most cannot tell the difference in length between a 30-second commercial and a 15-second commercial.
- As the number of commercials per break increases, viewers think that more time is taken away from programming.
- As viewers believe that they see more advertising, they become more negative.
- In all aspects of commercial effectiveness, 15s are less effective than 30s, about 20 per cent less in our study.
- Increasing the number of commercials in a pod actually decreases the effectiveness of 15s.
- A 15 is not differentially affected by the length of the commercial that precedes or follows it.
- Increasing the number of 15-second commercials in a pod enhances the effectiveness of the 30s in that pod.
- The effectiveness of a 30 is somewhat influenced by the length of the commercial that precedes it and is greatly influenced by the length of the commercial that follows it.

Both Gilson and Mord emphasizes the documented effectiveness of the 15-second spot if used in the right environment, they emphasize also that the short form carries potential disadvantages, as well as advantages they bring to the longer units.

The advertising researcher and media experts are becoming more sensitive, according to the study, to the possibility of "further alienating our prime prospects . . . the younger viewer who was most sensitive to clutter, and became, as clutter increases, most negatively disposed toward advertising."

New campaigns

Massachusetts Mutual Life Insurance Co. is setting a precedent of sorts when it launches its first television campaign in its 134-year history with major sponsorship of two television specials this month.

Kenyon & Eckhardt, Inc., Boston, is the agency, and the shop created three original commercials that broke last month on network television. Four availabilities have been bought on ABC-TV's coverage of the Kentucky Derby on May 4.

"We selected these television events to deliver a compatible audience and environment for our advertising messages, which will increase our awareness as the 11th largest life insurance company in the U.S.," says **James McKeon,** senior vice president.

Advertising campaign characterizes Mass Mutual ASA dynamic changing company concerned with its policyholders and its representatives, according to **Joyce Di Bona,** vice president, management supervisor.

K&E creative team who developed the campaign are **Stan Bornstein** and **Dave Random,** both vice president, associate creative directors; **Tim Merry,** art director; **Nancy McGraw,** Broadcast production manager; and **Len Marino,** broadcast producer. **Sam Miller** is senior vice president and creative director.

Maggie Condon and **Henry Trettin** of **N. Lee Lacy** Associates helmed two of the spots, with the company doing the producing on both segments.

Bob Gaffney, of Illustra Films World Wide, helmed the third spot. All three commercials were edited at **First Edition/Composite Films** in New York, and **Michael Carroll** provided the voice over.

Van Munching & Co. via its agency, **SSC&B,** Inc. is kicking off a radio campaign for Amstel Light Beer. According to **Leo Van Munching, Jr.,** president of Van Munching & Co., the program will be the biggest ever in support of the imported light beer, with a billings pricetag exceeding $5 million.

The radio commercials, which will create more than one billion impressions during 1985, feature live consumer quotes boosting the beer. According to **Alvin Nilson,** Van Munching & Co.'s advertising manager, the company will spend more on Amstel Light radio advertising this year, than all but a handful of imports.

The comparatively heavy expenditure is a reflection of the significant sales increase enjoyed by the brand for the past three years. "Our 1985 commitment," Van Munching says, "reflects our

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GIFFORD ANIMATION, New York

WXYZ • Detroit

RODMAN INC. & GRFX PRODS., Darien, CT

Commercials *(continued)*

belief that there is tremendous potential for further growth of this brand." The new spots will be tracked in tune with sales response.

Needham Harper Worldwide reaches a spinoff in its "team Xerox" strategy, which takes the computer user out of the office and into his personal life.

"Nearly all office-product advertising shows how the product can benefit the office environment, but with our new campaign we are showing how these benefits can be carried over into a customers personal life," says **Douglas McLaine,** marketing communications manager for the manufacturer of computers and duplicating equipment.

The $70-million dollar drive is concentrated on television, with a split screen technique featuring the machine speeding office routines, and a dramatization of what this can achieve in quality leisure time for the customer. Theme of the campaign is that Team Xerox enhances both your professional and personal life.

N W Ayer is launching **J.C. Penney's** new television campaign for the spring. Four 30-second spots, representing Halston III, Wyndham Stafford and Lee Wright collections, are emphasized in the spots, which continue to reinforce the new fashion image and repositioning for the retailer through the theme line "you're looking smarter than ever, J.C. Penney."

Spots kicked off last month on Penney's sponsorship of two widely watched shows, *The Night of 100 Stars*, March 10, and *The Academy Academy Awards*, both on ABC-TV.

Related to the first campaign, Ayer created for J.C. Penney in the fall of 1984, the four commercials picture fashionably dressed men and women in real-life situations reflecting modern day lifestyles.

Of the four spots in the campaign, "Halston 111 Airport" is the only commercial to have aired prior to both programs. **Sarah Moon** directed the spot which focuses on a woman traveling alone, who is dressed smartly. "There's nothing more beautiful than a confident woman," the voiceover intones, reiterating the theme emphasized in Halston advertising last fall.

The three brand new spots, airing now in daytime, primetime and nightime flights—Stafford "Star Struck, Lee Wright "Beach Party and Wyndham "Business Trip"—reinforce themes established during the fall campaign.

"By giving established themes now looks for spring, J.C. Penney can drive J.C. Penney's image home," says **Robert Igiel,** Ayer senior vice president and group media director. "Seven out of 10 households in the nation will be watching these shows." Penney is anxious to communicate new year round fashion image.

Credits for the spots are as follows: "Halston 11 Airport"; production company **Berkofsky-Barrette Productions,** Inc.; director, **Sarah Moon;** Ayer creative team **Agi Clark,** art director **Jeanne Chinard,** writer; Wyndham "Business Trip"; Production; **Denny Harris Productions;** director: **Denny Harris;** Ayer creative team; **Dianne Campbell,** AD **Beth McLure,** writer; Stafford Star Struck: Production Co: **Bill Hudson Productions**; Director: **Bill Hudson,** Ayer Creative Team: **Tom Chung,** AD, **Byron Barclay,** was the writer.

J. Walter Thompson has kicked off a new broadcast campaign on behalf of **Schick Disposable Razors,** a product of the **Warner-Lambert Co.,** Morris Plains, N.Y. featuring a new commercial spotlighting its disposable as the long lasting brand that stays sharp for many shaves.

The target question for the new 30 is "How many Schicks can you get from one disposable Schick?" The answer is provided in an upbeat musical declaration of each day of the week. A 15-second version of the spot will also be aired as part of the new campaign. Thirty and 15-second spots are currently running on network television.

William Lower takes CD and copywriter credits for the campaign. Lower also wrote the lyric for the new commercial, while **Garry Bell** composed and arranged the melody. **Allison Wallace** handled music production for the **Jeff Wayne** music house, which is based in London.

Kent Shively is the AD; **Ed Kahn,** the agency producer. **Patrick Morgan** directed the commercial, while **Fairbanks Films** in New York handled all of the production.

Admakers

Last month **Ron Travisano,** a principal in the agency of **Della Femina, Travisano & Partners,** announced plans to serve the shop only on a consultant basis, and open his own commercial production house, **Travisano/DiGiacomo Films,** with copywriter **Frank DiGiacomo.** Travisano is only one of a spate of agency prime movers to move out of the ad game for commercial production. Two other recent examples reported in TV/RADIO AGE are **Manny Perez,** late of **Young & Rubicam,** now of **FilmFair,** and **Jeff Devlin,** formerly broadcast production head at SSC&B, now with the **Film Consortium.**

These machinations often precipitate moves on the agency front. Quite a bit of movement has taken place recently.

Cunningham & Walsh, for one, recently reports a restructuring of its creative division.

Stephen Feinberg, Paul Schwartz and **Paul Solovay** have been named associate creative directors and elected senior vice presidents, ACD being a new post at Cunningham & Walsh. In addition, **Alan Judelson** has been hired as an associate creative director, coming from Ted Bates Worldwide, where he was a senior vice president and creative director.

At C&W, the creative division has been divided into three teams, each composed of two creative groups. Judelson will head one, Solovay another, and Feinberg and Schwartz will co-head the third.

All the associate creative directors will report to **Arthur Meranus,** director of creative services. Thinking behind the move, according to C&W President **Hank Malfa,** is to "distribute the administrative load more broadly, to allow Meranus to spend more time with clients, and to free their creative people to devote their time to the creative product.

C&W's new team: *(l. to r.) Alan Judelson, Paul Schwartz, Arthur Meranus (standing), Stephen Feinberg and Paul Solovay.*

Commercials *(continued)*

Feinberg joined C&W in 1981 as creative supervisor on the Woolite, Schieffelin and Folgers business. He was elected a vice president in 1982, promoted to group head in 1983.

Schwartz joined the agency in 1974 and has worked on C&W's New York based business. He was upped to vice president in 1980 and to creative group head in 1983.

Solovay joined C&W in 1980 as vice president and group creative director. Before joining JWT he worked at J Walter Thompson, Young & Rubicam and BBDO. He is a member of DGA (Directors Guild of America) and ASCAP (American Society of Composters, Artists and Publishers). He has won CLIO's and One Show award for his work, while at BBDO on behalf of Pepsi-Cola.

Penelope J. Hawkey has been named president and creative director of The Bloom Agency's New York office, reporting to chairman and CEO **Jeff Pine.** Hawkey comes to Bloom from McCann-Erickson, where she has been since 1973, save for a two year stint as a principal of her own agency.

Hawkey has written a number of award winning television commercials. The most notable is the "Mean Joe Green" spot for Coca-Cola. Others are the L'Oreal's "I'm worth it" campaign, featuring Meredith Baxter-Birney; and the Nescafe spots with Lindsay Wagner and Robert Culp.

Penelope J. Hawkey

Hawkey's career began in 1965 when she joined Grey Advertising, later moving to J. Walter Thompson where she became a vice president, copywriter, before moving to McCann-Erickson, Inc. in '73, as vice president and senior copywriter.

The Hawkey acquisition, is apparently the last link in a chain designed to put Bloom's New York agency on a strong creative footing. The newly formed executive team will work with Bloom's New York-based accounts such as Airwick air freshener; Nabisco's All Brand Importers (Moosehead beer, Carlsberg Beer, Foster's Lager) New York Air, and, it is suspected a spate of new business pitches. The Bloom shop reports it bills $180 million per year with its main office in Dallas, but declines to break out the billings of its New York ad operation.

Grey Advertising has rewarded two of its creative supervisors with vice presidential status. **Andrew P. Bohjalian** and **Denise O'Bleness.**

Both new vice presidents began their careers with Grey in 1977, working as a creative team on several accounts. Bohjalian is a copywriter, Obleness an AD.

BBDO, Inc. has elected two vice presidents in the creative area. They are **Rick Meyer** and **Michael Patti.**

Meyer joined BBDO in 1983 as a creative supervisor. Prior to joining the agency, he held a similar post with SSC&B. Earlier agency stints were with Geers Gross, Ted Bates and Rosenfeld, Sirowitz & Lawson, all in a similar creative capacity.

Patti also joined BBDO in 1983 as a copywriter. He was promoted to creative supervisor in 1984. Prior to joining BBDO he was a copywriter with the Marschalk Co.

Alexander S. Kroll, who joined Young & Rubicam, Inc. in the research department in 1962, has capped his 23-year career at the agency with his appointment to the office of president and chief executive officer.

Kroll, long regarded as the creative catalyst of the U.S.'s largest agency, in terms of billings moved to the copy department in early 1964, became creative director in 1970, and president and chief operating officer in 1982. "His record has been one of ceaseless innovation and continued success," says Edward N. Ney, his predecessor as chief executive officer, who remains chairman of the agency.

"Alex will now have final responsibility for the company's performance on a worldwide basis. I will continue as an active chairman working with Alex in a number of areas including client contact, new business and industry affairs. We have worked together very closely for nearly 15 years and the results are not all bad. But the boss is Alex from now on."

Ney joined Young & Rubicam in 1951 as an account executive, and in 1963 became president of Y&R International and in 1970 became president and chief executive officer of Y&R Inc. He has been chairman since 1972.

Under his aegis, the agency grew from $507 million in billings in 1970 to more than $3.2 billion in 1984.

At **D'Arcy MacManus Masius/Chicago, Elizabeth Nickles** and **William Valtos** have been named executive creative directors of the agency. They were both group creative directors.

Nickles joined DMM Chicago in 1980 as associate creative director. She was appointed vice president the same year and named senior vice president and creative director in 1981.

Valtos joined DMM in 1975 as a creative director and has contributed to virtually all DMM accounts during his ten year tenure with the agency. He was named vice president in 1976 and senior vice president, creative director in 1980.

Alan Kupchick currently director of creative services in Grey's Western Division, has been elected to executive vice president status. He previously had been a senior vice president.

Kupchick's career with Grey spans 19 years and both coasts. He joined Grey in New York in 1964, spending 14 years supervising a number of major accounts including General Foods, Heinz Pickles and B.F. Goodrich tires. He was instrumental in developing, packaging and positioning for No Nonsense Pantyhose, now the nation's second largest hosiery brand.

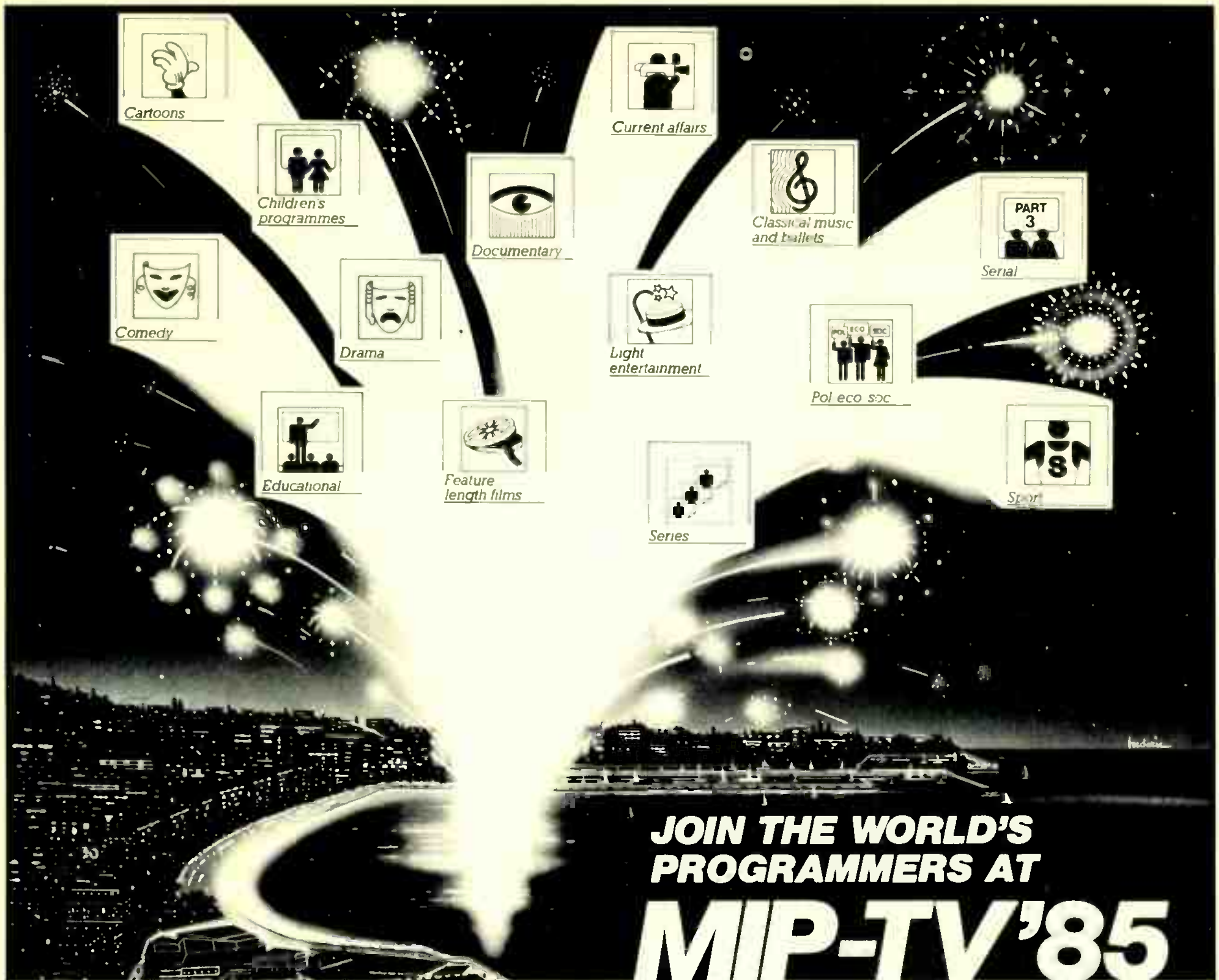
Kupchick moved to Los Angeles in 1978 and spent two years as vice president/group creative head at Wells, Rich, Greene. In 1980 he rejoined Grey in Los Angeles as senior vice president-director of creative services.

Dancer Fitzgerald Sample has named three new vice presidents. They are creative group heads **Janice S. Nieman** and **Cathy Aromando,** and art director **Beverly A. Okada.**

Nieman, has been acting group head since she joined DFS in May, 1984. She will retain her responsibility for Luvs, USA.

Okada, a senior art director, has been with the agency since August, 1984. She will continue her work on CPC's Mazola Oil and Procter and Gamble's Luvs and Dreft.

Aromando joined the agency last month as vice president, creative group head. She comes to DFS from Y&R, having worked there since 1979. The accounts in her group will include a **Helene Curtis** product and several **General Mills** brands.



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The KXXV EYEWITNESS NEWS team (l-r) Ric Steed and Edye Grant, news co-anchers; Stu Bowersox, meteorologist, and Ray Peters, sports

KXXV, Channel 25 signed on this morning with its 5 million watt transmitter bringing NBC back to Waco, Temple, Killeen, and Central Texas. In addition to NBC programming, the station will feature daily episodes of Dallas, The Dukes of Hazard, and Donahue. KXXV has conducted a nationwide search in order to assemble an expert news department and its local newscasts will be seen daily at 5 & 10 P.M. on EYEWITNESS NEWS.

KXXV General Manager Robert Mann said, "We are excited about the resurgence of NBC and together with our own dedication to local news and entertainment, we feel that KXXV and NBC will deliver an unbeatable one-two punch for advertisers in the growing Central Texas marketplace." Mann went on to say, "With a power of 5 million watts broadcasting from our 1,736 foot tower, everyone in Central Texas will be able to enjoy the best news and entertainment in Central Texas."

SEE KXXV, PAGE 2A

kxxv 25

Setting The New Standard in Central Texas

Contact Your Local Katz Continental Representative or Don Shores at (817) 754-2525

KXXV • P.O. Box 2522 • Waco, Texas 76702

Spot Report

April 1, 1985

DDB sees spot TV rates rising 8%, radio 7% in '85

Doyle Dane Bernbach expects spot television rates and CPMs to increase 8 per cent this year and spot radio rates and CPMs to move up 7 per cent. This intelligence appears along with a vast mass of other data on radio, television, cable, print and outdoor media, complete with trend graphs, in the new 93-page 1985 edition of *Media Trends*, available for $50 from Doyle Dane Bernbach.

The report, prepared under the direction of Mike Drexler, DDB executive vice president, director of media and programming, points to food and food products as the leading advertising classification last year in both spot and network television and in spot radio. In spot TV this category invested $1,034 million in 1984, and the figure for spot radio was $241 million. The beer and wine group was spot radio's second biggest category, accounting for $183 million last year. In percentage increases, three categories tied for first place with 35 per cent boosts in spot TV: automotive, business and consumer services and travel, hotels and resorts. The big percentage gains for spot radio came from gas, lubricants and fuels, up 64 per cent, and apparel, footwear and accessories, up 50 per cent.

Looking at the incoming tide of 15-second commercials, or split-30s, DDB predicts that these will represent 3 per cent of all spot TV commercials during 1985 and 7 per cent of all commercial lengths seen on network television.

Increase seen. *Media Trends* also predicts that total advertising investments this year will increase 10.6 per cent to reach $96.2 billion and that total television expenditures will rise 9.7 per cent to $20.3 billion this year, and continue to be the leading medium for national advertisers, accounting for a 27.4 per cent share of national advertising, down slightly from 1984's 28 per cent.

Total radio investments this year are expected to reach $6.5 billion, 9 per cent ahead of last year. *Media Trends* reports 1984 radio expenditures of $6 billion, a 15.1 per cent gain over 1983.

DDB reports that barter syndication on radio came to some $50 million last year, growth that the agency attributes primarily to deregulation rulings by the FCC and to the proliferation of satellite technology.

For cable TV, Doyle Dane predicts a 42.9 per cent climb in advertising revenues this year but adds that this still adds up to only 3.7 per cent of total television advertising investments. Last year, says the agency, cable's pie added up to $524 million, with 85 per cent of these cable and expenditures going to network cable. This year, *Media Trends* expects cable penetration and subscriptions to pay services to continue to increase, and predicts that advertising supported basic cable will attract an increased share.

Legal advertising up 58%

Local television experienced a 58 per cent gain in advertising of legal services in 1984 over the previous year. According to Television Bureau of Advertising, it came to $28,192,400, compared with $17,803,000. This compares with a 62 per cent gain in '83 over the previous year's $11,022,700.

Top advertiser again was Hyatt Legal Services, a multimarket operation headquartered in Kansas City, whose spending rose 45 per cent in 1984 to $4,475,800, compared with $3,094,700. Next was Jacoby & Myers, another multimarket firm, up 57 per cent to $1,291,000 from $823,000. Third was Norton Frickey & Associates, Denver, with a 56 per cent rise to $868,400 from $556,400.

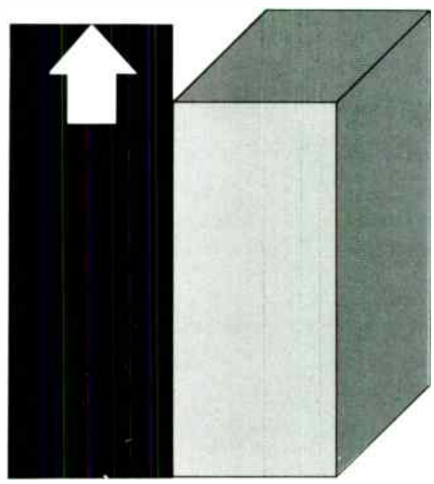
Highest percentage gains were posted by Robert B. Searcy, attorney, Houston, up 2,919 per cent to $274,700; Personal Injury Associates, Phoenix, up 285 per cent to $271,300; Jack Swisher and Associates, attorneys, Houston, up 247 per cent to $262,900; and Solomon Relihn, Blake, lawyers, Phoenix, up 216 per cent to $247,000.

First use of TV by legal services followed the 1977 Supreme Court decision in Bates v. State Bar of Arizona, permitting the legal profession to advertise. Another decision in January, 1982, by the Supreme Court invalidated restrictions on legal advertising.

January

Local business *(millions)*

+12.6%



1985: $265.7 1984: $236.0

Complete TV Business Barometer details p. 30

Spot Report

Campaigns

Allstate Insurance Cos., TV
Leo Burnett Co./Chicago
PROPERTY and AUTOMOBILE INSURANCE is being sold for 26 or more weeks that started in late March in a long and coast-to-coast lineup of television markets. Media concentrated on fringe and news positioning to reach both men and women 25 and up.

Del Taco Restaurants, RADIO
The Bloom Agency/Dallas
FAST FOOD MEXICAN RESTAURANT CHAIN is scheduled for 26 or more weeks of advertising that started in mid-March in a fair list of southeastern and Texas radio markets. Buying team arranged placement to reach both men and women 25 and up.

Farmer's Insurance, RADIO
Foote, Cone & Belding/Los Angeles
INSURANCE is set for 12 weeks of radio advertising scheduled to start in late April in a select group of midwestern and west coast markets. Target listeners are adults 25-plus.

Fotomat Corp., RADIO
Botway/Libov Associates/New York
PHOTO PROCESSING SERVICES are being offered for three weeks that started in early April in a good many midwestern, southeastern and Texas markets.

Buyers placed schedules to appeal to adults 25 and up.

Frigidaire Co., TV
Needham Harper Worldwide/Dayton

New opportunity

It hasn't been seen on television or heard on radio, but Legume, Inc.'s Light and Natural Tofu Entrees like Tofu Tetrazzini, Sesame Ginger Stir-Fry and Tofu Bourguignon have been advertised in newspapers and are targeted to be in 50 per cent of New York City supermarkets this month. Agency is Dancer Fitzgerald Sample. Outside of New York, Legume all-natural diet frozen cuisine treats are already in over 4,000 health and natural food stores across the U.S., where Legume spokesmen say that they are "the Number 1 best seller." Other entries are Vegetable Lasagna, Stuffed Shells Provencale and Cannelloni Florentine.

One Seller's Opinion

Stakelin

RAB's Stakelin stresses need for sales training

We, the radio broadcasters of America, are in control of the radio industry. It's our business how we conduct business. If we don't realize who the real enemy is and how we can organize ourselves to get a larger share of all advertising dollars, we'll continue to post record revenue increases while our share remains the same. When we apply this notion to the concept of professional development training, we have to ask ourselves not, "Can we afford training?" but, "Can we better afford ignorance?"

Professional training is an area greatly in need of improvement. A recent RAB survey found that eight of every 10 salespeople claim to have had no formal radio sales training. Fully 25 per cent of those with less than a year in radio have had no formal training and an equivalent number make that claim even after working in the radio industry between one and three years!

These figures suggest that many stations are still sending rookies out into the field with a rate card and a prayer. In an industry that talks a blue streak about the need for training, more than seven of every 10 salespeople have had no group or corporate-supplied training experience.

Another recent RAB survey indicated that only 40 per cent of America's radio stations used outside sales and training consultants last year. Only half of these stations purchased outside training and sales materials, and of those buyers, 80 per cent spent no more than $500. This suggests that while everyone nods their head and sings hosannas to the idea of professional development, very few people actually are willing to make an upfront investment in the future.

Looking at the national state of radio sales training, we've got to keep Arthur Miller's character, Willy Loman, firmly in mind, because we need to understand that the only effective way to build our business is to develop our people, reduce staff turnover and improve each individual salesperson's ability to market our medium. Willy Loman reminds us that we don't ever want to be broken down radio "peddlers," and that we need to work not only harder, but smarter. Sales and marketing training must be high priority for each individual station. Training programs have to take place within each and every radio station. This is not a role you can give up or pass off to national, state, or even local groups. This is a job that every radio sales manager must make their own.

While many leading stations and groups have strong commitments to professional training, and the number grows each year, too many of us are willing to applaud their efforts and return to the "tried and true" ways of trial and error. And so the high rates of client attrition and staff turnover persist. How long can radio stations afford to undersell some accounts, lose one of every three accounts, haphazardly prospect for retail business and/or poach on each other's clients? The cure lies in a program of staff development and personnel training. As Connie Mack said, "I guess more players lick themselves than are ever licked by an opposing team. The first thing one has to know is how to handle himself. Training counts. You can't win unless you are *ready* to win."—**William Stakelin,** *president, Radio Advertising Bureau.*

SELECTED APPLIANCES will be sharing six to 13 weeks of spot advertising set to start in mid April in a long and nationwide lineup of television markets.

Negotiators arranged for a full range of dayparts to reach both men and women 25 and up.

General Mills, RADIO
Dancer Fitzgerald Sample/New York
YOPLAIT FRUIT YOGURT is being advertised for four weeks in a fair selection of markets, with midwest advertising set to kick off in late March and commercials for the southeastern markets scheduled to begin in early April. Media arranged timing to reach women in the southeast and both men and women in the midwest.

Glenbrook Laboratories, RADIO
Warwick Advertising/New York
STRI-DEX MEDICATED ACNE PADS are being pitched for 10 to 13 weeks that started in late March in a coast-to-coast lineup of radio markets. Demographic target is young people, 12 to 24.

American Honda Motor Co., RADIO
Dailey & Associates/Los Angeles
MOTORCYCLES are being advertised in a select group of western and southeastern radio markets in a campaign that started in early March and is set to continue through April. Target audience is young men 18 to 34.

Chrysler Hispanic ads

Chrysler Corp. has been signed as a five-day a week sponsor of Nuestras Noticias, United Press International's Spanish language radio network newscasts. Advertised models will be the Daytona, Aries K, Caravelle, Laser and LeBaron.

Critobal Tortosa, UPI vice president for Spanish-language services, reports Nuestras Noticias currently on 50 stations including 12 in Puerto Rico, that together "can reach more than 80 per cent of the U.S. Hispanic population, or approximately 16 million listeners."

The service, a cooperative project of UPI and the EFE news agency of Spain, features fresh voicers and actualities from major world capitals, with six minutes of national and international news 16 times daily, Monday through Friday during peak drive times, coast-to-coast. The network also offers Quien Soy Yo, a special feature produced by Productions 19, Ltd., Chicago.

Appointments

Agencies

Michael J. Vogel has joined Saatchi & Saatchi Compton Inc. as vice president, media director for the Detroit operation, which services the American Motors Corp. Jeep account. He moves in from Kenyon & Eckhardt where he had been vice president, media group head on the Chrysler-Plymouth account.

Daryl Paterson has been named media director of Ogilvy & Mather Partners. He came to the agency in October from O&M/Sydney, Australia where he had been national media director for Australia and a director on O&M's National Board.

Gilsdorf

Russell Gilsdorf and **Nancy Jo Kimmerle** have been elected executive vice presidents of Geers Gross Advertising in New York. Both move up from senior vice presidencies. Kimmerle joined the agency in 1977 and is research director. Gilsdorf came to Geers Gross in 1982 and is director of media services.

Robert G. Largen has joined Tracy-Locke in Dallas as executive vice president/director of marketing planning and research. He had been research director at Tracy-Locke between 1978 and 1982 and now returns from D'Arcy MacManus Masius in St. Louis where he has been senior vice president/director of strategic planning and research.

RAB Media Seminar kick-off

Charlie Trubia, *second from r., senior vice president of Ted Bates' radio unit, was the kick-off instructor at the first Media Seminar launched March 18 in New York by the Radio Advertising Bureau and its Media Directors Advisory Council. The series is designed for mid-level media planners, planning supervisors and buyers. Trubia's subject was planning. With him here, from l., are Carl Sandberg, vice president/media, Hicks & Greist; Susan Olive, RAB director of agency relations; Trubia; and Paul Zuckerman, senior vice president/director of media planning operations at Doyle Dane Bernbach. Besides radio planning, the lunch-time seminars will also cover goal setting and cost-per-point, network and syndicated radio, radio rep firms and radio case histories. Other instructors include Arnie Semsky, executive vice president, director of media and network planning of BBDO; George Hayes, vice president/media of McCann-Erickson; and Alec Gerster, executive vice president, director of media and programming at Grey Advertising.*

Media Professionals

A plea for realistic asking rates to start

Christopher Clements

Senior vice president,
Corporate media director
Fahlgren & Swink
Marion, Ohio

To save valuable time for all parties, Chris Clements, who heads media for Fahlgren & Swink, believes "more reps should submit their television avails with reasonably competitive rates, right out of the gate, as opposed to what seems to be the trend among too many reps to open negotiations with rates that are generally far higher than what they know we're going to end up paying."

In order to start with rates at competitive levels, Clements thinks reps should discuss with the managements of the stations they sell which dayparts happen to be a little softer at any given moment "*before* their initial approach to the agency, so they'll know where the give is before they come in and add an extra layer of negotiating time to the process that we often just do not have."

Clements explains that on top of the agency's regular ongoing buys, F&S also does two annual major promotions for NAPA—the National Automotive Parts Association—that involve buys in 195 ADIs. The jobbers in each market choose their own start dates for their local spring and fall flights, timed to coincide with when most motorists are getting their cars ready in the spring for summer vacation trips, and then again in the fall, doing preventive maintenance for the tough winter ahead.

This, says Clements, gives the agency a six-week window to make about 90 per cent of the buys, "which gives us some latitude, because the start dates don't all fall at exactly the same time. But it's hardly enough latitude to allow us the luxury of unnecessary time spent negotiating the top off of original asking prices that are far too high to begin with—which any experienced rep should know to begin with."

Clements adds that he would "also like to offer congratulations to those rep firms who recognize the problem, and whose salespeople act accordingly. This recommendation is meant only for those reps who don't, and who appear to us to either be lazy, or to have nothing better to do with their time than to waste ours. They might as well just rip the avails off of their computers and send them over by messenger, if their sales people aren't going to start with pricing at least in the neighborhood of what they should know they're going to have to wind up settling for in the end. It would save both parties time if they would start with reasonable asking prices so that any changes would be only a matter of fine tuning, rather than major rate drops that they'll probably have to spend more time explaining to their stations."

Arthur A. Simon has been named senior vice president-director of marketing and research at Dawson, Johns & Black, Inc., Chicago. He is a former vice president-marketing services for Tatham-Laird & Kudner and has most recently headed his own independent consulting operation.

Mary Whitting has been promoted to spot broadcast manager, **Bob Ehler** to spot supervisor, and **Pam Baxter** joins Tatham-Laird & Kudner, Chicago, as media research director. Baxter had been media research director at Marsteller/Chicago, Whitting steps up from spot broadcast buyer and Ehler joined the agency in 1983 as a buyer.

Dennis Witpen has been elected a vice president at Needham Harper Worldwide. He came to the agency last October as executive director of network broadcast, and before that he had been vice president and network supervisor at BBDO.

Greg Rathjen, director of marketing research services, has been elected a senior vice president at D'Arcy MacManus Masius/Chicago. He joined the agency as an associate research director and was promoted to director of the department last year.

Helen Fosbery is now an associate research director with Needham Harper Worldwide/New York. She comes from similar responsibilities at J. Walter Thompson where she worked in both the New York and Johannesburg, S.A., offices.

Cynthia Barg has been promoted to media director at Pinne, Garvin, Herbers & Hock, Inc., San Francisco. She joined the agency in 1983 as associate media director from David W. Evans Advertising, also San Francisco.

Jay Holland and **Warren Siddall** have joined Needham Harper Worldwide in Chicago in the new posts of associate director, network television and radio. They report to **Wes Dubin,** senior vice president, director of network television and radio. Siddall had been national broadcast director at Beecham Products and Holland, a former vice president, network operations at D'Arcy MacManus Masius/New York, has most recently been a media consultant.

Media Services

Barbara Welsh, Cathy Frangos and **Laurie Rubin** have been promoted at Botway/Libov Associates in Chicago. Welsh moves up to senior vice president, assistant general manager, Frangos becomes vice president, media director, and Rubin steps up to associate media director.

Lorraine DiSapio has joined the New York office of Western International Media as media manager. She was formerly a member of the political media group at Ed Libov Associates before Libov's merger with the Botway Group.

Representatives

Bill Bannister has been promoted to sales manager of the Green Team in the Chicago office of Harrington, Righter & Parsons. He moves up from account executive on the Blue Team there.

Stuart J. Sharpe is now president of Regional Reps Corp., which he has purchased from founder **Leonard F. Auerbach.** Sharpe joined the firm in 1980, and before buying it had been a vice president and regional manager of its Cleveland office.

Kay Korbel has joined Roslin Radio Sales as San Francisco sales manager. She moves in from Katz Communications' Republic Radio where she had been national sales coordinator.

Paul Grimes has been appointed sales manager of the Red Team at Harrington, Righter & Parsons, New York. He transfers from the Chicago office where he had been sales manager of HRP's Green Team.

Ibra Morales is now manager of the Stars Sales Team at Katz American Television in New York, and continues as vice president, New York office manager for Katz American.

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MARTIN HIMMEL
Chairman of the Board, President

GERALD BALDWIN
Media Director

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1-800-631-7447 Telex 138457

Stations

James M. Rupp, president of Midwest Communications, Inc., has been named chief executive officer of the company. **W.T. Doar, Jr.,** former chief executive officer, continues as chairman of the board.

Frank Gardner is now vice president, general manager of KCBS-TV Los Angeles. He had been news director of

Colombo, Crooks to Blair

Colombo

Hilliard

Boden

Crooks

Charlie Colombo and Barbara Crooks take over key posts in the shakeup at Blair's radio rep companies that transfers Jim O'Neill to the corporate staff of John Blair & Co., John Boden to vice chairman of the rep division, and makes Jim Hilliard chairman of Blair's radio rep companies as well as president of the Blair-owned Radio Stations Division.

Colombo, formerly president of Christal Radio, and before that executive vice president of Eastman Radio, replaces Boden as president of Blair Radio. Crooks, formerly president of Selcom Radio, becomes executive vice president of the Radio Representation Division, which includes Blair Radio and Blair/RAR. At presstime no replacement had yet been named for O'Neill who had been president of Blair/RAR.

WCBS-TV New York since February 1983, and before that had been news director of WBBM-TV Chicago.

Robert H. Harrison has been appointed president of the Broadcasting Division of The Lowe Group of Companies. Harrison was most recently general sales manager with WHJJ and WHJY(FM) Providence.

James B. Thompson has been named vice president, general manager of Group W's KYW-TV Philadelphia. He joined Group W as an account executive with WJZ-TV Baltimore in 1971 and now steps up from acting general manager at KYM-TV.

Michael J. Hilber has been promoted to vice president, director of sales for Trans World Broadcasting, Inc. Trans World is licensee of WHLO Akron and WZAK(FM) Cleveland where Hilber had been general sales manager.

James Butler has been named vice president, general manager of WMXJ(FM) Fort Lauderdale. He moves in from WJQY(FM) in the same market, where he had also been general manager.

Doug Brown, general manager of WLTE(FM) Minneapolis-St. Paul, has been elected vice president of WLTE FM Inc. Before coming to the station last November, he had been regional vice president and general manager of KLBB and KEEY(FM) in St. Paul.

Robert H. Smith, Jr., is now vice president and general manager of WCYB-TV Bristol, Va. He joined the station as news director in 1979 and now moves up from acting general manager.

Richard J. Montesano has been promoted to vice president, market planning and technology research at ABC Marketing and Research Services. He joined ABC in 1982 as director of market research, technology, and before that had been senior vice president, marketing services, for the Radio Advertising Bureau.

New Stations

Under Construction

KTZZ-TV Seattle; Channel 22; ADI Seattle-Tacoma. Licensee, Seattle Broadcasting, Inc., 945 Dexter Ave. North, Seattle, Wash., 98109. Telephone (206) 282-2202. Dean Woodring, general manager; Terri Williams, station manager; Sandy DeLaunay, sales manager. Represented by Seltel. Target air date, late April.

Buyer's Checklist

New Representatives

Avery-Knodel Television has been appointed national sales representative for KNAT-TV Albuquerque. The independent station is owned by Albuquerque Communications.

Blair Radio has been chosen national sales representative for Sterling Communications' WSGL(FM) Naples, Fla. The station programs a modern country sound plus NBC and Florida State Network news and sports.

Blair Television has been selected as national sales representative for WTOK-TV Meridian, Miss. The ABC affiliate is owned by Southwest Media Inc.

Republic Radio Sales has been appointed to sell nationally for WYMJ(FM) Dayton, WTJZ and WNVZ(FM) Norfolk, and for two Pennsylvania stations, WIOV(FM) Lancaster and WHUM Reading. Both WHUM and WIOV air country music and WYMJ features an adult contemporary sound. WTJZ offers an MOR Stardust format, and WNVZ plays contemporary hits in stereo.

Weiss & Powell, Inc. has assumed national representation of KCFX(FM) Kansas City and WXCM and WIBM(FM) Lansing, Mich. WIBM is an adult contemporary station and WXCM programs country music. KCFX works with an adult contemporary/AOR format.

New Affiliates

ABC's Information Radio Network has added new affiliates WJR Detroit and WDBO Orlando.

The Mutual Broadcasting System's feeds are now carried by KLVN(FM) Newton, La.

The RKO II Radio Network has signed new affiliates KNTS Mesa, Ariz.; WVLD Valadosta, Ga.; WDCF Dade City, Fla. and WVOH AM-FM Hazelhurst, Ga.

New Call Letters

WMXJ(FM) is the new call designation of WCKO(FM) Fort Lauderdale, recently purchased from **Rose Braodcasting Co.** by **Sconnix Broadcasting Co.** for $7 million.

New Facilities

WCRB(FM) Boston has received FCC permission to boost its transmission power from 11.5 kilowatts to 15 kilowatts ERP. The station says this will not only strengthen its signal in surburban Boston and Cambridge, but also push its reception area further north and south into parts of New Hampshire, Rhode Island and Connecticut.

Transactions

JAG Communications, Inc. has agreed to purchase WLPM and WFOG(FM) Norfolk-Suffolk, Va. from **McCormick Communications, Inc.,** a broadcasting subsidiary of **Tech/Ops, Inc.,** for $9.25 million, subject to FCC approval.

TransCOM Communications, Inc. has agreed to purchase WZKS(FM) Murfreesboro (Nashville) from **WZKS, Inc.** for approximately $3.8 million plus other considerations. TransCom principals are Robert Herpe and Eric Hauenstein.

Van Wagner Advertising, Inc. has purchased WXCM and WIBM(FM) Jackson (Lansing), Mich. from **Casciani Communications, Inc.** for $3.1 million, subject to FCC approval.

Blackburn & Blackburn Communications, Inc. has completed purchase of WERU and WMAD(FM) Madison, Wis. from **Erin Broadcasting** for $2.4 million. FCC approval was received in February.

'Wall Street Report' appears on page 115.

ENHANCED VALUES
Stability, potential revenue sources add to systems' worth/8

CEA SETS NEW GOALS
Brokerage activity to be supplemented by diversification/11

PRICING BASIC, PAY
Charges balanced against penetration goals of systems/16

April 1, 1985 *Section Two*

CableAge

Why Television Age International is the world's leading broadcast publication.

April 1, 1985

CableAge

The financial community has far from given up on the prospect of cable operators adding to their sources of revenue and experiencing substantial growth in terms of cash flow multiples.

As it plans to expand its dominant activity, brokerage, into the broadcast and newspaper industries, Communications Equity Associates is also looking into the likes of fund management and ad interconnects.

Perceived values and cost vs. penetration formulas are coming into play as system operators and program services attempt to get a better fix on whether rates are too high or too low.

Cable advertising revenue is expected to increase an average of 30 per cent a year through 1990, holds Dennis Leibowitz of Donaldson, Lufkin & Jenrette.

The Japanese-owned manufacturer has had a nearly level sales picture in recent years but expects to benefit from the shakeout in converter manufacturers.

DEPARTMENTS

Most cable operators are sitting on a gold mine and don't even know it!!

In the beginning . . .
there existed only one form of cable audio — Star Ship Stereo . . . But now the creators of Star Ship Stereo bring you choice. Audio as a premium package. Audio as basic a la carte. And audio as premium a la carte.

SSS Audio brings you choice.

SSS Audio I: Star Ship Stereo

An entire universe of support. Marketing. Advertising. Promotion. Engineering. Equipment. And Advice. Star Ship Stereo. A complete package designed for larger systems with 20,000 or more basic cable subscribers, 80% aggregate pay-to-basic statistics and 55% penetration of homes passed. With these kinds of figures, Star Ship Stereo is a definite system success. But if your system doesn't fit the lineup, you'll want to be sure to catch . . .

SSS Audio II: Basic A La Carte

The entire spectrum of SSS Audio formats available for you to pick and choose your own audio package. Take just one or take them all. Add FM as a part of basic service and then ask for a basic rate increase that you'll deserve. Use SSS Audio as a background sound for your alpha-numerics. Communities without the benefit of FM program variety or high quality reception will hear the difference. And every community can now enjoy commercial-free FM stereo music. All of the features that subscribers are willing to pay an extra buck for. But, if you think they'll pay more . . .

SSS Audio III: Premium A La Carte

A music galaxy that you customize to meet your system needs. Premium a la carte is best suited to larger systems assured that there is an audio audience ready and waiting in the community. If you have exceptionally low-quality reception or an exceptionally talented marketing staff — you can sell premium a la carte in your market. Choose your own formats, develop your own marketing and promotion packages and go for it.

Unless you are offering SSS Audio, you haven't maximized your profit potential. Cable audio is the key opening the door to a whole new source of revenue for you.

Most cable operators are sitting on a gold mine and don't even know it! Give us a call at **(918) 481-0881**.

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NewsFront

Some misgivings about multichannel sound

One of the three members of the Federal Communications Commission who favor multichannel sound (MTS) must-carry on cable believes, however, that there already is too much must-carry on cable and that the commission is going to have to face the problem eventually.

James Quello, who joined with Commissioners Mimi Weyforth Dawson and Henry Rivera in favoring TV stereo must-carry when there is sufficient marketplace demand for it, says the FCC nonetheless is going to have to provide some relief for small systems already inundated with must-carry requirements. "This might get me in trouble," he says in an interview, "but I do think that some of the particularly small and medium sized cable systems need some relief from repetitive, duplicated carriage of signals from public broadcasting and religious stations. Some small cable systems are required to carry three or four of each of these categories—some of them repeating a good part of what already has been broadcast—thus preventing any introduction of additional service."

Quello acknowledges that such protection "will be a very difficult thing to structure," but adds, "It is a problem we have to face." On the other hand, he says, he and his two colleagues have given a signal to the cable industry that "there's a majority of the commissioners who do favor must-carry of program-related services in general."

In a separate interview, FCC Chairman Mark Fowler appears to soften his original interpretation of the meaning of the commission's January order declining to bring up the MTS issue. The majority of three publicly dissented with the official announcement that said the matter would be left to a "future commission" to decide. They said it was merely postponed while the technicalities of carrying stereo are "still evolving."

Fowler now says, "The order . . . indicates that this commission at this time will not be imposing mandatory TV stereo carriage requirements. And that's the bottom line, which I am delighted with."

CBN tests overseas sales

CBN Cable Network is testing out sales of advertising to top European corporations. The Virginia Beach-based family network was contacted by Airtime International, a subsidiary of Scottish Television, with the idea of opening up CBN's ad slots to European corporations that distribute their products in the U.S., explains Doug Greenlaw, CBN vice president of advertising sales. "This could include companies such as BMW, Mercedes, Jaguar or a host of European-based pharmaceutical companies," he says.

Greenlaw wouldn't estimate revenue prospects. "Airtime says there is a market there. I really don't know." No sales have been made yet, but the new overseas advertising won't be limited to a particular segment of CBN's day. "Anything that is for sale, they can buy," he asserts. Airtime is particularly interested, says Greenlaw, in special events such as tennis tournaments. Airtime's services as foreign representative for CBN include campaign planning and booking, audience research and commercial production.

Marketing database planned

The Cable Television Administration and Marketing Society is wrapping up negotiations with a research company to create a database for operators that will be published quarterly and include information on a system by system basis, including upgrades, downgrades, new connections and disconnects, according to Victor Parra, CTAM executive director.

The research will be funded by subscribing operators, who will pay an initial startup fee and then for each quarterly report, Parra says. "It is impossible to say how much it will cost, until we sign a contract," Parra says. Work on compiling the database should begin within the next couple of months, he adds.

"We want to help operators get clear on which pay combinations are the most effective," he explains. "The database will compare information collected for each individual participating system and the industry norms on a national level."

CTAM executives are also working on specific programs in the areas of sales and marketing, operations, pay-per-view, subscriber retention and operator/supplier relations. CTAM has just moved its headquarters from Atlanta to Washington.

CTAM will be operating with a budget of $720,000 for 1985. The executive board will also be developing a campaign to increase membership from the current 1,300.

Two-way MDS slated

A side benefit of a new scrambling system that M/A-Com Linkabit has sold to Microband Corp. of America, the nation's largest MDS common carrier, will be addressability. According to Microband chairman Mark Foster, multichannel MDS systems will first be using the technology in New York, Milwaukee, Washington and the Santa Clara area of northern California.

M/A-Com's VideoCipher system and its benefits to MDS were demonstrated in New York at a luncheon of the National Academy of Television Arts &

Sciences by Foster and by Dr. Mark F. Medress, assistant vice president of Linkabit's video group. Aside from its being the first means to be employed to scramble MDS signals, benefits reportedly include individual addressing and authorization, impulse pay-per-view through the set-top converter, text transmissions to individual subscribers, downloading of data to personal computers through the vertical blanking interval, teletext-type services, ability for viewers to check remaining credit through the converter and control of viewing and purchases through a code.

Foster, whose firm more-or-less franchises local MDS programmers, is talking about offering five to 10 microwave channels, although he declines to state which program services will be involved. He anticipates subscribers paying $20–30 for five-channel service and sees the best opportunities in the top 30 markets. He says cost of providing the service is one-fourth to one-fifth that of coaxial cable and is targeting areas that have no cable service.

TKR segments market

TKR Cable is doing several market segmentation tests based on four different target groups among its subscribers. "We have targeted four groups, including older people on fixed incomes, upscale viewers with higher educations and higher incomes, a youth oriented portion of single and young couples aged 18 to 34, and our largest group, the young family," explains Dean Gilbert, marketing director of TKR Cable. "We are looking for how the demographics of a particular market segment might affect penetration so we can target a direct mail campaign at that group."

TKR has taken its database of about 300,000 homes in the New York metropolitan area and cross-referenced it with the Donnelley Marketing Information Services ClusterPlus database. The Donnelley information segments each market into census blocks, coded into one of 47 distinct demographic clusters, which in turn are generalized into the four groups.

"By segmenting the market into homogeneous groups, TKR expects a measurable increase in the direct response rates during these campaigns, and expects overall new and upgrade sales to increase over previous campaigns," Gilbert says.

TKR Cable, a joint venture of Tele-Communications Inc. and Knight Ridder Newspapers, has seven systems in New Jersey and New York with 158,000 subscribers.

Tv syndication for ACE?

Is there a possibility the annual ACE awards presentation might turn up on broadcast TV via the syndication marketplace? Robert Wussler, executive vice president of Turner Broadcasting System, has acknowledged that "We've been asked to look at that possibility."

Wussler made that comment to CABLEAGE following a press conference called to announce the formation of the National Cable Academy, an organization formed to enhance the image of the annual ACE program. Turner's SuperStation WTBS will again have the cable rights to the event, which will be held December 3 or 4 in Hollywood. At the press conference, Wussler said the program would then air between December 10 and 15. When asked why the show wasn't being carried live, he said, "The present thinking is that we do a better job by videotaping it and being able to add some of the fine programs that win in more detail."

The possiblity of syndication exposure, he said later, will be "very difficult." When asked about a possible parallel with the MTV awards, which were syndicated, he replied, "That had a very special viewpoint. It wasn't heralding cable TV, per se." However, he added that "there might be some possibilities where there is a cross-ownership [broadcast and cable] situation. It's up to us to make it so entertaining they'll want to carry it."

Earlier, James P. Mooney, president of the National Cable Television Association, said the primary purpose of the Cable Academy was "to strengthen and improve the ACE program.

"There is also a broader purpose," he added, "to provide an impetus for the development of cable programming.

The sound of notoriety

Madison Square Garden Network sportscaster Marv Albert, l., presents a trophy to the winner of the "Marv Albert Sound-Alike Contest," Barry Lefkowitz, public relations director for Roosevelt Raceway. Both before and after the winner was chosen, the contest gleaned publicity well beyond the Tri-State area for MSG, making sports columns as far afield as Miami and Los Angeles, plus Associated Press, Newspaper Enterprise Association, Scripps-Howard's news service, CNN and ESPN.

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Financial community still banking on operators adding new revenue sources

Values of systems seen enhanced by new predictability

By JOEL C. MILLONZI

Some believe legislative protection and predictable cash flows will mean slow but steady growth. But the majority say the industry will maintain its dynamism and continuously increasing values.

Now that the cable legislation has provided a stable regulatory environment for the industry, a question being posed is whether system values will gradually reach a plateau. Some cable observers suggest that cable may soon become similar to the utilities in that legislative protection and predictable cash flows will mean slow but steady growth. But the majority opinion characterizes the industry as able to maintain its dynamism, and with it, continuously increasing values in terms of cash flow multiples.

Bob Brown, president of Cable Investments Inc., says, "I don't see cable system values peaking unless we run out of capability to enhance the services that are now being offered. Of course we may do that, but I don't see it happening. What I mean by enhancement is increasing a system's cash flow. That doesn't necessarily mean more bells and whistles, because sometimes those fancy services may actually be a deterrent to value enhancement. Sometimes the new developments are not profitable or are labor intensive. In a way, they can be considered an enhancement from the usage side, but from the financial side, they can be an anchor."

Brown finds that the systems with the highest values are those that have the solid numbers such as monthly yields of $32 per subscriber. Brown also sees cable system values growing in the short run simply because of supply and demand reasons. According to Brown, "The competition for systems at the moment is very keen. This is a factor that cannot be denied. If we as brokers have 10 bidders for a property worth $10 million, the presence of all those bidders will drive the price up just in the negotiation process. It's a very aggressive group of individuals out there today who are eager to build new companies."

Brown doesn't see system values peaking in the near term. "I suppose that in the absence of obvious ways to increase cash flow, their nominal value could peak while their market value would maintain a level with inflation."

Nevertheless, Brown sees addressability and pay-per-view as continuing to give some lift to system values, and he describes service oriented items like meter reading and burglar alarms as things of the future.

Untapped potential

Barbara Dalton Russell, analyst for Prudential Bache, believes that cable's potential for future value enhancement is considerable. She says, "Cable is a delivery system with a signal of the highest integrity. It also serves the TV household with the broadest array of services possible. The long term implications for cable as a delivery vehicle are tremendous. Right now, it's like using only four lanes of an eight lane highway."

Russell sees revenues continuing to increase. "At the moment," she ob-

Bob Brown, *president of Cable Investments Inc., says, "I don't see cable system values peaking unless we run out of capability to enhance the services that are now being offered."*

serves, "the average household is contributing about $22 per month. Yet the interest shown in feature films as demonstrated by VCRs, as well as pay cable itself, suggests that the possibility for revenue growth in pay cable is considerable. Many feel that pay-per-view will take off when we reach a critical mass of households that are addressable. This may be the case somewhere in 1986 when at least 30 per cent of TV households achieve that capability."

In Russell's view, per-pay-view is just the first of several services which will provide incremental revenue and added value to cable systems. Beyond pay-per-view, Russell envisions videotext also becoming a new revenue source. "Given potential new developments," Russell believes, "current system values reflect a multiple of only this year's and maybe next year's cash flow. If there are, as I believe, new levels of revenue on the horizon for cable, there should be larger than expected cash flow growth on a long term basis. That would mean values higher than the current $800–900 per sub."

Mac Ruckman, vice president at Manufacturers Hanover Trust, also sees continued growth and enhanced system values. "I think that the product mix will be the key," Ruckman says. "Operators will be taking a hard look at their basic and pay combinations with a view to maximizing revenue. Other potential revenue growth areas like ad supported channels probably will develop, but not until some point down the road."

Ruckman sees a comparison of cable to broadcast in predicting a trend in value. "Just like in broadcast," he says, "there will always be someone willing to buy a system in a good marketplace. As the nation moves more away from smokestack industries into more technology based industries, cable with its service orientation stands to do well and will be valued as such."

Mac Ruckman, *vice president of Manufacturers Hanover Trust, says cable's service orientation will attract buyers as the nation moves away from smokestack industries.*

Operating efficiency

E. F. Hutton's first vice president, Arthur Fisch, sees the industry achieving greater operating efficiency as it matures. This will result in a greater percentage of subscriber revenue on the bottom line, he holds.

Fisch, who is frequently involved in the limited partnership market, feels that system values have not peaked. "At the very least," he says, "they are stable. As the primary delivery of entertainment into the home, cable systems have the unique advantage of being there first when something does become popular with the consuming public. You probably won't see the explosive changes we witnessed in the industry in the post-1975 years, when cable's concept changed from a signal provider to an entertainment medium. Market analysis and maximizing revenue in markets will be at the center of cable operators' strategies."

Fisch sees that values will grow because there are, in his view, always potential buyers who feel that they can manage more efficiently or market more successfully than present owners. "This type of buyer," Fisch observers, "might be willing to offer what might appear to be nine to 11 times cash flow, but what is really in the buyer's mind a potentially much higher cash flow."

Fisch admits that the mere presence of a subtantial number of buyers contributes to increased cable system values. Nevertheless, he sees the availability of financing as more of a pivotal point in the question of system values. Accordingly, Fisch feels that the proposed tax code changes need to be watched carefully for their implications on future investments.

More opportunities

Richard McDonald, vice president at First Boston Corp., says, "I think there are more opportunities out there than there have ever been. The primary marketing opportunity turns on the question of how you price basic cable service and what type of product you provide in that service."

McDonald sees basic service quality gradually becoming better. "As that happens," he says, "two scenarios will occur. The operator will be able to charge more for basic and more people will take it." Accordingly, McDonald sees system values growing more from better quality basic than from pay cable. "I'm a little less sanguine about the potential growth that comes from the sale of more movies," he adds.

In McDonald's view, "If operators can capitalize on the opportunity for higher basic cable rates and provide a source of funds for basic cable program suppliers to enhance the quality of their programs and subscriber counts, the present cable system values have a significant growth potential.

"If basic can be upgraded, today's cable assets could in fact be cheap. If you were able to achieve 30 per cent rate increases and some increases in penetration over a 5-year period, you would be able to have a nice return on your investment."

Differences in franchises

Brion Applegate, general partner of Burr, Egan, Deleage and Co., acknowledges that the question of future system values does in fact rely on whether there's a belief that operators will continue to make money at the same rate they have in the past. While the answer to that question relies on a number of factors, Applegate answers the question in the affirmative.

"Ultimately," Applegate says, "the money making potential of a system and the implied system value depends on the specific circumstance, the people involved and the characteristics of the franchise in question itself." Applegate points out that cities like Cambridge, Mass. or Palo Alto, Calif. still do not have cable systems. And while they feature the characteristics of a "potentially profitable cable venture," they are encumbered by complicated political environments which are likely to inhibit revenue growth.

Applegate does believe that buyers who know the business and are able to provide a full assessment of a system's potential will be able to purchase a system and enhance its value. He says, "I don't think the values are ever going to grow as rapidly as they have in the past, but on an individual system basis there are opportunities."

Bill Collatos, partner at TA Associates, feels that cable system prices have not peaked but may have reached a plateau for the moment. He says, "To date, values in the cable business have been driven in classic systems by a demand simply to have good reception and variety. In newer systems, the demand is for alternative entertainment. The important thing to note is that values have not been driven by a plethora of extremely good managers. There is a new stage in cable development where the frenzy to wire the country is dying

Mary Kukowski, *analyst at Kidder Peabody, doesn't believe that current system values will be affected by the peripheral services that cable may offer because their economics are too uncertain.*

down, leaving management teams with time to focus on better ways to run their businesses. That will result in finding better ways to improve their income and cash flow. Managers will have to learn to utilize the tremendous technological advantage they have over any other form of competition for getting into the household. The net effect of all this will probably not be any change in multiples, but cash flow will continue to go up."

Collatos calls attention to the rise in system prices that has occurred since the passage of cable legislation. "People understand," he says, "that now they can truly test the elasticity of demand of cable programming. Whereas prior to this time regulated businesses were subject to a regulatory body, now they will be subject to the desire for service as determined by the subscriber. I think we will all be surprised by what we find people are willing to pay." Collatos believes that people will pay more than most observers have predicted.

Collatos refers to the relationship between the availability of financing and system values. "In the past two years, the ability to efficiently sell the tax benefits of cable investments has been a factor in establishing cable pricing and financing. People were able to justify higher prices or higher multiples for the same cash flow because they had an asset which had zero cost, i.e. the tax benefits, which they could use as currency. If the tax market fails to revive, I don't think you will see what I consider to be the artificial increase in price coming from the sale of tax benefits. If it does come back, you may see what amounts to a bubble above what the real cash price should be versus what the cash price plus tax benefit price should be."

Collatos also agrees that the efficiencies resulting from economies of scale will play a role in shaping prices in the longer term. He says, "As the business continues to consolidate and the financial strength and marketing power of systems increase, their costs of programming and other services should go down on a per subscriber basis. This should also make the systems more valuable as they have greater weight to negotiate with suppliers and greater economies."

Collatos says that the future is not totally without a downside. "After all," he muses, "like any business, if it becomes too lucrative, it will invite competition. I think such a phenomenon could be a moderating influence but not necessarily a threat to the cable business and its value."

Capital expenditures

Mary Kukowski, securities analyst at Kidder Peabody, also sees cash flow and system values growing in the near term. "What I would expect to happen," Kukowski says, is that the slowing subscriber growth will be offset by increasing pricing flexibility after 1986." The maturing systems will also have capital expenditure declines which will have positive effects on excess cash flow generation.

Like many industry observers, Kukowski doesn't believe that current system values will be affected by the peripheral services which cable may offer. "If I were an acquirer," she says, "I probably wouldn't plug in positive assumptions about these services into the investment decision, simply because the economics of even pay-per-view are uncertain at this point. It certainly looks like a safe bet, but who really knows how much of a bite of future revenues studios will demand."

Kukowski acknowledges that supply and demand is a factor in cable prices but feels that rate of return is more of a major factor. "It is true," she says, "that there are a limited number of systems available and that factor would have some affect on system values. Nevertheless, I don't find that argument compelling because I don't see it in line with the way people make investment decisions. What people should do when they make investment decisions is to look at the rate of growth in a given property and back into the price of the system based on the rate of return they are planning on. Even though there are a limited number of franchises, if the rate of cash flow were slowing, certain potential buyers would exit from the market."

Tony Hoffman, vice president of Cralin and Co., believes that system values will continue to grow if the industry in general can evolve from "a dependence on channel based pay TV to one based on a mixture of channel based charges and pay-per-view. Assuming that transition can be successfully managed," he says, "it is likely that the upward growth in revenue per subscriber will continue. It is important to curb any perception of reduction in value that may develop in the subscriber's mind."

Nothing for granted

Hoffman doesn't take a steady cash flow rise in future years for granted. "There is no question that the escalation in property values has been a result of rising cash flow," he says. "My concern is that cash flow increases may be coming to a more mature place where, in some cases, there may be difficulty in maintaining that rise in the face of alternative ways of acquiring premium product such as the VCR." It may be now quite naive to assume that you're going to have a two-to-one pay to basic ratio throughout the industry. I don't foresee a big drop in cable system values, but until the industry gets its product mix and marketing more finely honed, cash flow and values may reach a plateau in the short term □

Bill Collatos, *partner at TA Associates, observing the rise in system prices since the passage of cable legislation, says the demand for cable programming can now truly be tested.*

Fund management, ad interconnects may supplement main brokerage thrust

Broadened activity Planned to ensure CEA's growth rate

A strong number 2 in a business where some predict declining opportunities, Communications Equity Associates is still bullish on its future in its two dominant activities—cable system brokerage and investment banking. At the same time, it's looking at new activities that it hopes will ensure corporate growth.

Before the year is out, according to Harold D. Ewen, president, CEA expects to expand into broadcast station brokerage, and chairman and founder J. Patrick "Rick" Michaels, Jr. is talking about newspaper brokerage after that. Also considered as a possibility for this year, they disclose, is fund management for cable investments. Meanwhile, Mark D. Sena, vice president of marketing of the Tampa-based company, is working toward setting up the company's first advertising interconnect, in Florida, which CEA would manage. He adds that there is hope of expanding two currently minor activities—managed investments and overseas consultation and investment banking.

As for those who predict a decline in brokerage activity, Ewen counters, "Ten years ago someone would have said there's five years left in cable television brokerage. They also would have said this five years ago, and many would say so now. I think it will be around longer than most people will have you believe.

"The situation of giant companies gobbling up smaller ones hasn't happened to the extent that people said. In fact, many of the larger ones are divesting themselves of systems. There are a lot more transactions now because of the big guys selling to independents."

Ewen asserts, "As the bigger companies develop their urban systems and start developing significant cash flows, they will have the resources to acquire smaller operations." He adds, "But I don't know if they'll want to."

As for the future of investment banking, Ewen acknowledges that banks are now performing much of the activity that previously was handled through an investment banker: "They're going out and soliciting business on their own more, rather than waiting for it to be dropped in their lap." But he states a key reason for continued opportunities for his firm: "When I started in the business you borrowed at a fixed rate. Then the business went into rates that floated with prime, and now you have LIBOR (London Interbank Offering Rate) options and fixed rate options. Operators need help in understanding them—and very often they can pay their investment banker with the interest savings this results in.

"I don't know how much growth is left, but there's still a substantial amount of business, primarily with independent operators." He points to new opportunity for his company with the large clients, too, though. Late last year, James F. Ackerman joined the company as vice chairman.

A 25-year veteran of the cable industry and a former partner of Becker Communications Associates—where Ewen also spent nine years—Ackerman reportedly has strong MSO contacts, and Ewen anticipates this will help in bringing in large clients.

Another aspect of investment banking and the bank's role is mentioned by vice president John Long, "We get the feeling that banks are being a little more careful. This has as much to do with the tone of banking as it does with the cable industry. The banks are taking a lot of heat lately on loan losses for both foreign and domestic loans."

"I'd like to see us get into broadcast in '85 and print in '86. It's very costly to bring in a team and promote, so we can't worry about print until we're already operating in broadcast."

J. Patrick "Rick" Michaels
Chairman
Communications Equity Associates

Business outlook

The company has moved rapidly in its nearly 12 years of operation, reportedly performing some 25 per cent of the nation's brokerage activity, while Daniels & Associates claims 50 per cent and with no other firm anywhere in the ballpark. Sena reports the company's total volume of transactions in 1984 was $361.2 million, compared with $260.9 million in '83.

Brokerage deals in '84—38 of them—came to $258,320,000 vs. 1983's 31 sales, which added up to $256,376,000. In financing, 10 deals in 1984 brought in $102.9 million, compared with two of them in '83, totaling $4.5 million.

Michaels points out, "The number of transactions is almost as important as the volume. We make relatively more money on the smaller deals because we work on a graduated fee."

Although he notes it's impossible to forecast closings beyond the next three months, Michaels anticipates brokerage activity in 1985 at a minimum of $500 million. Three pending sales that CEA is working on represent approximately $330 million, he discloses. These are the sale of Times-Mirror systems in Long Beach, Calif. and Hartford, Conn. and a multi-system swap between Times-Mirror and Storer Communications.

In financing, he anticipates easily over $100 million, with already over $60 million of activity completed this year and a single $40 million deal nearly completed. Michaels, who is sole owner of the company and of its parent company, Atlantic American Holdings, declines to quantify CEA's profit picture, except to say that it is "very profitable."

While CEA holds no interest in cable

"The situation of giant companies gobbling up the smaller ones hasn't happened to the extent that people said . . .There are a lot more transactions now because of the big guys selling to the independents."

Harold D. Ewen
President

systems, its parent company does and so do some of its 30 employees. Those involved in brokerage are all licensed securities dealers and those dealing in Florida are licensed real estate dealers, as required by state law. Those placing loans are licensed as mortgage brokers, Michaels points out.

Michaels says he expects brokerage to remain CEA's dominant activity: "I'd like to see us get into broadcast in '85 and print in '86. It's very costly to bring in a team and promote, so we can't worry about print until we're already operating in broadcast."

Ewen adds that getting started in the broadcast area is contingent upon bringing veterans in that field on board. How will the company attract the right people? Ewen asserts, "We have a great support staff as well as the deal-doing expertise and accounting, tax and data processing aspects. We just need people with contacts to get our foot in the door. At first a lot of the activity will be with independent stations and smaller operators. If we're successful we'll be in a position to compete for the larger business."

In fund management, according to Michaels, the company recently had attempted to put a fund together in Great Britain to invest in U.S. cable operations, but that country's recently unfavorable exchange rate killed off any near-term prospect of activity from there.

Ewen adds that U.S. investors, though, hold strong promise in terms of finding individual and institutional investors to make senior, subordinated or equity investments. He notes that both he and Ackerman had experience in raising funds at the now-defunct Becker operation. Its withdrawal, he says, left a void in the market for subordinated financing.

Perhaps the most radical planned departure from current activity is the expected entry into advertising interconnect management. Sena says this would come under the CEA Media Services Division, which started out as an in-house advertising agency. Although declining to get too specific at this time, he indicates, "The whole state of Florida is excellent in terms of advertising sales opportunities."

Another division, CEA Managed Investments, managed by senior vice president Bill Guerena, is looked at for growth, and Ewen indicates staff additions forthcoming in this area. Clients are expected to be primarily institutional investors and general partnerships. The three currently managed systems—in Victorville, Calif. and West Pasco County and Pinellas County, Fla.—have a total subscriber count of more than 55,000.

One of Sena's diverse roles is acting as director of international services. Activity to date has including franchising representation of clients in the Cayman Islands and U.S. Virgin Islands, system appraisal in the Republic of Ireland, cable and satellite strategy consultation in West Germany and France and assisting a United Kingdom firm in placement of equity funds.

Sena holds, "Conducting business in the international marketplace is very complex because of the dissimilarities in legal, technical, political and economic environments. That's why companies need good advisors. Otherwise they can spend a lot of money and have nothing to show for it but expensive holidays."

As to how CEA got involved abroad, he notes, "If you go back to '81 and '82, our prominent position in the U.S. led us to be invited to speak to groups in Australia, the U.K. and the continent of Europe. We're not saying that the U.S. approach can be superimposed, but the technology, economics and some other criteria are similar.

"The U.S. still offers more and better opportunities than anywhere in the world. We have a less restricted system. For example, if the Labor people get into power in the U.K., they can go and nationalize the industry."

Brokerage activity

While CEA is looking to open some new doors, others are licking their chops when they see what kind of brokerage business it's doing here in the U.S. With a single deal often enough to keep a single broker, working alone, more than solvent for a year, new entrepreneurs continue to surface. Of this Ewen says, "The tombstone ads run by us and others encourage them. It's an easy business to get into; all you need is a telephone. But it's not easy to be successful in. Some of these companies are just one fellow in an office or working out of his home. If he puts together one or two deals a year, he might be doing better than he was in his previous employment. They just make us work a lot harder."

Ewen sees some of these entrepreneurs merging their activities. He notes CEA has made no effort to bring any of them on board but concedes, "If some of them initiated conversations with us,

"Conducting business in the international marketplace is very complex because of the dissimilarities in legal, technical, political and economic environments. That's why companies need good advisors."

Mark D. Sena
Vice president of marketing

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"They've been talking about [MSO system swaps] for five years or more, but if you look at the time invested vs. what you get done, I don't think anyone would look at them any more."

John H. Long
Vice President

we'd be delighted to talk to them. We're obviously striving very hard to get a larger share of the market, but I see Daniels and us continuing to be the two leaders."

Ironically one of the systems CEA sold in the past year, in Kentucky, went to a Daniels limited partnership. Pointing out that this is a different part of Daniels than the one CEA competes with, Ewen adds, "Our job is to get the highest price we can for our clients, and Daniels' operating division is certainly well funded."

One difference between the CEA and Daniels brokerage operations in the past has been that CEA, according to Ewen, initially had represented more independent operators than MSOs. "But as time has gone by," he asserts, "we've been doing significantly more business with the MSOs than we did. In recent months it's been about 50-50," with the seller being the party represented in the majority of instances.

In fact, Sena states the company has represented eight of the top 10 MSOs at one time or another, with significant repeat business from Storer, Group W Cable, Warner Amex Cable and Tele-Communications Inc. This has been both buying and selling, he says, except in the case of TCI, where it's strictly buying.

The big MSO swaps that have become the talk of the industry are another thing. Ewen contends, "I think there will be more trades, but whether it will become a trend in the industry I certainly can't tell. Valuing one property is difficult. With two the problems grow in geometric proportion."

John H. Long, vice president, also has some reservations about MSO system swaps: "They've been talking about them for five years or more, but if you look at the time invested vs. what you get done, I don't think anyone would look at them any more. It sounds easy, but it's not. No two cable systems are like properties. There are too many variables. How do you compare a Florida property with a North Dakota property, even if they have the same number of subscribers."

Long notes that, in most planned trades the MSOs attempt to deal directly. He holds, "It's an area that brokers should be involved in. They're needed as a buffer—maybe a broker for each party or maybe just someone in the middle to be objective and round off some of the rough edges each has about his own and the other's property."

State of the market

In the overall brokerage business, Long notes that over the past year there have been more buyers than sellers and not that many attractive deals on the market—"the medium sized systems that everybody wants." He says it's been that way since late '84, but he expects to see the situation turn around.

There haven't been any major changes in terms of acquisitions, Long adds, but he reports that seller notes are becoming less attractive because of the new imputed interest rule by the government. What it amounts to, he explains, is, "If the seller has laid out an 8 per cent note, when he takes back the note, for tax purposes, the government can say, 'That's really 13 per cent,' and it messes up his tax structure."

A chief concern of a company like CEA is with deals that fall through, as the company doesn't get paid in this instance. Long says typical reasons are misunderstandings in early negotiations and problems with the franchise, contracts and ordnances.

Adds Edward H. Frazier, Jr., vice president, "A lot of our work is making sure the deal stays together after it has been made and accepted and before it closes. Attorneys have to come in and work out the purchase and sale agreement. It could be anything from a clarification of the number of subscribers to specification of what's included in the deal.

"We had one situation where the buyer complained that there were no ladders in the system's two trucks—and these were bucket trucks. It's usually something much bigger than that. In some deals we don't even get involved with the attorneys, but there was one where two attorneys worked back and forth over a year with us in the middle." He points to another where a prospective Canadian buyer pulled out when the value of the Canadian dollar dropped drastically.

Senior vice president Donald Russell estimates that more than 75 per cent of the deals go through when the company has an exclusive listing and maybe 50 per cent when it's nonexclusive. He notes there's a tendency to decline getting involved in nonexclusive listings: "There's enough business out there that we can spend our time much better on exclusive listings."

What may happen in a nonexclusive listing, he details, is that the broker may bring in an offer for $11 million while other brokers are saying they can get $13

"We had one situation where the buyer complained that there were no ladders in the system's two trucks—and these were bucket trucks. [Stumbling blocks in acquisitions are] usually something much bigger than that."

Edward H. Frazier, Jr.
Vice president

million even though they don't produce on it—and perhaps the system ends up not selling at all. Even in exclusive listing, he says, competing brokers may tout unattainable figures to get the listing. He recommends the seller obtain a client list from the broker and check up on promises vs. delivery: "We make our entire client list available and encourage new clients to check on us."

Russell doesn't feel the seller is well-served by nonexclusive listings: "It creates a lot of confusion in the marketplace. There has to be some difference between the information different brokers put out. And you need an orderly process in terms of system visits—who should be in contact with system personnel; this way it's easier to keep the transaction confidential and avoid scaring employees. And if you're the only person working with the system you can influence the process of laying out terms much better."

The commission structure on the vast majority of CEA's deals—either buying or selling—follows the Lehman Formula, which calls for 5 per cent of the first million dollars, 4 per cent of the second million, 3 per cent of the third, 2 per cent of the fourth and 1 per cent of all excess. Russell says, "We don't discount our fees for anyone, but we will agree to an incentive fee."

If an incentive fee is used, he explains, the broker can get more for selling at a higher price. He personally has worked on five or six deals of this nature and only once came out behind, because of inaccurate information: "If your fee is based on getting $20 million for 20,000 subscribers and it turns out that the system has only 18,000, sometimes you can sit down and renegotiate, but sometimes you get stuck."

Russell says that two years ago about 80 per cent of his business was coming from buyers, but now it's 60–65 per cent sellers: "It's a little bit less of a seller's market now. But even with more people selling, the prices are holding up."

Frazier adds that passage of the Cable Act is beginning to encourage more parties to buy, and he sees a number of small systems, with under 10,000 subscribers, going up for sale in the coming years.

As for valuing a system, Russell says the formula of eight to 12 times cash flow or $700–$1,500 per subscriber only constitutes a general guideline. Three other methods come into play. The one he discounts is the "cost of reconstruction" method, noting there is more value than the assets of the company involved. Another is the comparative method, where the general guidelines mentioned are followed in terms of what else is available in the marketplace of a similar nature.

The "income method" is the one he considers most valid. Here cash flow, defined as operating income less capital expenditures, is projected over an extended period of time. The cash flows over the period in question are discounted back to present value by a factor based on expected rates of return for comparable investments. Added to that discounted stream of income is a "terminal value," which reflects the sale value of the system at the end of the period, based on a value multiple of its operating income at the time. That sale price is also discounted to present value by the same factor.

In terms of fee structure, there is no clearcut formula in investment banking. Says Ewen, "We work on a percentage of the transaction, but the rates are negotiated depending on the size of the transaction—subordinated debt is more expensive than senior debt—equity is more expensive than subordinated debt. And for a $50 million financing for Viacom, we're going to get a much lower percentage than for a $5 million financing for an independent operator."

Russell notes the synergy between the brokerage and investment banking areas is partly in gaining the trust of the client, but he notes that they require similar efforts in extensive documentation and in convincing parties of the merits of the operation.

Gene Gawthrop, senior vice president and chief financial officer, has some external functions as well as internal ones, such as serving as a consultant to clients—and often employees—in estate planning, limited partnerships, and tax matters.

Gawthrop sees recent U.S. Treasury Department proposals, aimed at balancing the budget, as a threat to limited partnerships. One concern is the possible repeal of the ACRS (Accelerated Cost Recovery System). Under ACRS, depreciation is now written off over five years on assets, but the Treasury Department wants to extend this over eight to 10 years: "This means it will take longer to recover your money through tax benefits, so out-of-pocket dollars are more.

Another proposal is to repeal the investment tax credit—now a direct tax credit, dollar-for-dollar—against taxes. He comments, "A lot of limited partnerships are geared to recovering part of the investment through tax benefits. This would increase the net cost of the investment."

A significant aspect of CEA is that, while many companies in the cable industry were formed by people trained at Daniels or were peopled by raids on the industry pioneer, CEA is not one of them. Founder Michaels first got involved in cable with Times Mirror Co.

James F. Ackerman *recently joined CEA as vice chairman and is expected to be helpful particularly in bringing in large debt-financing clients and possibly in getting the company into fund management.*

and had worked for Ewen at Cable Funding Corp. in New York. Many of the other key staffers had crossed paths with one another while involved in banking or working for MSOs.

One minor exception is Jay Dugan, vice president. Dugan left a banking career to join Daniels because "cable had more pizzazz." In fact he left Orlando, Fla. to join Daniels without then knowing that CEA existed nearby. At Daniels he was involved in arranging financing for operators, but he was interested in moving over into the brisker brokerage activity.

"At Daniels," he recalls, "everyone had designated territories, and they didn't want to let anyone else in. They worked on a draw plus commission and were getting as high as 48 per cent of gross commissions. A lot of guys there have made millions. Bill Daniels is a very generous guy."

But the door was open and things were different at the younger, more flexible company in offices overlooking Tampa Bay. The deal-makers are paid on a salary and bonus basis, encouraging them to exchange information with one another.

"The main difference here," says Dugan, "is that we're not divided up by territories or divisions. Any broker here can do brokerage as well as investment banking anywhere in the U.S." With only some 20 employees involved in deal-making, he says, compared with about 30 at Daniels, it's not difficult to keep track of what colleagues are doing in order to avoid stepping on toes: "We all work for a common goal." □

Penetration goals square off with bottom line as systems evaluate trade-offs

'Too much or too little' at issue in basic, pay rates

System operators increasingly are agonizing over their pricing policies as they simultaneously attempt to maximize return on the pay and basic services they are paying for and keep their penetration rates up. On a more-or-less confidential basis, some pay service executives have contended the systems are holding back pay service growth by charging too much. Meanwhile, basic services fear loss of audience numbers for ad sales purposes when operators attempt to offset affiliation fees by charging for these services on tiers.

Trade-offs between basic and pay continue to be matter of controvery—whether to charge more for basic (or tiered basic services) and reduce pay charges or vice versa.

A CABLEAGE survey of top program service and MSO executives found a wide divergence of opinion on these questions. The subjects are such hot potatoes that only a handful of industry executives would comment for the record. Among those cable TV program services who begged off opportunities to go public with their views were Home Box Office, Showtime/The Movie Channel, The Playboy Channel, The Disney Channel, ESPN and MTV: Music Television.

Rod Warner, president of The R Corp. a consultant to system operators, is one of the most outspoken on the subject. "I think many operators are forgetting the girl who brought them to the dance," he says. "By lowering the price of pay services, operators are jeopardizing something that established the value of cable service in the first place. All of a sudden they want to change that."

The increased use of the expanded basic tier is also a dangerous precedent, according to Warner. "Basic services don't have the same value as pay services in the subscriber's mind," he says. "Cutting the price of pay to raise the price of basic runs directly counter to subscriber's perceptions. In the long term, the trend could hurt the growth of television households taking cable and per subscriber revenue. In my opinion most subscribers took cable to get the pay services, not the basic services."

Warner is skeptical of the chances of success for the trend of keeping the prices of multipay packages down. "The ancillary services added on to the core pay services like HBO and Showtime can't survive on the margins left for them."

Basic view

Gil Faccio, vice president of affiliate relations at USA Network, would like to see system operators cut back on the packaging of basic services on tiers. "The price of basic cable might be a little low," he offers. USA, which has 29 million subscribers, loses about 5 million subscribers in systems that offer it as part of an expanded basic tier.

"Some systems just don't have the capacity to put your service on basic," Faccio points out. "But a tier rarely penetrates more than 30 or 40 per cent. The tier just does not succeed as a marketing tool. It provides competition with the very pay services the system operators want to sell also."

Faccio explains that the push of pay services resulted from the industry's rush for big revenues. "The pay services have generated a lot of competition among themselves, but the consumer hasn't seen a whole lot of difference between them. The only ones that seem to have a unique, differentiated product are Playboy and Disney. Many consumers are finding out that they have more flexibility with a VCR, and pay unit growth is down as a result."

Meanwhile, system operators are beginning to see the negative side of overreliance on pay services for revenue, Faccio feels. "Operators are seeing growth in the number of service calls to hook up and disconnect each pay service," he continues. "At the same time, growth in basic services keeps plugging along. So operators look at decreasing the price for pay as an incentive to subscribe and increase the price for basic to cash in on more revenue."

For the future, Faccio seems more ad services coming off tiers while the operating cost of selling pay services goes down for the system operator. "Addressability will change everything because there will be no service call needed," Faccio says.

Terry McGuirk, vice president of Turner Broadcasting System, has a different opinion. "I don't think the industry has changed that much in reference to pricing structures," he offers. "The same problems have existed. If the basic services are going to survive, the cost has to be passed on. That is why deregulation of rates is such a good thing for us. We're perfectly happy with our rate structure."

McGuirk estimates that the three TBS services have "a couple of million homes," around 10 per cent of their subscriber base, on expanded basic tiers. Unlike USA, which charges 8.5 cents per sub per month for an affiliate fee regardless of how the operator packages it, Turner Broadcasting has different rates as a way of discouraging the offering of TBS services with other non-TBS services in packages. An operator who offers SuperStation WTBS, Cable News Network and CNN Headline News on basic is charged 15 cents per sub. An operator who offers only WTBS and CNN together is charged 18 cents a sub, and the operator who offers only CNN without the other TBS services pays 22 cents per subscriber, McGuirk explains.

Sandy McGovern, vice president of affiliate sales and marketing at The

Rod Warner, *president of The R Corp., asserts, "Cutting the price of pay to raise the price of basic runs directly counter to the subscriber's perceptions" and could reduce per-subscriber revenue.*

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Weather Channel, points out that more operators are taking the service off expanded basic tiers and reverting back to offering it strictly as a basic service. "We're an information and not an entertainment service," she says. "The purpose of the service is to have people know about the weather, and we don't want to close off any subscribers to that opportunity. We encourage operators to put us on basic, not a tier.

About 10 per cent of The Weather Channel's subscribers get the service as part of an expanded basic tier. "We have a penalty clause in our contracts for operators who offer us as part of a tier. The operator or MSO has to pay us a minimum of 70 per cent of our affiliate fee against all subscribers, which ranges from three cents to five cents a subscriber, depending on the size of the Nielsen DMA the system is in."

McGovern says The Weather Channel is promoting itself to operators by emphasizing that offering The Weather Channel as a basic service is one justification for a rate increase. "The ball is in our court," she says. "Our plans for next year include co-op promotions in major marketing pushing the point that many Weather Channel subscribers have become addicted to the channel. We think it is just a matter of people understanding how to use us."

Operator's view

John Charlton, senior vice president of marketing, sales and programming at Warner Amex Cable, explains why so many operators are looking to reduce the price of pay, increase the price of basic and offer more basic services on tiers. "I think rates aren't high enough for the expanded basic tier," he says. "Look, the operator gives the subscriber nothing on basic and everything on expanded basic, so the operator has to pay lower copyright fees, which are based on gross revenues from sales of tiers. The profitability is higher, about 75 per cent of what the subscriber is charged on basic services for the operators, than it is for the pay services, where the operator gets 50 per cent of the subscriber rate. Everybody forgets about the operator. I hate to inform everybody, but we are in this for the money."

Charlton constructs a model showing that the operator can make more money when a pay service gets lower penetration at a higher price. "Look, if you have 100 per cent pay to basic penetration and you charge $8 a sub [for a service costing $5], and your costs are $50,000 in a 10,000 sub system, the operator makes $30,000. But, if in the same 10,000 sub system, you get 75 per cent pay to basic penetration, your revenues are $75,000. But your costs are only $37,500, so you walk away with $37,500 instead of the $30,000 you could make with 100 per cent penetration because you are charging $10 a sub now. If you up the price to $13 a sub and get 50 per cent penetration in the same 10,000-sub system, you are now collecting $65,000 but your costs are only $25,000. Now, your profit margin is $40,000, compared to the $37,500 at 75 per cent penetration and $10 and $30,000 with 100 per cent penetration and $8 per sub."

Per unit costs are also lower because there are fewer converters to distribute and less truck trips, he adds.

Ajit Dalvi, vice president of marketing planning and development at Cox Cable Communications, predicts the current pricing dilemma will lead to some changes in the way cable is sold.

"Growth is slowing down in unit volume of both basic and pay, but profit requirements haven't changed," he says. "So, how do you make the equation work? Since most of us in the cable industry feel we are in a non-competitive system, the one variable is in the pricing. It is not as if Coke raised its price and would automatically lose market share to Pepsi." But Dalvi points out that the VCR now poses a competitive threat to cable and that systems operators must recognize a price elasticity. "We as system operators must be more creative in our pricing strategies and more aggressive in our marketing. We have to get more bang for our buck."

Dalvi's theory is based on the assumption that cable's lack of subscriber growth is not due to churn but lack of acquisition of new subscribers. "Cable used to be easier to sell because our market was filled with consumers who had a high value perception of cable. We are now trying to bring aboard subscribers who have had low views of the cable's value all along."

Dalvi predicts the cable industry will deal with the problem by lowering the price of cable for the less affluent by creating packages for the reluctant viewers and different packages for the heavy viewers. "This would be new to cable but not to the marketplace as a whole," he points out. "Supermarkets have been doing it for years, for instance, in the soft drink business. On the same shelf the consumer has the choice of the more expensive Coke and Pepsi but can also opt for the less expensive Shasta brand. The whole mindset of one price for one product no longer has value. The cable industry has to begin segmenting the market according to price."

Dalvi says the industry as a whole has done very little research on pricing. "The industry has always perceived it was without competition," he says. "Now, with the growth of the VCR, that perception is changing. The VCR can be a substitute for cable on some levels. We can't lose sight of the reality that if we don't put a cap on prices, VCRs will in fact cut into our business significantly."

Gil Faccio, *vice president of affiliate relations at USA Network, contends the tier "does not succeed as a marketing tool" but merely provides competition with the pay services the system is trying to sell.*

Dalvi says he is sympathetic to the plight of the pay services. "They need to improve with more creativity in their programming because they are not getting the benefit of the rate increases. If the program suppliers don't do well, eventually we don't do well either."

As with pricing, Dalvi believes the pay services need to segment the market better. "There can't be one package for everybody and four services trying to be the same thing." Dalvi believes the price of pay service subscriptions could be lower. "I think there would a slight gain in subscribers, but the growth of profits would not be higher because of the price cutting," he says. "That is taking a big crapshoot with your bottom line and that is not how the business works."

As a pay service, Home Theater Network should be priced lower, says Peter Kendrick, HTN president. "Since our product is only G and GP rated family features and we are on only 12 hours a day, we should sell for less than the other pay services," Kendrick says. "There are already an abundance of 24 hour-a-day services. Our charge to consumers should be somewhere between what is charged for pay and what is charged for basic. "We like to sell ourselves to operators as a family addition to the basic service [retailing] at somewhere around $5.95 and $6.95 a month," he says. □

Movie Lineup

Pay service buys, May

Three films in May will run across four of the five pay services—Universal's Stephen King novel adaptation, *Firestarter;* Warner Brothers' sendup, *Police Academy;* and Universal's *Tank*, starring James Garner.

With a combination of new and old, MGM/AM has by far the most titles running in May—36. Others with a significant number of titles running are Warner Brothers, 21; Universal, 16; Columbia, 11; Paramount, 10; and 20th Century-Fox, nine.

As exclusives, Showtime has Paramount's *Footloose*, while HBO has New World's *Angel*, Orion's *Broadway Danny Rose* and Columbia's *The Dresser* and *Hardbodies.*

HBO

Title	Distributor	Play Status
Angel	New World	P*
Benji	Viacom	P
Best Years Of Our Lives	Goldwyn	P
The Bounty	Orion	P
Broadway Danny Rose	Orion	P
The Dresser	Columbia	P
Firestarter	Universal	P
Hardbodies	Columbia	P
House Of The Long Shadows	Viacom	P
Iceman	Universal	P
Police Adacemy	Warner Brothers	P
Repo Man	Universal	P
Reunion At Fairborough	Columbia	P
Tank	Universal	P
Tex	Buena Vista	P
A Midsummer Night's Sex Comedy	Warner Brothers	E**
Blue Thunder	Columbia	E
The Changeling	Chessman Park	E
Endangered Species	MGM/UA	E
The Far Pavilions Part One	Gold Crest	E
The Far Pavilions Part Two	Gold Crest	E
The Far Pavilions Part Three	Gold Crest	E
High Road To China	Galaxy	E
The Jazz Singer	AFD/EMI	E
The Looney Looney Looney Bugs Bunny Movie	Warner Brothers	E
Mr. Mom	Fox	E
National Lampoon's Class Reunion	ABC Movies	E
National Lampoon's Vacation	Warner Brothers	E
Raiders Of The Lost Ark	Paramount	E
The Right Stuff	Warner Brothers	E
The Sign Of Four	Holmes Picture	E
Smokey And The Bandit Part 3	Universal	E
Spacehunder—Adventures in the Forbidden Zone	Columbia	E
Spring Break	Columbia	E
The Sting II	Universal	E
Super Fuzz	Embassy	E
Tootsie	Columbia	E
Willy Wonka And The Chocolate Factory	Warner Brothers	E
Yes, Giorgio	MGM/UA	E

Cinemax

Title	Distributor	Play Status
Police Academy	Warner Brothers	E
The Bounty	Orion	E
Firestarter	Universal	E
Where The Boys Are '84	Tri-Star	P
Sex Games Of The Very Rich	J. Turrell	E
The French Woman	Film Gallery	E
Emanuelle In Bangkok	Film Gallery	E
Boarding School	Atlantic	E
Love Trap	P. Screenings	E
Reckless	MGM/UA	P
Porky's	Fox	E
Porky's II: The Next Day	Fox	P
My Tutor	Universal	E
History Of The World Part One	Fox	P
Hardly Working	Hardly Working	E
A Night In Casablanca	C. Hill	E
The Princess And The Pirate	Goldwyn	E
Bananas	MGM/UA	E
Coma	MGM/UA	E
Of Unknown Origin	Warner Brothers	P
Wavelength	New World	P
Amityville: The Demon	DeLaurentis	E
On Golden Pond	ITC	E
Brian's Song	Columbia	E
If Ever I See You Again	Columbia	P
Six Weeks	Polygram	P
No Other Love	Time/Life	E
Fame	MGM/UA	E
All That Jazz	Fox	E
Headin' For Broadway	Broadway Res.	E
Yankee Doodle Dandy	MGM/UA	P
Winner Take All	MGM/UA	P

Love Me Or Leave Me	MGM/UA	E
Three Little Words	MGM/UA	P
A Streetcar Named Desire	MPF	E
A Big Hand For The Little Lady	Warner Brothers	P
The Big Red One	Lorimar	E
Soldier Of Orange	Goldwyn	E
The Inglorious Bastards	Alive Entertain.	E
Beach Red	MGM/UA	E
Warming Up	Spectrafilm	P
La Balance	Spectrafilm	P
The Executioner's Song	Viacom	P
Heart Like A Wheel	Fox	P
The World's Greatest Lover	Fox	P
One Flew Over The Cuckoo's Nest	MGM/UA	E
Sudden Impact	Warner Brothers	E
Roller Boogie	CMP	E
Yentl	MGM/UA	E
The Man Who Loved Women	Columbia	E
Tender Mercies	AFD/EMI	E
T.A.G. The Assassination Game	Viacom	P
Agatha	Warner Brothers	E
The Beastmaster	MGM/UA	E
Beyond The Limit	Filmwriter	E
Deadly Force	Embassy	E
Doctor Detroit	Universal	E
Last Embrace	MGM/UA	E
Yor The Hunter From The Future	Columbia	E
The Last Warrior	Warner Brothers	P
Eddie And The Cruisers	Embassy	E

Showtime

Footloose	Paramount	P
Police Academy	Warner Brothers	P
Firestarter	Universal	P
Tank	Universal	P
Iceman	Universal	P
Tex	Touchstone	P
The Wicked Lady	Viacom	P
They Call Me Bruce	Film Ventures	P
Going In Style	Warner Brothers	E
The Return Of A Man Called Horse	MGM/UA	E
Flashdance	Paramount	E
Octopussy	MGM/UA	E
War Games	MGM/UA	E
Psycho II	Universal	E
Heart Like A Wheel	Fox	E
Doctor Detroit	Universal	E
Baby, It's You	Paramount	E
The Beastmaster	MGM/UA	E
Trading Places	Paramount	E
Silkwood	ABC	E
Two Of A Kind	Fox	E
48 Hrs.	Paramount	E
Deathstalker	New Horizons	P
Caged Heat	Viacom	P
Tendres Cousines	Crown	P
The House Of Long Shadows	Viacom	P
Tea For Three	Satori	P
Forbidden World	Viacom	E
Goodbye Emmanuelle	Miramax	E
Twilight Of Honor	MGM/UA	P
Meet Me In Las Vegas	MGM/UA	P
The Scarlet Coat	MGM/UA	P
Ladybug, Ladybug	MGM/UA	P
Happy Anniversary	MGM/UA	P
Madame Bovary	MGM/UA	E
Lovely To Look At	MGM/UA	E
The Last Time I Saw Paris	Goldwyn	E
My Foolish Heart	Goldwyn	P
Hans Christian Andersen	Goldwyn	E
Benji	Viacom	
The Looney, Looney, Looney Bugs Bunny Movie	Warner Brothers	E
Mystery Island	Satori	P
Stories From A Flying Trunk	Viacom	P
Nobody's Boy	ATA Trading	E
Cat On A Hot Tin Roof	Showtime	E
Running Brave	Touchstone	C***
Trenchcoat	Touchstone	C
Coma	MGM/UA	C
True Confessions	MGM/UA	C
Who's Afraid of Virginia Wolff?	Warner Brothers	C
Alphabet City	Atlantic	C
The Being	Best Film	C
Killpoint	Crown	C
Heartbreak House	Showtime	C

The Movie Channel

Policy Academy	Warner Brothers	P
Firestarter	Universal	P
Tank	Universal	P
Iceman	Universal	P
Tex	Touchstone	P
The Keep	Paramount	P
Going Berserk	Universal	P

Escape From Del Diablo	Movie Store	P
Thieves After Dark	Paramount	P
Spring Fever	Comworld	P
The Ballad Of Gregorio Cortez	Embassy	P
The First Deadly Sin	Warner Brothers	E
White Dawn	Paramount	P
Death Hunt	Fox	E
Octopussy	MGM/UA	E
War Games	MGM/UA	E
The Lords Of Discipline	Paramount	E
Sting II	Universal	E
A Midsummer Night's Sex Comedy	Warner Brothers	E
Twice Upon A Time	Warner Brothers	E
Thieves Like Us	MGM/UA	E
Hickey and Boggs	MGM/UA	E
Endangered Species	MGM/UA	E
The Earthling	Orion	E
Barry Lyndon	Warner Brothers	E
Monty Python's Meaning Of Life	Universal	E
X-Ray	Cannon	P
Sorceress	Viacom	P
Dark Places	Castle Hill	P
Alligator	Cinema Signal	P
Escape 2000	New World	E
A Boy And His Dog	Film Gallery	P
Battle Beyond The Stars	Viacom	P
Bananas	MGM/UA	E
Message From Space	MGM/UA	E
Escape From New York	Embassy	P
Midnight Express	Columbia	P
Man On A Tightrope	Fox	P
First Love	Paramount	P
Kipperbang	Goldcrest	P
Lonely Hearts	Goldwyn	P
A Little Romance	Warner Brothers	E
Piranha II	Viacom	P
Jaws III	Universal	E
Q	UFD	E
Orca, The Killer Whale	Paramount	E
Over The Edge	Warner Brothers	E
Liar's Moon	Crown	E
Rumble Fish	Universal	E
The Trouble With Harry	Universal	P
The Trial	Tri-Star	P
Stella Dallas	Goldwyn	P
Willy Wonka And The Chocolate Factory	Warner Brothers	E
Secret Of The Golden Dragon	Satori	P
The Hounds Of Notre Dame	Atlantic	E
Runaway Island—Bush	Grundy	P
Weekend Pass	Crown	C
Making The Grade	MGM/UA	C
Somebody Killed Her Husband	Viacom	C
The Moonrunners	MGM/UA	C
Hair	MGM/UA	C
The Song Remains The Same	Warner Brothers	C
What Price Glory?	Fox	C
Love Me Or Leave Me	MGM/UA	C
Oklahoma	Goldwyn	C
Man Of La Mancha	MGM/UA	C
Carnal Knowledge	Embassy	C
Runaway Island—The Exiles	Grundy	C

Home Theater Network

Actor	Entertain. Net.	P
Adventures Of Young Robin Hood	Satori	E
Ashes Of Mrs. Reasoner	Entertain. Net.	P
Beyond Reasonable Doubt	Satori	P
Conflict: Man Of Destiny	Entertain. Net.	P
A Dog Of Flanders	UPA	E
Easy To Love	MGM/UA	P
Eddie And The Cruisers	Embassy	E
Educating Rita	Columbia	E
For The Use Of The Hall	Entertain. Net.	P
Gondola	Entertain. Net.	P
High Road To China	Warner Brothers	E
Iceman	Universal	P
Jaws III	Universal	E
King Of Hearts	MGM/UA	E
Ladies Of The Corridor	Entertain. Net.	P
Last Of Mrs. Lincoln	Entertain. Net.	P
Mary White	UPA	E
Meet The Wombles	Satori	P
Misty	UPA	E
Octopussy	MGM/UA	E
Rear Window	Universal	E
The Riddle Of The Sands	Satori	E
Rope	Universal	P
Running Brave	Buena Vista	P
Sarach And The Squirrel	Satori	E
Showbiz Goes To War	TAD	E
The Sting II	Universal	E
Tank	Universal	P
Twice Told Tales	MGM/UA	P
Walk On The Wild Side	Columbia	P
Yellowbeard	Orion	E

* Premiere ** Encore *** Carryover

Wall Street Analysis

Advertising growth

Cable represents the fastest growing advertising medium, concludes Donaldson, Lufkin & Jenrette vice president Dennis Leibowitz in a comprehensive report on the cable industry. "We expect annual industry growth to average 30 per cent through 1990, or three times that likely for total advertising (for all media)," he says. "Gains at the local level should be even better." Leibowitz attributes the rapid growth to increasing subscriber base, growing audience per household, rising advertising rates, declining audience shares of the conventional networks, additional sources of revenues for ad-supported cable services and additional networks and programs.

Leibowitz says cable advertising has been slow to catch on because of the lack of audience measurement, small viewerships and the need to overcome the reluctance of advertising agencies to invest in cable. "Too many cable networks were seeking too few dollars," he says. "The 1980–82 recession aggravated matters, and until recently much of the investment community consciousness was of a red ink-stained battlefield where no one made any money and prospects for profitability were uncertain."

Last year, he notes, MTV Networks Inc. had operating margins of $25 million, and ESPN, USA Network and CNN are either close to or are achieving profitability. "One by one, other services should approach that point not too far into the future," Leibowitz predicts. "In fact, we expect to see new services start up, presumably by current industry participants who can launch them more economically than those new to the business." Leibowitz cites MTV's Video Hits One as the first example.

Leibowitz contends that widespread system upgrading will increase audience. "Circulation is important not only because ad rates are based on audience delivery, but also because A. C. Nielsen provides ratings only for services with at least 15 per cent penetration, or about 12.75 million of the nation's 85 million television households," Leibowitz explains.

Revenue estimates

Leibowitz estimates the following amounts of advertising revenues for ad-supported services in 1984: ESPN, $60 million; CNN, $45 million; USA Network, $38 million; MTV, $62 million; CBN Cable Network, $26 million; Nickelodeon, $4.5 million; Lifetime, $10.5 million; The Nashville Network, $18 million; Financial News Network, $7.5 million; The Weather Channel, $13 million; Headline News, $6 million; Arts & Entertainment Network, $1.5 million; Satellite Program Network, $950,000; Black Entertainment Television, $2.5 million and Modern Satellite Network, $500,000.

In addition to audience growth stimulated by increased subscribership, viewing of cable originated shows is rising on a per household basis, according to Leibowitz. Networks such as ESPN, MTV and CNN now achieve cumulative audiences equal to independent stations, compared to a 30 per cent gap in favor of the independents a year ago. "Cable originated product accounts for 21 per cent of all viewing in cable homes and it beats not only the independents, but also the pay services," Leibowitz says.

Increased hours, more original programming, and better promotion of the networks are all contributing to the rising popularity of cable network programming, he says. In addition, he agrees with a theory put forth by the Cabletelevision Advertising Bureau that cable viewing measured by the diary method is underreported. "Telephone surveys coincidental with diary recordkeeping by viewers disclosed a 16.3 per cent share for the basic channels compared to the 10.4 per cent that showed up in the diaries. "That is more than a 50 per cent difference," he points out.

The pricing gap

Leibowitz predicts that the gap in advertising pricing between cable and broadcast will shrink. "By some estimates, cable's dollar share of advertising is approximately one-half its audience share," he continues. "The specialized services such as MTV that have target demographics that are otherwise difficult to reach can ultimately command a premium CPM, not just parity." The reason for the existing disparity is that many cable services had no documentation of audience when they set their rates, so it was a question of pricing cheaply enough to attract agency attention, he postulates.

"Because cable advertising is new and most networks have substantial commercial inventory, it is generally in the interest of the networks to raise the sellout ratios before raising the CPMs," he explains. "As long as there is so much slack, why not keep rates underpriced and get the advertisers in the door so that they will try, and presumably like, the programs, the network and the medium?"

Cable is also swallowing up a larger portion of the audience eroded from the broadcast networks, he notes. "Although this diversion may grow annually by only 1 per cent of total ad budgets, thus not crippling the networks, the dollars involved in the immense advertising industry can be quite meaningful to small industries such as cable advertising," he says.

While many program services are also making money from affiliate fees, Leibowitz says MSO resistance is keeping Lifetime, VH-1 and The Nashville Network from instituting such fees. "Those who didn't institute circulation fees quickly enough probably will have to do without for a while," he comments.

Scott examined

Argus Research Corp.'s Jeffrey Kessler points out in a report on "low-priced stocks" that Scott Cable Communications will be getting more investor attention. "The shares are selling at what we believe are the lowest valuations in the industry relative to cable cash flow per share, earnings per share, and discount from private market value," Kessler says.

Scott Cable, based in Irving, Texas, owns and operates 24 cable systems serving 55,000 basic subscribers in 13 states. The MSO has specialized in classic franchises in relatively isolated, rural communities that were built originally for improved reception rather than additional programming. Kessler points out that a $12 million program to upgrade the systems to premium, 35-channel capacity has raised revenue per subscriber.

"In many ways, Scott is reminiscent of TCA Cable TV a couple of years ago, and we believe that Scott could, as TCA already has, develop into an industry leader in terms of operating efficiency," according to Kessler.

Kessler's earnings per share prediction for 1985 is 60 cents, and 65 cents in 1986, up from 31 cents in 1984. About 67 per cent of all homes passed by cable in Scott's franchised areas subscribe to the company's basic service, but only 42 per cent have premium pay services. "Scott's formerly private limited partnerships did not have access to the kind of public capital needed to upgrade the systems and to leverage their very deep market penetration," he says. "In addition, Scott's customers had been accustomed to paying $9 a month for better reception, not double and triple that price for optional entertainment."

Scott has embarked in upgrades, but only in municipalities that have approved a $5 hike in basic monthly rates. After upgrades, 35-channel basic service costs the subscriber about $14 per month, compared with $10 previously, while premium service charges range from about $8 to $12 per month.

"Because of the rebuild program, Scott Cable's operating income before depreciation charges and its debt load are increasing rapidly," Kessler explains. "With the rebuild program scheduled to be completed in fiscal 1986, which will bring into line three important systems, and with the stabilization of subscriber programming choices following upgrades on its other systems, cable cash flow for fiscal 1986 could increase more than 35 per cent to $5.6 million and thereafter stabilize at about 45 per cent of revenue.

"When the rapidly increasing percentage of customers taking pay services in addition to basic service is factored in, there should be an approximately 40 per cent increase in revenue per subscriber after a rebuild is completed on a given system," he says.

Meanwhile, Scott's debt level and interest payments have also increased markedly during the past year. "Long term debt has more than doubled from $6 million to more than $13 million since the end of fiscal 1984 and should peak out at about $17 million in the next few months," Kessler says. Interest expense rose to about $1.4 million this year from $900,000 and could reach $2 million by 1986. This would place, according to Kessler, Scott's debt to cash flow and debt to equity ratios high by industry standards, but debt per subscriber at about $272, close to the industry norm.

Kessler estimates Scott Cable is worth $11 to $15 per share in a sale. "Therefore, the stock sells at a 30- to 50 per cent discount from both cash flow and replacement values," he says.

TBS profits

Turner Broadcasting Systems reports profits for the year ending Dec. 31 of $10 million, or 49 cents a share, on revenue of $281.7 million, compared to $7 million, or 34 cents per share on revenues of $224.5 million in the previous year. TBS Board chairman Ted Turner states, "Recently implemented subscriber fee increases for Cable News Network should lead to substantial improvement in the results of our news operations."

Heritage buys

Heritage Communications has agreed to purchase all of its outstanding shares owned by Equitable of Iowa companies. The 1.3 million shares will be purchased for $15.1 million and a convertible subordinated note with a face value of $15.1 million while carrying an 8.5 per cent coupon and a conversion price of $30 per share. Equitable first invested in Heritage in a large way in 1980.

Meanwhile, Heritage reports it concluded the acquisition of cable systems serving Rocky Ford and Fowler, Colo. The systems serve 1,250 basic subs and are located adjacent to existing Heritage systems in southeastern Colorado.

The Des Moines, Iowa-based company has also taken its first step into the broadcast industry with the acquisition of three NBC affiliated stations serving Sioux Falls-Mitchell, Rapid City and Lead-Deadwood, S.D.

"We have searched for a good investment opportunity in another area of the communications industry. We like the economics of television station ownership," says James M. Hoak, Jr., Heritage president.

Corporate Profile

Pioneer sales nearly level, profit picture spotty

Pioneer Electronics Corp., which began in 1938 as a manufacturer of loudspeakers, on September 30, 1984 had assets of just over $1 billion, and the 1984 fiscal year had sales of $1.3 billion, of which 63.8 per cent were overseas. In this instance "overseas" means outside of Japan.

The period of the fiscal years 1980 through 1984 has been one of approximately level sales and a spotty profit picture. The product lines of the company are entertainment related, but the company indicates a deliberate move into the information storage and retrieval field.

The company has four product groups. Largest in sales is audio products, 38.8 per cent in fiscal 1984. The products are aimed at the home entertainment market. Sales from fiscal 1980 to 1984 have declined from 182.6 billion yen, or 62.8 per cent, in 1980 to 124.3 billion yen, or 38.8 per cent in 1984. Group overseas sales were 68.6 per cent in fiscal 1984.

The next largest sales category is automobile electronics products, which has risen from 91.9 billion yen, or 31.6 per cent, to 118.2 billion yen, or 36.9 per cent in fiscal 1984. In that year 70.6 per cent of sales were outside of Japan. Car stereos are the main product of the group.

Video products

Two groups share the residual quarter of the sales total. They are video products, with sales of 51.5 billion yen, or 16.1 per cent of sales in fiscal 1984, and the "other" products group with sales of 26.3 billion yen, or 8.2 per cent of the total. These two groups are suppliers to the TV market. The video group is essentially involved in the videodisc player. Sales went from 0.3 billion yen, or 0.1 per cent in fiscal 1980 to 51.5 billion yen, or 16.1 per cent in fiscal 1984. Part of this product line in an expandable color TV system designed to use various video sources. Overseas sales of this group were 30.4 per cent in fiscal 1984.

The "others" group, including cable TV equipment and the smallest, had 16.1 billion yen in sales, or 5.5 per cent in fiscal 1980 and 26.3 billion yen sales, or 8.2 per cent, in fiscal 1984. Group overseas sales in fiscal 1984 were 75.5 per cent.

At Pioneer Communications of America, Thomas Calabro, vice president, sales, points out, "When cable hardware manufacturers look back at 1984, the year will be remembered as one of fierce competition and depressed profit margins. However, 1985 is already promising to be Pioneer's year in the cable industry.

"We're currently experiencing a substantial increase in standard and addressable converter sales. And, we see the competitive threats from 1984 lessening due to

Pioneer Electronics Corp.

Years ended Sept. 30 (In millions of yens and thousands of U.S. dollars except per share information)

	Yen		U.S. dollars	
	1984	1983	1984	1983
Net sales	¥320,274	¥308,744	$1,301,927	$1,255,057
Income before extraordinary item	6,918	2,230	28,122	9,065
Net income	8,074	2,230	32,821	9,065
Per American Depositary Share, each representing 2 shares of common stock:				
Income before extraordinary item	107	34	0.43	0.14
Net income	125	34	0.51	0.14
Cash dividends	45	45	0.18	0.18
Per Curaçao Depositary Share, each representing 10 shares of common stock:				
Income before extraordinary item	534	172	2.17	0.70
Net income	623	172	2.53	0.70
Cash dividends	227	227	0.92	0.92
Total assets	260,943	245,016	1,060,744	996,000
Shareholders' equity	143,808	139,464	584,585	566,927

Notes: 1. The U.S. dollar amounts in this report represent translation of Japanese yen for convenience only at the rate of ¥246 = US$1.00, the approximate current rate prevailing on September 28, 1984. The U.S. dollar amounts previously reported have been revised to reflect the rate in the current period. 2. Per share amounts are based on the weighted average number of shares outstanding during each period, appropriately adjusted for free share distributions.

Corporate Profile

Continued

overall improvements in our product lines.

"Pioneer will be hitting the market hard in the next few months with enhanced versions of the addressable and basic converter models, a new MTS adapter and an innovative cradle to upgrade basic converters for addressability. We are not only optimistic about our future in the cable industry, but excited about improving our position as a leader in supplying cable subscriber hardware."

Larry Brown, vice president, new business development, adds, "The shakeout is well underway among CATV converter manufacturers. I expect Pioneer to capture additional market share as a result of this process. The benefits of standardization and large volume

"When cable hardware manufacturers look back at 1984, the year will be remembered as one of fierce competition and depressed profit margins."

Thomas Calabro
Vice president, sales
Pioneer
Communications

procurement of addressable products are now well recognized by MSO's. Pioneer's proven ability to deliver consistent large quantity, low price and high quality, combined with our eight years of field experience in conventional and addressable products, assure success in such an endeavor.

"In a few years, as the industry looks back at the progress of converter vendors, I expect 1985 will be recognized as 'the year Pioneer made its move."

Return on assets

Return on assets is estimated by combining interest expense and net income and dividing that by total assets. On this basis the estimated return on assets for fiscal year 1984 was 4.3 per cent, as compared to 2.7 per cent for fiscal 1983 and 1.3 per cent for fiscal 1982.

Return on equity is estimated by dividing net income by the equity figure at the end of the period. On this basis estimated return on equity was: 1984, 4.8 per cent; 1983, 1.6 per cent; 1982, minus 2.1 per cent; 1981, 9.7 per cent; and 1980, 16.3 per cent.

On September 30, 1984 total assets were $1.06 billion, of which $766 million, or 72.2 per cent were current assets. Within this broad category, inventories was the greatest factor, at $289 million, or 27.2 per cent of the grand total, followed by trade receivables at $234.8 million, or 22.1 per cent and marketable securities at $122.7 million, or 11.6 per cent.

Property, plant and equipment came to $214.6 million, or 20.2 per cent, followed by investments and long-term receivables at $56.4 million, or 5.3 per cent.

The liability and equity side has, as a leading liability group, total current liabilities, at $436.5 million, or 41.1 per cent of the total. Within this group the lead item is bank loans at $210.6 million, or 19.9 per cent, followed by accrued liabilities at $115.6 million, or 10.9 per cent, and notes and accounts payable, trade, at $72.8 million, or 6.9 per cent.

Equity consisted of $584.6 million, or 55.1 per cent of the total. Referred to but not included among the balance sheet figures is commitments and contingent liabilities of $52.4 million, or 4.9 per cent.

Sources, uses of funds

Sources and uses of funds for the fiscal year ended Sept. 30, 1984 came to $96.8 million. The leading source was depreciation at $42.8 million, or 44.3 per cent, followed by income before extraordinary item of $28.1 million, or 29.1 per cent. Increase of long-term debt was $16.3 million, or 16.9 per cent. An extraordinary item tax benefit was $4.7 million, or 4.9 per cent.

Among the uses of funds the dominant item was additions to fixed assets at $61.3 million, or 63.3 per cent, followed by an increase in investments of $15.8 million, or 16.3 per cent, after which came cash dividends at $12 million, or 12.4 per cent.

At the close of fiscal year 1984 the company had 11,961 employees, compared with 9,230 at the close of fiscal 1980. In fiscal 1980/sales per employee were $128,121, and in fiscal 1984 they were $108.8 per employee. In fiscal 1980 assets per employee were $90,576; in 1981 they were $97,100; in 1982, $86,038; 1983, $85,077; and in 1984, $88,684. Net income per employee was $8,503 in fiscal 1980; $5,351 in 1981; minus $1,074 in 1982; $774 in 1983; and $2,351 in 1984.

In November 1984 the company announced that its parent-alone sales for the year ending Sept. 30, 1985 will amount to $1.14 billion and that ordinary profit will reach $65 million and net income will come to $32.5 million. These dollar figures are translated from Japanese yen at the rate of 246 yen to a dollar.

The company entered the cable TV scene in 1973 through involvement in cable TV component research and development. Pioneer Communications of America, a wholly-owned subsidiary devoted only to the cable TV industry, in 1977 started in a new direction with the development of the first large scale, operational, two-way interactive cable system. Pioneer worked exclusively with what was then Warner Cable and refined its original two-way interactive technology in four generations for the Warner Amex QUBE franchises—**Basil Shanahan**

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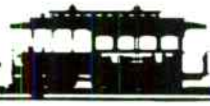

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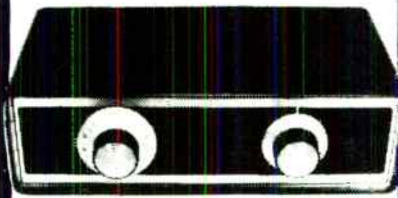

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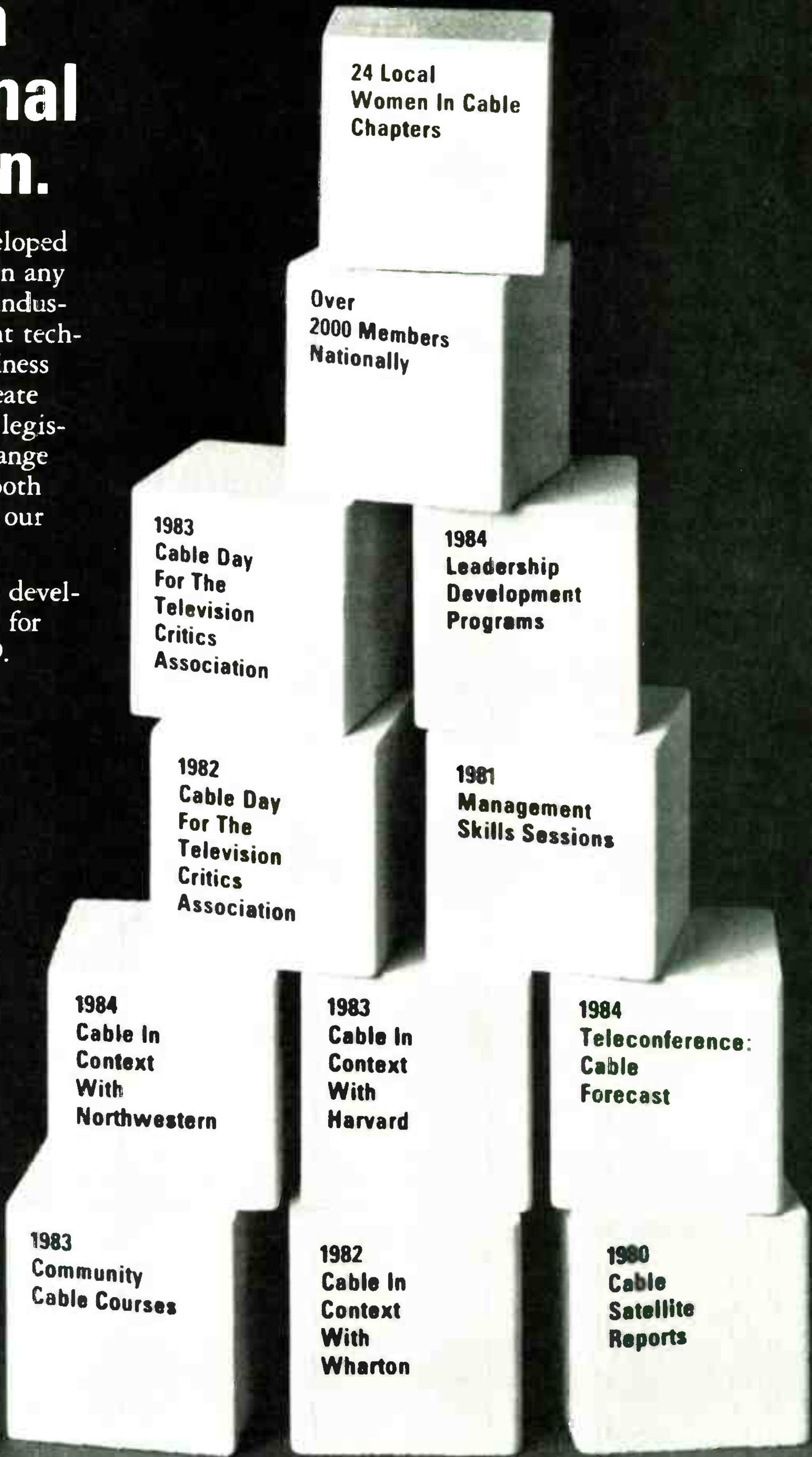

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Appointments

James J. Krejci, president and chief executive officer, Jones Cable Security Inc., Jones International Ltd., 5275 DTC Parkway, Englewood, CO 80111. *From: President, Becton Dickenson and Co.*

Gary B. Fiebert, president and chief executive officer, S.A.L. Communications Inc., 5 Hub Drive, Melville, NY 11747. *From: Executive vice president, Profit Strategies Inc.*

Allen Sabinson, senior vice president, original programming, Showtime/The Movie Channel Inc., 1633 Broadway, New York, NY 10019. *From: Director of NBC Motion Pictures for Television.*

Gregory Liptak, group vice president, operations, Jones Intercable Inc., 5275 DTC Parkway, Englewood, CO 80111. *From: Executive vice president, Times Mirror Cable.*

Henry F. Morris, vice president of operations, Texas Cable Network, 1301 Capital of Texas Highway, Suite 236 A, Austin, TX 78746. *From: Executive producer.*

George Fletcher, vice president of western operations, Jerrold Division, General Instrument Corp., 4640 S. Park Avenue, Tucson, AZ 85714. *From: Vice president for national accounts.*

Dan Hoy, vice president of eastern operations, Jerrold Division, General Instrument Corp., 2200 Byberry Road, Hatboro, PA 19040. *From: Vice president of regional accounts.*

Roger A. Seltzer, vice president, administration, Rifkin & Associates Inc., 360 South Monroe Street, Denver, CO 80209. *From: General manager, Pacific northwest region, Group W Satellite Communications.*

Richard E. Drobnicki, vice president of finance and chief financial officer, Medstar Communications Inc., 1305 South Twelfth Street, Allentown, PA 18103. *From: Audit executive, Ernst & Whinney.*

Charles R. Martz, senior vice president, Henry Ansbacher Inc., 8400 E. Prentiss Avenue, Suite 1015, Englewood, CO 80111. *From: President, acquisitions group, Jones Intercable.*

Davida Shear, vice president, Henry Ansbacher Inc., 277 Park Avenue, New York, NY 10117. *From: Director of network affairs, HBO.*

Malcolm S. White, owner, Malcolm S. White Communications (independent communications and consulting firm), 15 Fosdyke Street, Providence, RI 02906. *From: Director of public affairs, Colony Communications Inc.*

Jeffrey G. Jarrett, advertising promotion manager, CBN Cable Network, Virginia Beach, VA 23463. *From: Business manager, Citicorp/ Diners Club.*

Stella M. Labieniec, director of operations, Wold Communications, 10880 Wilshire Boulevard, Suite 2204, Los Angeles, CA 90024. *From: Tape operator, Spotlight Pay Cable.*

Lynne Stauffer, director of affiliate relations, Cable Networks Inc., 600 Third Avenue, New York, NY 10016. *From: New York national sales staff.*

Steve Wagner, director of market sales support, Jerrold Division, General Instrument Corp., 2200 Byberry Road, Hatboro, PA 19040. *From: Western region sales manager.*

Tom Coughlin, director of special projects, The Disney Channel, 4111 West Alameda Avenue, Burbank, CA 91505. *From: Director of business development.*

Carol Cotter, manager of subscriber services, The Disney Channel, 4111 West Alameda Avenue, Burbank, CA 91505. *From: Supervisor.*

Donald Burns, regional manager for west coast, Jerrold Division, General Instrument Corp., 4640 S. Park Avenue, Tucson, AZ 85714. *From: National account manager.*

Tim Roberti, regional manager for central region. Jerrold Division, General Instrument Corp., 2200 Byberry Road, Hatboro, PA 19040. *From: National sales manager, Jerrold's Century III division.*

Niles Jaeger, manager, corporate public relations, Home Box Office Inc., 1100 Avenue of the Americas, New York, NY 10036. *From: Supervisor, corporate information and research.*

Kurt Taylor, regional manager for western division, Jones Intercable Inc., 5257 DTC Parkway, Englewood, CO 80111. *From: Project manager for*

Allen Sabinson

Malcolm S. White

Jeffrey Jarrett

Steve Wagner

Tom Coughlin

Appointments

Continued

western division.

Joe Cost, national sales manager, Jackson Enterprises, P.O. Box 6, Clayton, OH 45315. *From: Regional sales manager, Texscan.*

William Terry Gray, regional sales manager, Viacom Cablevision, 660 Mainstream Drive, Nashville, TN 37228. *From: Advertising sales manager.*

Michelle Barbosa, personnel administrator, Colony Communications Inc., P.O. Box 969, 169 Weybosset Street, Providence, RI 02901. *From: Personal administrator, American Mathematical Society.*

Said Sazgar, sales manager, Copley/Colony Harbor Cablevision, 605 East G. Street, Wilmington, CA 90774. *From: Territorial sales representative.*

Cheryl Roderiques, general manager, Copley/Colony Cablevision of Cypress Inc., 5595 Corporate Drive, Cypress, CA 90630. *From: Operations manager for Copley/Colony of Lomita.*

David P. McGlade, regional sales manager, Cable Adnet, Two Bala Plaza, Suite 915, Bala Cynwyd, PA 19004. *From: Account executive.*

Kurt Brown, regional sales manager, Cable Adnet, Two Bala Plaza, Suite 915, Bala Cynwyd, PA 19004. *From: Local sales manager.*

Katherine Hawthorne, regional sales manager, Cable Adnet, Two Bala Plaza, Suite 915, Bala Cynwyd, PA 19004. *From: Sales supervisor.*

Scott Hults, eastern region sales manager, advertising sales, The Weather Channel, 767 Third Avenue, New York, NY 10017. *From: Vice president, Financial News Network.*

Jeffrey H. Genthner, sales manager of northeast region, Rainbow Programming Services, 100 Crossways Park West, Woodbury, NY 11797. *From: Manager of national/regional accounts, Sports Time.*

H. John Cribb, general manager, Sonic Cable Television, Southern Division, P.O. Box 1205, San Luis Obispo, CA 93406. *From: General manager, United Cable Television.*

Joseph Mackil, group financial executive, Jerrold Division General Instrument Corp., 2200 Byberry Road, Hatboro, PA 19040. *From: Vice president of finance, GE Ceramics.*

Jack Kloc, director of marketing, Information & Analysis Inc., 81 N. Broadway, Hicksville, NY 11801. *From: Vice president for Marketvision Research, Taft Broadcasting.*

James Sullivan, marketing manager, Sonic Cable Television, P.O. Box 1205, San Luis Obispo, CA 93406. *From: Community program director, Bay Area, United Cable Television.*

Jane Stevens, office manager, Sonic Cable Television, P.O. Box 1205, San Luis, CA 93406. *From: Operating manager, United Cable Television.*

Bonnie Baker, sales manager, Cable Networks Inc., 360 N. Michigan Avenue, 14th floor, Chicago, IL 60601. *From: Account executive, McGavren Guild Radio.*

Elliot Lewkow, account executive, Cable Networks Inc., 3103 Ocean Park Boulevard, Suite 300, Santa Monica, CA 90405. *From: Advertising sales manager, Group W Cable.*

Jane Lee Garcia, account executive, SIN Television Network, 444 N. Capitol Street, N.W., Washington, DC 20001. *From: President, board of trustees, Bronx Museum of the Arts.*

Katherine Wagner Spilman, controller, Bresnan Communications Co., 709 Westchester Avenue, White Plains, NY 10604. *From: Assistant controller, Wilson Financial Corp.*

Barbara L. Lukens, division manager, construction, American Television and Communications Corp., 160 Inverness Drive West, Englewood, CO 80112. *From: Director of design.*

Don Clark, managing editor, CBN News, CBN Cable Network, Virginia Beach, VA 23463. *From: News director, KEZI-TV Eugene, OR.*

Peter Griffith, account executive, Media General Cable, 14650 Lee Road, Chantilly, VA 22021-9997. *From: Advertising sales manager, Cabletime Network.*

Linda S. Stein, account executive, Arvis Division, Adams-Russell Inc., 1370 Main Street, Waltham, MA 02154. *From: Public relations director, M/A-COM MAC Inc.*

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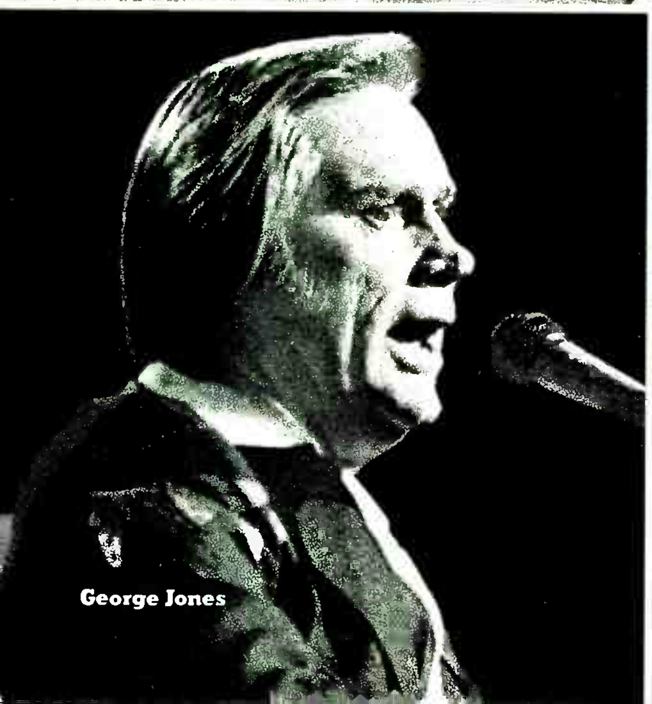
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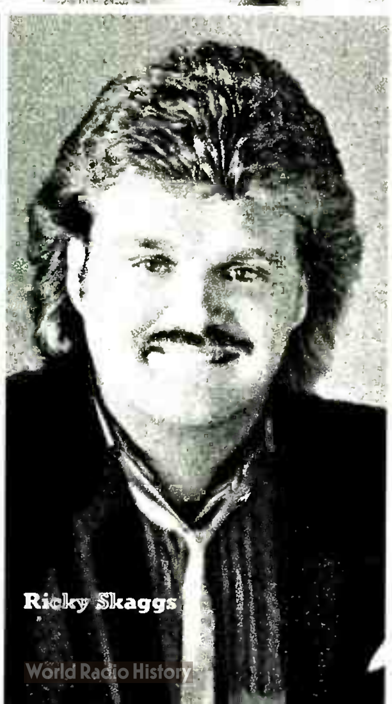
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Wall Street Report

Foote, Cone & Belding projects 10–15% gains for 1985 fiscal year

Revenues and earnings for Foote, Cone & Belding Communications, Inc., the world's ninth largest agency, are each expected to increase 10 to 15 per cent in 1985, according to Norman W. Brown, president and chief executive officer. He notes 1984 income did not quite reach the company's initial goal. It increased 28.6 per cent for the year ended December 31, 1984 to $16,807,000, or $4.71 per share, from 1983's $13,070,000, or $4.41 per share. There were 3,690,000 shares outstanding in 1984, compared with 2,992,000 the previous year.

Fourth quarter revenues increased 15.6 per cent to $71,137,000 from a restated $61,526,000. U.S. volume was up approximately 17.2 per cent while non-U.S. revenues were up 11.4 per cent. On a comparable exchange rate basis, non-U.S. revenues would have been up 27.7 per cent and total revenues 20.2 per cent.

Effects of acquisitions

Results for the fourth quarter and full year of 1983 were restated to reflect the merger with The NCK Organization, which became effective January 1, 1984. Fourth quarter and full year 1983 results for the NCK Group reflected a number of unusual charges related to the merger, including a writedown of NCK's investment in a subsidiary; one-time legal, accounting and office-closing costs; and the cumulative effect of changing NCK's accounting for goodwill amortization and deferred compensation.

Foote, Cone & Belding Communications, Inc.

Consolidated financial summary, year ended December 31 (000$)

	1984	1983 As reported	1983 Restated	% increase (decrease) over 1983 As reported	% increase (decrease) over 1983 As restated
Revenues	$267,646	$206,605	$225,483	29.5%	18.7%
Salaries and other employee benefits	165,278	127,388	139,159	29.7	18.8
Office and general expenses	79,552	60,637	69,542	31.2	14.4
Other expenses (income)	(4,066)	(4,190)	(5,237)	(3.0)	(22.4)
Unusual charges	—	—	7,452	—	(100.0)
Income before taxes on Income	$26,882	$22,770	$14,567	18.1%	84.5%
Taxes	10,190	9,978	8,034	2.1	10.8
Equity in earnings (losses)	$16,692	$12,792	$6,533	30.5%	155.5%
of affiliated companies	115	278	545	(58.6)	(78.9)
Net income	$16,807	$13,070	$7,078	28.6%	137.4%
Per share	$4.71	$4.41	$2.14	6.8%	120.1%
Average number of shares Outstanding	3,569	2,963	3,305	20.5%	8.0%

NOTE: Not audited by independent public accountants.

Revenues gained 18.7 per cent to $267,646,000 from restated revenues of $225,483,000. U.S. revenues rose some 17.7 per cent while non-U.S. volume gained 11.5 per cent. On a comparable exchange rate basis, non-U.S. revenues would have increased approximately 23.3 per cent and total revenues 22.1 per cent.

Other income, which includes investment earnings, was $4,066,000, down 22.4 per cent from 1983. The decline was due to lower interest rates and to a shift into tax-favored investments. The shift substantially reduced FCB's pre-tax investment yield but increased after-tax earnings.

Net income for the fourth quarter was $5,613,000, or $1.52 per share, an increase of 26.7 per cent over the $4,431,000, or $1.48 per share, reported in 1983.

This resulted in a 1983 loss for the NCK Group of $5,992,000, which was combined with FCB's 1983 earnings of $13,070,000, or $4.41 per share, to produce restated earnings of $7,078,000, or $2.14 per share.

In addition to the major expansion in Europe through the NCK merger, the agency grew in the U.S. through addition of North Castle Partners; VICOM, a medical/pharmaceutical agency; and Smith-Hemmings-Gosden, a direct response agency. At the end of last year FCB stated it was running total direct marketing billings of $75 million for 1984, making it one of the top five international direct marketing agencies. At that time, Manuel-NOAO, its direct marketing unit in Paris had been assigned an account that doubled the size of the agency.

Lorimar *(from page 55)*

the United Kingdom." There will also be a bigger opportunity for barter abroad, he said. "You'll see it on cable and you'll see it on satellites."

Dallas, which has pretty much been the spearhead of Lorimar's success in the U.S. has also caused a sensation abroad, sometimes generating considerable controversy.

A member of the West German Parliament complained that the rich Ewings were a "glorification of the unscrupulous pursuit of wealth." There were even charges that the show represented "cultural imperialism." To which Lee Rich replied, "God help the world if a show like *Dallas* is causing cultural

> *'Dallas,' which has pretty much been the spearhead of Lorimar's success in the U.S. has also caused a sensation abroad, sometimes generating considerable controversy.*

imperialism. If some people want to take it for something else, that's their privilege, but I'm not out to educate or to set standards for the world. My job is to entertain, and I think we're entertaining."

Other properties

Just as it is on an "acquisition kick" for programming, Lorimar is also in the market for other kinds of properties. "What we think about and what we'd like to do is be in the total communication business," Rich said. "We're not ready to buy a platinum mine or a sports franchise.

We would think very carefully of a television station or a radio station, or a newspaper, a magazine. Anything that we consider in the total communications area. We're looking constantly. That's the reason we're in the advertising agency. It's communications.

(continued on page 118)

Network television investments—1984

By daypart

		October–December 1983	1984	% change
Early morning:	Mon.–Fri.	$ 47,052,800	$ 60,168,200	+27.9
Daytime:	Mon.–Fri.	394,115,000	461,019,000	+17.0
	Sat./Sun.	429,868,800	425,978,100	−0.9
Early fringe:	Mon.–Fri.	102,036,800	121,723,700	+19.3
	Sat./Sun.	25,275,200	30,933,700	+22.4
Nighttime:	Mon.–Sun.	1,148,789,100	1,256,154,200	+9.3
Late night:	Mon.–Sun.	99,036,000	107,065,700	+8.1
	TOTAL	$2,246,173,700	$2,463,042,600	+9.7

		January–December 1983	1984	% change
Early morning:	Mon.–Fri.	$ 146,945,300	$ 187,880,600	+27.9
Daytime:	Mon.–Fri.	1,324,658,000	1,597,010,500	+20.6
	Sat./Sun.	1,007,959,800	1,213,136,200	+20.4
Early fringe:	Mon.–Fri.	344,268,800	402,718,900	+17.0
	Sat./Sun.	184,262,000	170,709,400	−7.4
Nighttime:	Mon.–Sun.	3,663,039,400	4,554,216,100	+24.3
Late night:	Mon.–Sun.	370,460,000	429,645,500	+16.0
	TOTAL	$7,041,593,300	$8,555,317,200	+21.5

By network	ABC	CBS	NBC	Total
January–March	$ 737,039,700	$671,244,300	$538,749,700	$1,947,033,700
April–June	715,971,900	687,103,500	617,893,000	2,020,968,400
July–September	1,006,976,000	599,707,300	517,589,200	2,124,272,500
October–December	776,248,700	870,155,900	816,638,000	2,463,042,600
YEAR	$3,236,236,300	$2,828,211,000	$2,490,869,900	$8,555,317,200

Top 25 network TV categories—1984

		1983	1984	% change
1.	Apparel, footwear & accessories	$ 198,783,100	$ 237,147,000	+19
2.	Automotive	745,052,900	808,393,200	+9
3.	Beer & wine	358,342,700	447,737,300	+25
4.	Building material	67,570,900	104,680,900	+55
5.	Confectionery & soft drinks	307,429,800	392,806,300	+28
6.	Consumer svces.	213,448,700	369,403,900	+73
7.	Food	1,064,293,700	1,364,710,600	+28
8.	Gasoline, lubricants & other fuels	42,495,000	56,098,000	+32

Source: TvB from BAR data.

(continued on page 118)

Lorimar *(from page 116)*

"We have a lady here who heads up that area of our business, the anticipation of finding new business. She's constantly looking, constantly talking, people are bringing us things. That's one of the ways of making this company grow."

Donaldson, Lufkin & Jenrette, a Wall Street firm that recommends purchase of Lorimar stock, nevertheless warns that the company could falter if it's "overly aggressive on the acquisition trail" and purchases a business that "adds risk with limited potential to contribute to the company's business."

TV's unpredictability

DL&J, which has a position in Lorimar, also points to the unpredictability of the television business and the fact that Lorimar hasn't made a major mark in the feature film business, an area where "production could be a drain on earnings."

DL&J cautions that Lorimar not be "overly aggressive on the acquisition trail."

However, Lorimar is considered attractive because of its "excellent position in television syndication" where it is "more leveraged to profit from the expanding market for syndicated television programming than any of the other large film and television producers."

Lorimar presently occupies a large portion of the MGM lot. Would the company be interested in buying a studio?

"You mean buy the physical land of a studio?" asks Rich. Sure, I think that would be something we would look at. We always rented, and when you're a renter you're always subject to the vagaries of your landlord. We have a great relationship here with MGM, we have a long term lease both on the facilities and the office, (but) if something came along we'd look at it. We looked at Zoetrope Studios, and that wasn't for us. We'll look at anything that's available." Given the aggressive personality which characterizes the Lee Rich image, it wouldn't surprise many people in Hollywood to wake up some morning to discover "Southfork Studios." □

Top 25 network TV categories—1984 *(continued)*

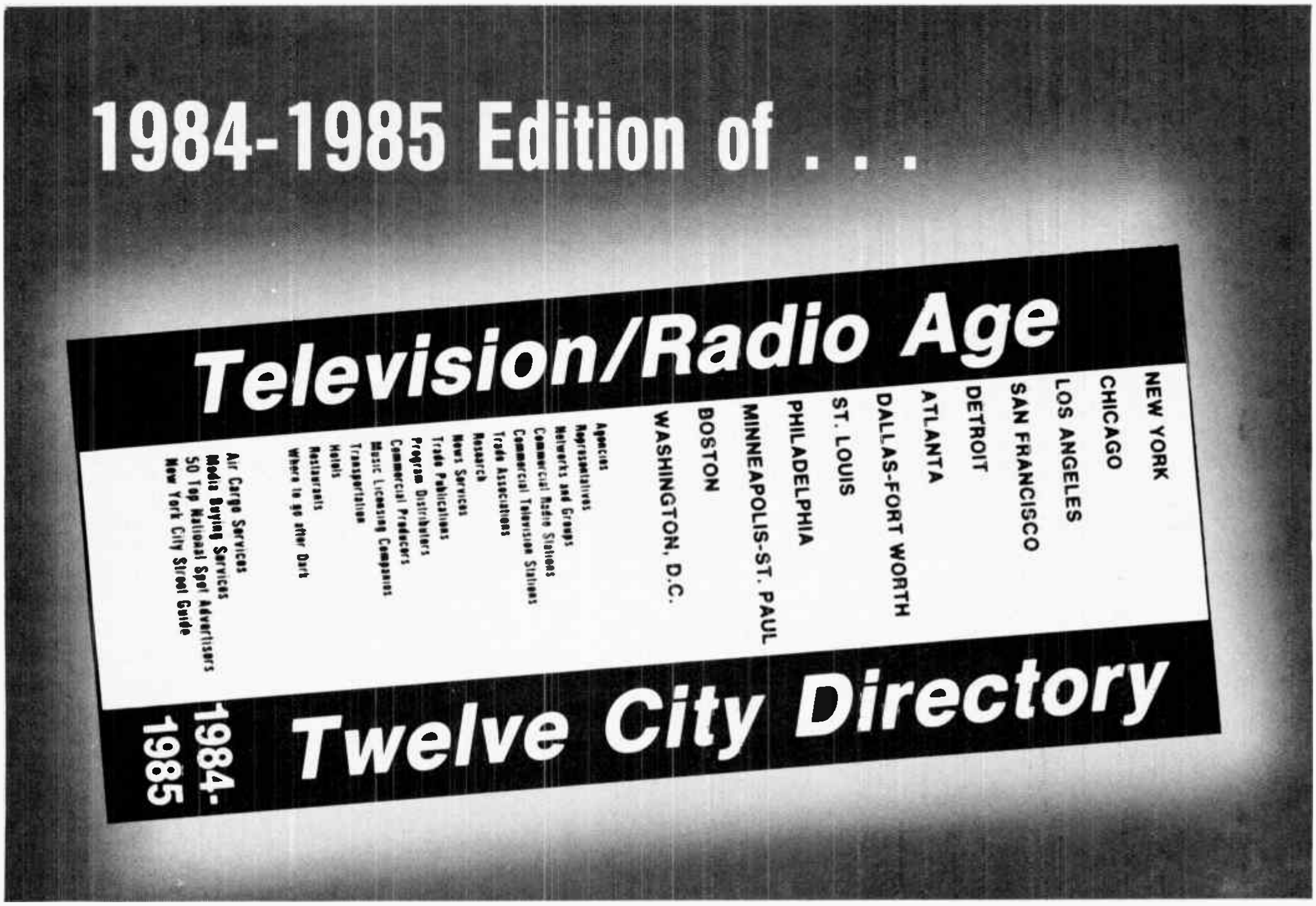
		1983	1984	% change
9.	Freight & indus. develop.	49,959,200	52,702,800	+5
10.	Home electronics	158,406,100	79,331,300	−50
11.	Horticulture	19,611,400	28,837,000	+47
12.	Household equip. & supplies	222,363,800	246,467,100	+11
13.	Household furnish.	15,604,100	19,420,700	+24
14.	Insurance	96,502,900	108,973,300	+13
15.	Jewelry, optical goods & cameras	143,218,000	139,731,500	−2
16.	Office equipment	260,213,000	373,803,400	+44
17.	Pet foods	159,794,100	174,765,500	+9
18.	Political	2,739,700	43,652,500	+1493
19.	Medicines	574,757,400	670,256,200	+17
20.	Publishing & media	82,236,200	58,450,400	−29
21.	Smoking materials	7,845,800	9,680,100	+23
22.	Soaps, cleansers & polishes	352,981,100	366,593,800	+4
23.	Sprting gds & toys	113,089,100	165,248,300	+46
24.	Toiletries	920,749,600	977,906,300	+6
25.	Travel, hotels & resorts outside U.S.	79,488,200	90,209,000	+13

Leading network TV advertisers—1984

		1983	1984	% change
1.	Proctor & Gamble	$366,663,100	$412,747,100	+13
2.	American Telephone & Teleg.	146,603,800	253,117,200	+73
3.	General Motors	201,350,400	231,442,800	+15
4.	General Foods	165,491,000	190,223,300	+15
5.	American Home Products	161,442,200	179,089,000	+11
6.	Sears Roebuck	145,006,800	172,445,800	+19
7.	Johnson & Johnson	131,265,900	168,639,100	+28
8.	Anheuser-Busch	116,661,300	166,415,800	+43
9.	Ford Motor	172,308,100	164,253,400	−5
10.	McDonald's	80,930,900	162,462,300	+101
11.	Philip Morris	128,266,100	161,715,700	+26
12.	Lever Brothers	112,477,200	142,982,100	+27
13.	Coca Cola	95,888,700	140,104,400	+46
14.	Kellogg	72,970,300	128,080,100	+76
15.	Dart & Kraft	87,414,800	123,288,700	+41
16.	Bristol Myers	120,974,300	122,552,400	+1
17.	General Mills	100,250,300	116,706,600	+16
18.	Beatrice Cos.	97,605,000	111,591,200	+14
19.	Pillsbury	74,336,900	106,983,400	+44
20.	R. J. Reynolds	74,580,400	97,600,200	+31
21.	Ralston Purina	94,438,500	94,085,600	−0

Source: TvB from BAR data.

(continued on page 120)



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(Company purchase order or payment must be enclosed)

Computer *(from page 58)*

records and tapes at a record store than at a discount store or record club. Consumers in this group are also likely to own an SLR camera and home video equipment.

An Arbitron source explains that while Product Target AID does not provide income, education and occupation, per se, of viewers to a particular program or daypart, "when you get the clusters most likely to buy a Rolls Royce, these are the clusters with the education, top jobs and income. What the client gets is the marketing result of these factors."

However, Arbitron clients cannot download straight AID data directly from Arbitron's central computers into their own micro-computers and massage the numbers themselves. Instead, the user requests specific information, such as the desired demographic or geographic breaks, ethnic, working women, etc.

When Arbitron sends this requested data back, the subscriber's micro-computer acts merely as a data receiver—not as a processor.

Arbitron is also developing its Microtutor software that by this summer should be available to teach station salespeople how to turn their micros into the data selectors that put the Arbitrends and Product Target AID capability to work for them. Pete Megroz, Arbitron Television vice president, sales and marketing, says such applications "allow any salesperson to develop customized presentations. They can use cluster analysis or trending, compare the data again and again, for different clients and different schedules, as often as they like, without incurring additional costs."

Quarter-hour ratings

Nielsen's Megabase is not yet this far along in terms of instant client access via their own micro-computers. But right now, on request to Nielsen, clients can order up quarter hour ratings from all Nielsen metered markets, for non-reportable stations (by reason of insufficient statistical base) as well as reportable stations. And users don't have to wait for the full report to be assembled and delivered. They can request, for example, the first two weeks results now—results that will be combined with what comes in later to make up a full month's report.

And for those research users who have been pleading for audiences to individual commercials, they're in Megabase and available now on a two-day turnaround: minute by minute ratings from Nielsen's metered markets. On top of

(continued on page 122)

Leading network TV advertisers—1984 *(continued)*

		1983	1984	% change
22.	Chrysler Corp.	84,193,700	93,637,400	+11
23.	Pepsico Inc.	73,955,200	91,906,700	+24
24.	Warner-Lambert	74,655,100	86,976,200	+17
25.	Sterling Drug	82,682,300	83,565,000	+1

Spot television advertising investments

By daypart

	October/December 1983	1984	% share	% change
Daytime	$237,714,000	$295,794,500	23.7	+24.4
Early evening	394,086,600	436,099,600	34.9	+10.7
Nighttime	245,012,900	286,640,400	22.9	+17.0
Late night	223,100,200	231,147,300	18.5	+3.6
TOTAL	$1,108,913,700	$1,249,681,800	100.0	+12.7

	January/December 1983	1984	% share	% change
Daytime	$ 756,632,600	$ 912,867,600	21.9	+20.6
Early evening	1,308,769,800	1,458,006,900	35.0	+11.4
Nighttime	869,002,500	985,247,800	23.7	+13.4
Late night	741,172,200	807,901,000	19.4	+9.0
TOTAL	$3,675,577,100	$4,164,023,300	100.0	+13.3

Source: TvB from BAR data.

Spot television advertisers by product classification—1984

	1983	1984	% change
Agriculture	$ 18,819,700	$ 19,264,200	+2
Apparel, footwear & accessories	100,978,800	112,737,800	+12
Automotive	411,805,200	563,204,800	+37
Beer & wine	200,278,700	204,291,700	+2
Building materials	54,982,300	56,389,200	+3
Confectionery & soft drinks	327,367,700	334,823,600	+2
Consumer svces.	173,436,800	221,752,700	+28
Food	776,376,000	885,296,300	+14
Gasoline, lubricants & fuels	86,551,000	104,323,200	+21
Freight & indus. develop.	32,390,500	20,805,400	−36
Home electronics	120,385,800	76,148,800	−37
Horticulture	29,522,600	38,886,400	+32
Household equip. & supplies	164,640,800	178,386,700	+8
Household furnish.	25,378,300	36,518,700	+44
Insurance	57,129,000	67,291,200	+18

(continued on page 122)

the marketplace

The Marketplace Rates

Situations Wanted: $30.00 per column inch. All other classifications: $42.00 per column inch. Frequency rates apply. Minimum space one inch. Maximum space four inches. Add $1.50 handling charge for box numbers. Copy must be submitted in writing and is due two weeks preceeding date of issue. Payable in advance, check or money order only.
All ads accepted at discretion of publisher. Address:
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REGIONAL SALES REPRESENTATIVE. Growing division of Jefferson-Pilot Communications Company is looking for several individuals with proven track record in local direct sales, including detailed knowledge and experience in co-op/new business development. Position involves calling on the management or owners of Broadcast stations and CATV systems to expand our highly regarded Co-Op advertising sales support business. Positions offer excellent earning potential with base salary plus incentive program and a comprehensive benefit program. Must be a motivated, organized, self-starter, minimum 2-4 years experience, require little supervision, able to make group presentations and close and willing to travel. If you meet the requirements, rush a confidential resume and references with first letter (no phone calls), to: General Sales Manager, Co-Opportunities Division, Jefferson-Pilot Retail Services, 1 Julian Price Place, Charlotte, North Carolina 28208.
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Metromedia Inc./WCVB-TV is an equal opportunity employer m/f

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New York, New York 10020

Please insert the following copy beginning (date)__________ in The Marketplace section at the ______ X rate. Enclosed is

☐ Check ☐ Money Order

☐ Additional copy enclosed.

*Name*__________
*Company*__________
*Address*__________
*Signature*__________

Computer *(from page 120)*

this, Megabase's developers report that it also offers users the opportunity to analyze viewers by household size (number of people), income, ethnic audience makeup, education and occupation of the head of household, working hours (to show, for instance, who's on the night shift and thus available for daytime viewing), whether the home is owned or rented, and cable status: whether the home is equipped with basic cable, pay cable, total available cable service, or non-cable.

And additional breakouts are under consideration.

One hundred dayparts

By this fall, Megabase's developers plan for each Nielsen regional office to be able to access breaks for approximately 100 different dayparts in each of 205 DMAs. Data will be available on non-reportable as well as reportable stations, and also on spill-in stations, all by persons as well as households and by cable networks. And "non-derivable" as well as derivable age break data will also be available.

An example of currently derivable information would be 35 to 49, "derived" by subtracting the 18 to 34s from the 18 to 49s.

And for the first time, with the exception of the District of Columbia, where it's already available now, Megabase plans call for inclusion of persons data for each of approximately 75 metro areas, sample size permitting. Other information available from Megabase will be ethnic data for most ethnic controlled markets, plus viewing by such household characteristics as cable status (basic, pay, total cable service or non-cable), by household size, and by education of the head of the house. And though details of the hardware to be needed for direct client access when Megabase does go on line beyond Nielsen's own regional offices in late 1986 are not yet firm, the tentative assumption is that any IBM or "IBM-compatible" business micro should suffice.

Nielsen market development executive Bob Pain says his company has been talking to clients about Megabase for about a year, and that there's already quite a bit of interest in the new service. In fact, he says, "It was their reaction that encouraged us to move ahead with the idea."

AGB data

Meanwhile, AGB president Norm Hecht reports that his company has been providing its 34 charter subscribers with overnight household and people ratings for the Boston TV market daily

(continued on page 124)

Spot television advertisers by product classification—1984 *(continued)*

	1983	1984	% change
Jewelry, optic., cameras	53,950,400	69,917,500	+30
Office equip.	64,155,400	63,454,100	−1
Pet foods	55,658,100	55,986,300	+1
Medicines	133,173,500	147,508,900	+11
Publishing & media	114,942,200	126,695,300	+10
Smoking materials	10,606,700	13,804,900	+30
Soaps, cleansers, etc.	166,171,200	144,213,000	−13
Sprtng gds & toys	100,713,700	140,732,100	+40
Toiletries	242,108,500	263,206,500	+9
Travel, hotels & resorts	139,444,000	183,370,300	+32
Miscellaneous	14,610,200	35,013,700	+140
TOTAL	$3,675,557,100	$4,164,023,300	+13

Top 25 spot advertisers—1984

		1983	1984	% change
1.	Procter & Gamble	$229,251,800	$239,328,600	+4
2.	General Foods	71,394,000	96,673,200	+35
3.	General Mills	88,792,700	91,024,900	+3
4.	Pepsico Inc.	72,778,200	84,983,800	+17
5.	Coca Cola	68,408,800	60,633,100	−11
6.	Lever Brothers	55,918,700	59,121,900	+6
7.	Toyota Motor Sales	42,505,600	58,337,100	+37
8.	Beatrice	46,636,100	56,146,100	+20
9.	Anheuser-Busch	51,002,000	53,646,600	+5
10.	Dart & Kraft	43,075,800	52,832,400	+23
11.	Philip Morris	48,909,00	44,809,000	−8
12.	Hasboro Bradley	35,856,500	42,951,700	+20
13.	Mars, Inc.	44,332,300	42,779,600	−4
14.	Nissan Motor	43,116,900	41,022,400	−5
15.	Warner Lambert	38,292,200	40,920,200	+7
16.	Kellogg	34,130,800	40,641,200	+19
17.	Ford Motor	38,130,300	40,597,600	+6
18.	Nestle, S.A.	34,011,800	38,893,100	+14
19.	General Motors	25,672,200	38,357,500	+49
20.	Ralston Purina	20,063,000	35,450,700	+77
21.	Nissan Auto Dealers Assn.	18,417,200	33,515,100	+82
22.	MCI Communications	29,259,800	32,829,300	+12
23.	Nabisco Brands	22,028,300	30,443,700	+38
24.	Time Inc.	28,624,400	30,132,900	+5
25.	Chrysler Corp.	20,205,700	30,097,800	+49

Source: TvB from BAR data in top 75 markets.

Local/retail TV advertising by product classification—1984

	1983	1984	% change
Automotive	$280,976,900	$377,982,500	+35
Apparel stores	108,063,200	121,479,300	+12
Busness & finncil svces.	241,177,600	276,998,300	+15

(continued on page 124)

In the Picture

C. R. McQueen

After several years overseas, the new head of Leo Burnett's research department sees the U.S. as "the potential communications research dynamo of the world," in terms of its resources and "all the ideas that can be applied in many countries around the world."

New Burnett research chief brings global perspective to job

C. R. "Josh" McQueen's new appointment as vice president, and director of the research department at Leo Burnett, U.S.A., follows four years as director of Australian and Asian research operations, based in Sydney, and before that a stint in Burnett's research department in London.

And while he says he found the "entrepreneurial spirit" of advertising in the Australian-Asian theater stimulating, his homecoming last year, to Burnett/Chicago where he started his advertising career in 1974 as an assistant research analyst, has given him "a new appreciation of the tremendous research resources available here in the U.S.," and "a new realization of the potential that the United States has to be the communications research dynamo of the world," in terms of all the ideas that can be applied in various parts of the globe.

He observes, for instance, that while specific U.S. lifestyle descriptions would be irrelevant in many other countries, our consumer and audience segmentation techniques are adaptable and applicable in other countries, "in helping us with our primary job: to help our creative folk develop better advertising by working with them during the initial stages of their *next* campaign."

This, McQueen emphasizes, "is far more useful than relegating the research function to a post-test of the campaign after the fact. The researcher's reason for being is to help inject vigor *into* the copy—not test it *out* after all the development work has been done and submitted."

World of overlapping circles

With the wider overview gained from the experience of his overseas assignments, McQueen says that rather than concentrating on the differences between peoples, he sees "a world full of overlapping circles." And he notes that although there's a tendency among many people when they look at the results of segmentation analysis to focus attention on the extremes, "The fact is that we're living in a bell-shaped world, and my interest is in the middle of the curve."

This, he explains, is because advertising to those groups in the middle means addressing a much larger body of consumers. "Take coffee," he explains, by way of illustration. "Some people prefer the gourmet blends. Some prefer their coffee strong. Others like it mild.

"But far larger numbers of people than any one of these individual smaller groups like coffee because it can relax them at the same time that it gets them going again. This is the attribute of good coffee that unites a much larger number of coffee drinkers. Both the smaller groups who like it mild, and who prefer it strong, can agree on liking it for its relaxing and stimulating properties."

Thus, he continues, one value of segmentation techniques is that they can turn up this kind of overlap among several smaller segments to point the way "to the more universal appeal that the greater number of consumers can agree with and say to themselves, 'Yes—that's what I like about this product.' This way, it can prompt a quite different advertising approach than you'd probably turn up without segmentation techniques."

Insights into behavior

Looking at the state of advertising research in general, McQueen believes there has so far been "too much concentration on, and debate about, the various testing procedures, and not as much attention given to the results these procedures are designed to produce—insights into consumer behavior."

In McQueen's view, research procedures and techniques "are something that can be picked up through training. But correct and useful interpretation of the results of these techniques is an ability that can only develop slowly, from long experience."

McQueen agrees in part with those who worry about being forced to go to market with new products "before we're really ready," because of the possibility that a potential competitor with a very similar product may be so close on one's heels in the race to market.

But he points out that this kind of pressure has always been part of new product introduction and insists that it's no reason "to rush ahead blindly before you've done the homework necessary to cut as deeply as possible into the risk factor."

The trick, in McQueen's view, is to "either know beforehand, or be able to identify early, which points of information are the key points that can make or break successful new entries in the category in question." In this early stage of product development, he says, "Burnett has a very useful tool."

He describes this as a new product model that has already been used to track over 160 new brand entries. He explains that this is used "up front, to learn from this just which are the key points of doubt that the client's decision makers need answered."

Computer *(from page 122)*

since February 4, and that a complete report for the four weeks ending March 3 is now in the hands of AGB subscribers, whose Benchmark Committee is now in the process of comparing the results to those produced by Nielsen and Arbitron.

Charter client agencies are receiving overnight persons data from the AGB people meter test in Boston.

People meter in use

Hecht says these data are based on a sample of 355 households containing about 1,000 people, and that by March 1, AGB expects to complete installations in its target sample of 440 households containing some 1,200 Bostonians. And Hecht continues that over half of the households in AGB's predesignated sample have agreed to become part of the AGB panel.

Outside research firm

During March and May, he says, an outside independent research firm will be conducting validation tests designed with the help of AGB's backer-clients. These will consist of telephone coincidental calls to AGB panel homes asking what they're watching on TV, if anything, and, if watching, are they pushing the buttons on their people meter? And people meter results will be compared to those obtained from another sample of Bostonians to check the "representativeness" of AGB's panel. □

Local/retail TV advertising by product classification—1984 *(continued)*

	1983	1984	% change
Dept. disc. & vari. stres.	289,704,800	307,587,800	+6
Drug & food stores	314,650,800	335,681,400	+7
Household svces.	125,586,800	149,070,200	+19
Household stores	$289,762,300	$329,658,600	+14
Leisure stores & svces.	868,032,700	963,046,100	+11
Local media	151,308,800	159,789,300	+6
Medical & health svces.	87,813,400	115,020,700	+31
Personal svces.	30,960,000	48,721,500	+57
Public util. & fuel dealers	31,206,600	35,581,200	+14
Retail	53,189,600	55,993,300	+5
Retail services	$70,913,900	90,854,200	+28
Miscellaneous	35,824,200	117,703,900	+229
TOTAL	$2,979,171,600	$3,485,168,300	+18

Top 25 local/retail television advertisers—1984

		1983	1984	% change
1.	McDonald's	$105,024,400	$91,487,900	−13
2.	Pillsbury (Burger King)	49,538,900	83,220,800	+68
3.	Pepsico, Inc. (Pizza Hut, Taco Bell)	49,084,500	69,307,200	+41
4.	Wendy's International	31,224,200	39,353,900	+26
5.	Dayton-Hudson	25,321,700	30,865,400	+22
6.	Sears Roebuck	22,864,100	27,816,700	+22
7.	American Stores (incl. Jewel)	27,896,900	26,762,900	−4
8.	Federated Department Stores	24,546,000	26,422,100	+8
9.	Kroger	19,608,800	24,789,200	+26
10.	R.J. Reynolds Industries (KFC)	19,837,400	24,282,200	+22
11.	Imasco Ltd. (Hardees, People's)	22,051,100	22,758,600	+3
12.	Safeway Stores	19,435,500	20,348,100	+5
13.	Lucky Stores	19,673,600	20,117,900	+2
14.	Jerrico, Inc. (Long John Silvers)	18,091,700	19,951,300	+10
15.	Gulf & Western Inds. (movies)	17,466,300	18,932,300	+8
16.	May Department Stores	15,031,200	18,574,200	+24
17.	General Mills (Red Lobster)	24,189,000	18,218,800	−25
18.	Warner Comm. (movies)	11,726,900	17,027,700	+45
19.	CitiCorp.	8,670,200	15,652,300	+81
20.	Aamco Industries	14,411,400	15,527,900	+8
21.	R.H. Macy Co.	9,744,700	14,855,500	+52
22.	Cotter & Co. (True-Value)	13,909,700	14,579,300	+5
23.	Winn Dixie Stores	18,018,600	14,323,500	−21
24.	J.C. Penney	16,255,900	14,169,600	−13
25.	K-Mart	10,197,700	14,070,500	+38

Note: Most co-op activity is credited by BAR to the manufacturer and is not included in the above local categories.
Source: TvB from BAR data in top 75 markets.

Inside the FCC

James H. Quello

Federal Communications Commissioner, in a recent speech before The Business of TV News Conference in Washington, D.C.

Adversarial reporting: Does it hurt credibility of broadcast journalism?

If Jesus Christ had a second coming to earth to become President of the United States, he would no doubt be manufactured into a stumble-bum, or an inept "nonleader" by that segment of the press establishment that views its role in society as that of an "*adversary*" to any incumbent. I certainly think that Presidents Ford, Carter and Reagan would appreciate my point.

In my view, several recent events have tended to erode public trust in media, particularly the electronic media.

An honorable field general selected to lead our troops in an unpopular, undeclared war certainly not of his making, was unjustly maligned in CBS' *The Uncounted Enemy, a Vietnam Deception*. It is now apparent that the battle to clear the general's name would have been better fought in the court of public opinion rather than in a libel court which required clear and convincing evidence of malice. As I see it, General Westmoreland made a command decision regarding enemy strength which he had the right and obligation to make, right or wrong. The one-sided documentary charging conspiracy represented shoddy journalism. To CBS' credit, their own in-house investigation revealed violations of guidelines and poor journalistic practice. CBS, usually well-known for its news and public affairs excellence, won the law suit, but suffered a journalistic embarrassment and, I think, a public relations defeat.

In another example of journalistic malfeasance, an Israeli general won critical battles for his beleaguered country, a strong ally of the United States, but was maligned by inaccurate reporting by *Time*, a prestigious national magazine that usually knows better.

Still another recent example is ABC's unbelievable accusation that the CIA—the U.S. government—actually employed a murder squad to kill a Honolulu financial figure. The CIA vehemently denied the charge, and ABC, without an apology and after a long delay, merely admitted it could not substantiate the charge.

The two networks mentioned above are subject to Fairness Doctrine complaints. It is fortunate that the present FCC doesn't believe in substituting its editorial judgment for that of a broadcaster. Our staff properly stated in the Westmoreland case that absent extrinsic evidence of an intent to deliberately distort, we cannot and will not interfere. Also, the staff dismissed the CIA's complaint as insufficient to state a claim. If these come before the full commission, I will, of course, examine the entire record, but it is no secret that proponents of a Fairness Doctrine complaint—like libel plaintiffs—face a very high hurdle.

'Freedom to be wrong'

Freedom of the press confers upon reporters the freedom to be wrong so long as it is not done with "malice"—a very subjective, difficult standard—and, in the case of broadcasters, so long as there is no evidence of *deliberate* news distortion. However, editors, publishers and broadcast executives have the responsibility to make sure reports are not wrong too often or to such an egregious degree that they are an embarrassment to their organization or profession. In my view, broadcast owners, executives and managers should more and more assume the role of publisher or even editor-in-chief.

The major impact of television and radio today on the American way of life is in news and news analysis, not in entertainment programs. I have said it before, and now more than ever, that broadcasting is most respected and remembered for its hours of exceptional journalism.

The greatest benefit most Americans derive from broadcasting is information. This potential for molding public opinion poses an enormous responsibility and challenge. It calls for more top management training and involvement in that most vitally important aspect of broadcast business—news. Top management must emphasize truth and responsibility in news and public affairs reporting over the individual quest for ratings, money and power.

Historical perspective

Of course, criticism of the press is not a new phenomenon. A good friend and former news director suggested that I could gain perspective by reviewing the history of the press in America.

Thomas Jefferson, of course, was a great champion of press freedom at a critical time in our nation's history. He wrote in 1787 the following: "The basis of our government being the opinion of the people, the very first object should be to keep that right; and were it left to me to decide whether we should have a government without newspapers or newspapers without government, I should not hesitate a moment to prefer the latter."

Nevertheless, Jefferson, himself, was an ardent critic of the press. In 1807, he wrote: "Perhaps an editor might begin a reformation in some such way as this. Divide his paper into four chapters, heading the first, Truths; second, Probabilities; third, Possibilities; fourth, Lies. The first chapter would be very short."

Some years later, Mr. Jefferson had apparently abandoned any hope that the press could be salvaged. He told a friend: "I do not take a single newspaper, nor read one a month, and I feel myself infinitely the happier for it."

The press in Jefferson's day took great delight in doing what the press has always done: biting the hand that feeds it. The press so values its independence that it happily denounces friend and enemy alike and then seeks refuge in Mr. Jefferson's First Amendment.

Jefferson believed that abuse of a free press was self-correcting as he wrote to friends in Hartford: "The press is impotent when it abandons itself to falsehood. I leave to others to restore it to its strength, by recalling it within the pale of truth."

Still an experiment

Jefferson spoke of press freedom as an experiment; and that experiment has lasted for nearly 200 years. That might raise the inference that it is no longer an experiment and that its permanence is assured. I would like to caution otherwise.

Freedom of the press, like all freedoms under our form of government, is conferred by the people. That carries with it the obvious notion that it can be taken away by the people. To the extent that the American people perceive that the press, especially the electronic press, is pursuing its self interest to the detriment of the public interest, the press has reason for concern.

It is clear that television is the most pervasive form of the press. In recent years, surveys have consistently shown that more Americans turn to television for news than to any other medium. This must be regarded as a "two-edged sword" by those who have careers in television news. It is obviously flattering to be the press of choice and to exercise the greatest impact on a majority of Americans. That popularity, however, carries with it a public awareness of your role that requires the highest standards of professionalism.

That public awareness may also contribute to the unique government regulations that apply to electronic journalism. Television has chosen to focus a spotlight on some of the nation's most prominent figures and institutions, and often the glare from that spotlight has been harsh and decidedly unflattering. To the extent that television has exposed real flaws in those individuals and institutions, it has performed a function for which journalism is uniquely suited. To the extent, however, that television has trivialized officials and institutions which are important to the fabric of our society, it has performed a public disservice and it caters to those who would retain and even tighten the strait jacket on electronic journalism.

Corrective measures

Jefferson believed that abuse of the First Amendment by the press is self-correcting and that there will always be those who will call the press to account for its excesses. I can hardly disagree with Jefferson on this topic, but I wonder about the manner in which any needed corrections might come about. Is it possible that the press in general, and the electronic press in particular, might become so powerful and so arrogant that the public would approve, or acquiesce in, a remedy that goes far beyond merely correcting the problem? I hope not.

It has been suggested that the proper role of the press is to be an adversary of government. I believe that this is a simplistic and dangerous philosophy. The proper role of the press is to seek the truth and to inform. The press must present facts in a timely manner and in a context that is calculated to educate the populace in the most truthful, complete manner possible.

I urge—just as recent self-criticism by the press suggests—that the media re-examine its attitudes, its manners and—most importnatly—its recent tendency to act solely as an "adversary."

'Just give us the facts'

It ought to be clear that "adversarial" excesses by the media will destroy its most valuable asset—its *credibility*. Without that credibility, they will have also lost their most fundamental value to society. I further suggest that the media seriously reconsider the time honored journalistic concepts of "fairness," "objectivity," and yes, a little "humility." As Jack Webb was fond of saying on his TV show, "Just give us the facts." I think the public echoes that view. It is a presumptuous notion to believe that the media was annointed on high as the nation's resident "*adversary.*"

A free press is vital to a democratic form of government because the policies of such a government are formed ultimately by the people. An uninformed or a misinformed electorate can result in dangerous policies and ill-advised actions. A press that cannot or will not perform its information role under the highest standards of public trust does not deserve public support.

That, I believe, is what Jefferson was telling us nearly two centuries ago, and I believe it applies today.

Perhaps there is a message we should all heed when Congress, the elected representatives of the people, so adamantly refuses to repeal the restrictive Fairness Doctrine and Section 315. The First Amendment notwithstanding, Congress may be insisting that the electronic press gain full freedom the old-fashioned way—they may have to *earn* it.

Equality Becomes The Talk Of The Town

In response to one of Boston's major ascertained problems—racism—WRKO Radio committed a full day of programming to the subject.

In January, Boston passed the ten-year mark since desegregation of the city's schools began in 1974 with forced busing.

On the anniversary of Martin Luther King's birthday, January 15, WRKO's examination of racial problems began with a live broadcast from the annual breakfast in King's honor. Guests on WRKO that morning included: U.S. Senator John Kerry, Governor Michael Dukakis, Archbishop Bernard Law, Reverend Charles Stith of the 12th Street Baptist Church, community leader Bruce Wall, Alex Rodrigues from the Massachusetts Commission on Discrimination and many others.

Two-way dialogue continued throughout WRKO's broadcast day among community leaders and listeners on racial concerns including: employment, education, housing and reverse discrimination.

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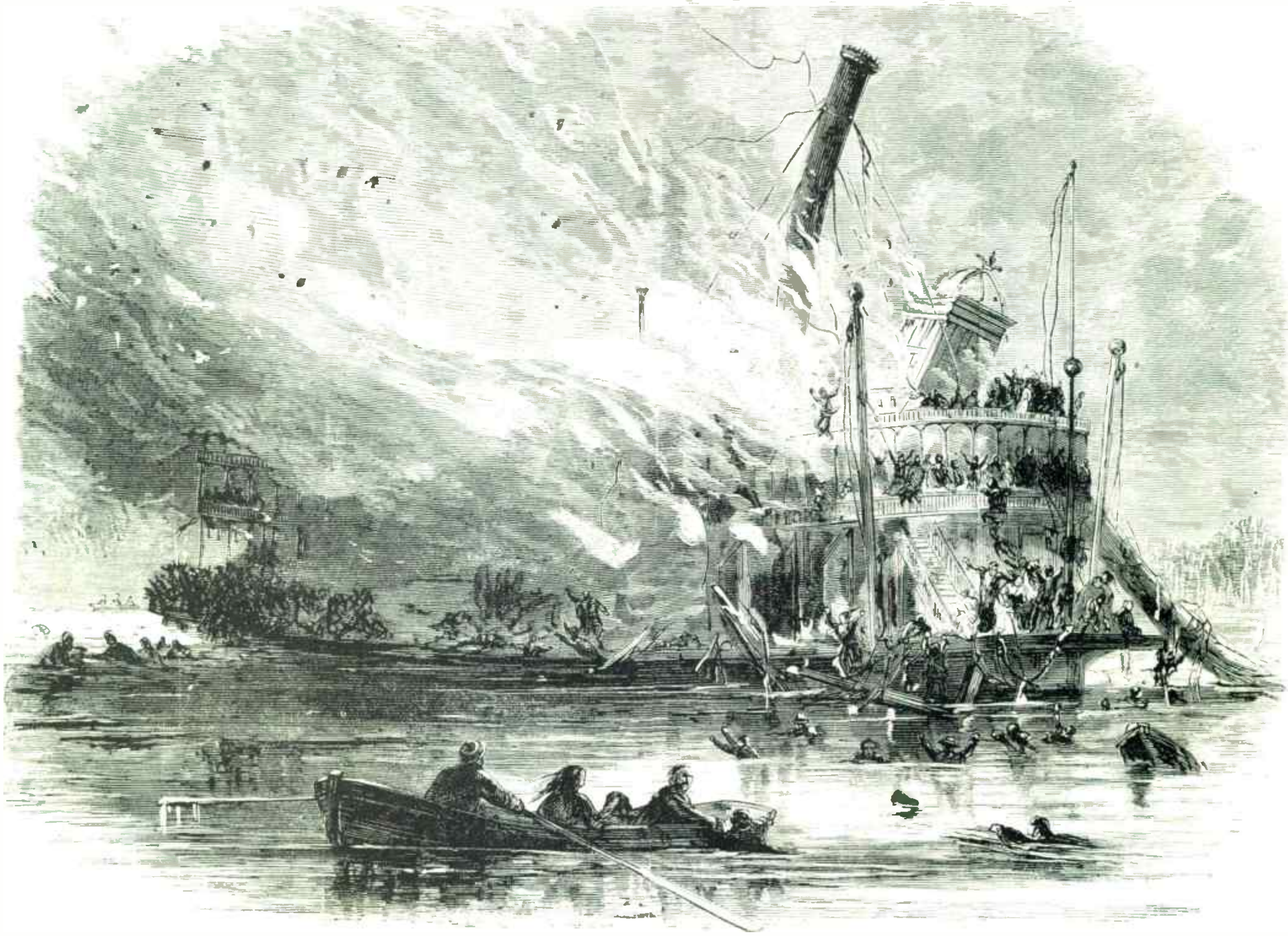

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As a result of our aggressive new style we outpaced the industry in 1984. And all of this gain came in markets where we went head-to-head with the other big Rep firms.

Better business for us means better business for our stations.

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