Television/Radio Age

June 8, 1987 • $3.50

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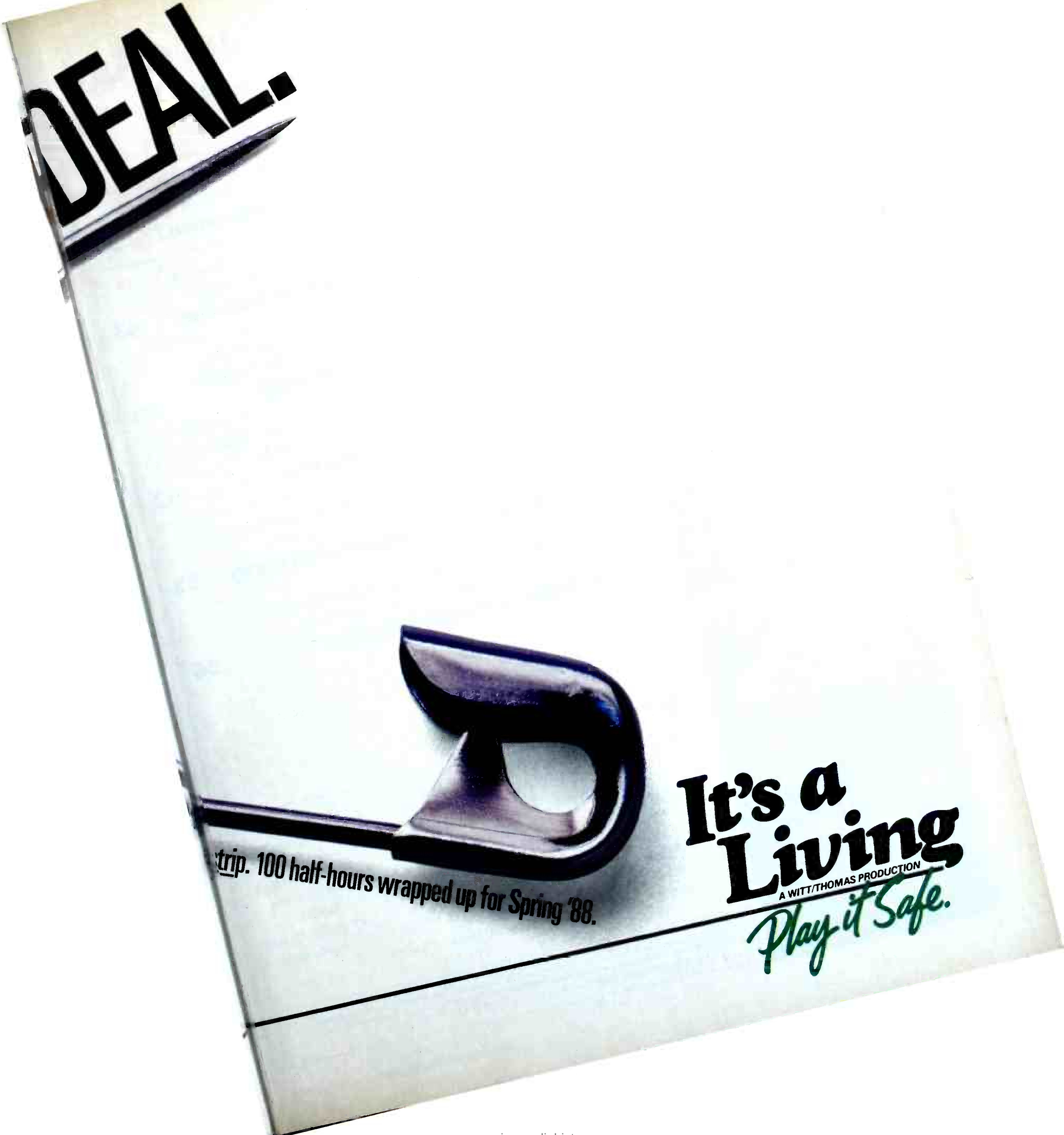
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Television/Radio Age

June 8, 1987 *Volume XXXIV, No. 23*

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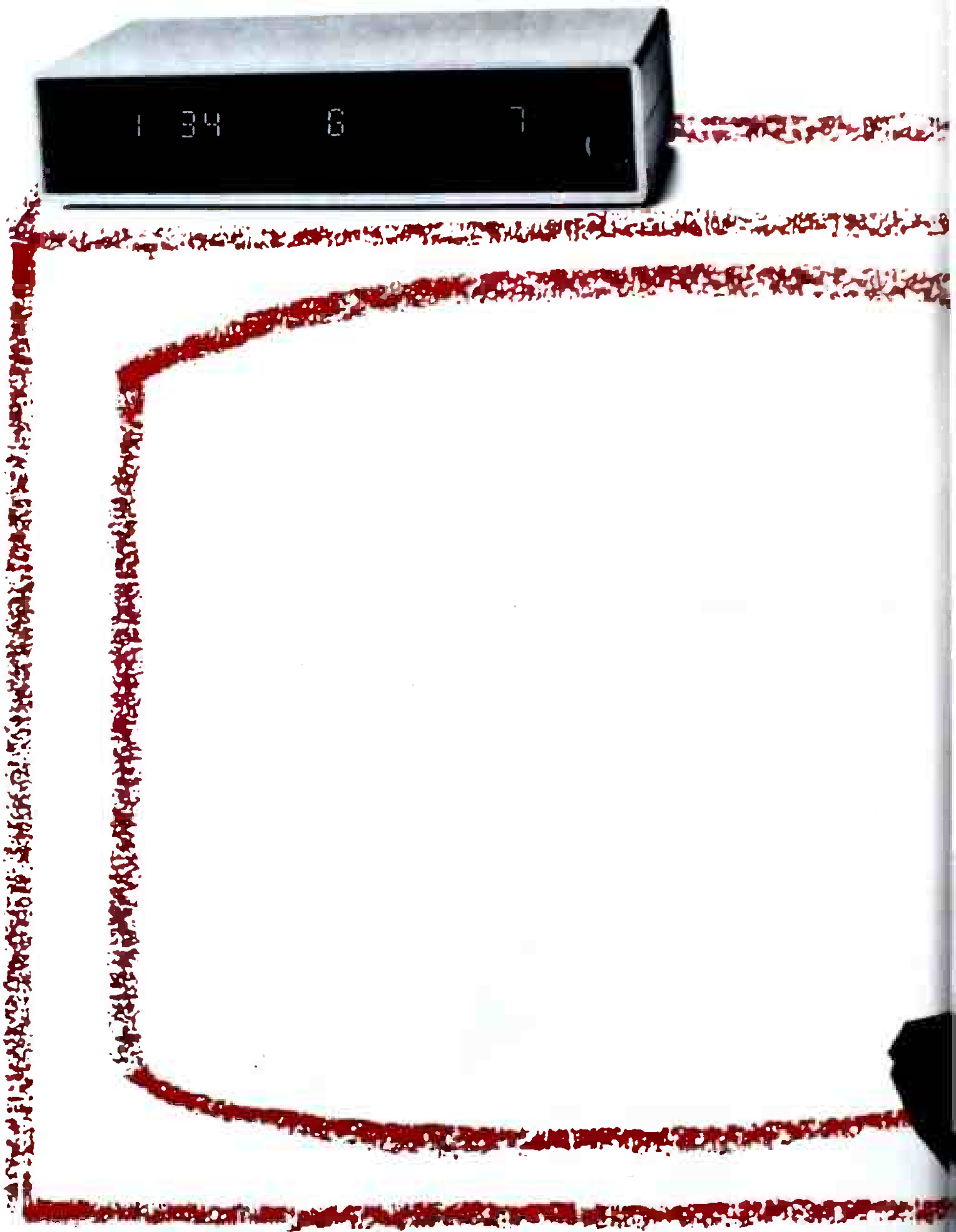

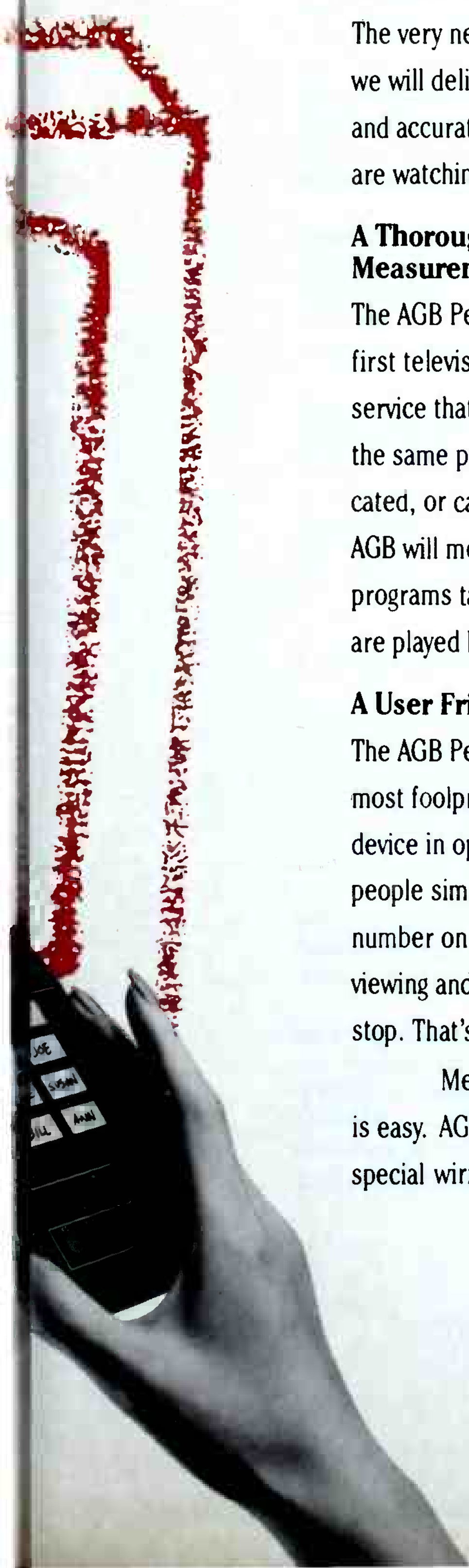

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It's small wonder that AGB's PeopleMeter service, with its new and innovative ways to examine the television audience, stands alone in both ease of use and in the richness of the data it will provide.

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Publisher's Letter

Compensation, clutter key issues as networks, affils do spring rites

The three networks are completing the annual rites of spring—the affiliate conventions where the networks convince themselves and their affiliates that the coming fall season will be their best ever—in entertainment, in sports, news, daytime, children's and special programming. The affiliates, in a sense, hold the key—for regardless how good the shows, the nets need the clearances if the programs are to be competitive. Therefore, the relationship between the networks and their affiliates becomes the focal point of these meetings. And the most delicate of these issues revolves around economics, namely compensation.

Paradoxically, the smaller stations are more concerned about compensation—and for a very good reason: Network compensation is a much larger percentage of the smaller markets' gross revenue than of the larger markets. In the major markets, compensation is a small fraction of the stations' total revenue. The share of audience, supported by the network's strength, is of key importance.

In the season just past, NBC wound up in the Number 1 position in primetime, followed by CBS, with ABC in the third spot. Management thus becomes an important factor for the station, demonstrated by the fact that, in many markets, the positions are reversed. What the industry is saying to individual stations is, "Don't rely entirely on your network to achieve your competitive position in your market." As you look at the rating sweeps that will be out in the next few weeks, there is plenty of evidence of the dividends of quality operation.

Clutter. One of the most visible problems facing both the networks and stations alike is the proliferation of "clutter."

As Daniel L. Ritchie, retiring chairman and CEO of Westinghouse Broadcasting Co. says so succintly, "Clutter is like inflation. In the short run, commercial clutter benefits many in our industry. But in the long run, clutter, like inflation, is bad for everyone: our audiences, those who create our programming, the artists who design and execute the commercials, those who purchase advertising time and eventually the very medium itself."

"The facts of clutter," he continues "are beyond dispute. Since 1965, the number of network commercials in the average week has almost tripled from 1,800 to nearly 5,400. In the last two years alone, local station commercials have increased 20 per cent."

Some of the recent surge, according to Ritchie, has been caused by an introduction in 1984 of the 15-second commercial. Last year, network 15-second commercials represented about 20 per cent of the total inventory. This year, they will likely account for about 30 per cent. Ritchie predicts that the networks under severe financial pressure will almost certainly continue to increase the number of commercial minutes per week, as they have with regularity in the past.

S. J. Paul

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*Does not include networks or reps Pages are an aggregate of all ads 1/6 page or larger Represents advertising of over 300 stations

Letters

Strength of AM

Congratulations on the May 11 article entitled "Tradition, service and strong signal keys to AM success."

I was gratifying to read and discover that AM radio is strong, survives, and is more than holding its own throughout the country. We felt all along at KFIZ in Fond du Lac we've been on the right track with our approach to community service and community involvement. I enjoyed the parallels between what we're doing here in a small market with those stations in markets much larger than ours.

Every staff member at KFIZ received a copy of this article. The feedback has been outstanding. Thanks to TV/RADIO AGE for devoting the space to a subject that should be must reading for anyone who derives their income from AM radio.

Incidently, we do pretty well ourselves at KFIZ. We enjoy a 12.9 share, 6 a.m.–midnight, Monday through Sunday, all persons 12-plus and Number 1 ranking.

Again, thanks for the article.

MICHAEL J. CASPER
Vice president/general manager
KFIZ(AM) Fond du Lac, Wisc.

Another winner

I read your May 11 article regarding the success of AM stations with much interest. It's too bad that you failed to include the nation's largest station, WINS. Yes, I said the largest. Although our share is second to WOR (5.4 vs 5.6), our cume is 2,861,800 per week, almost *one million* more listeners than WOR, and that is the largest cume in the country. So much for George Green's comments about two AMs being successful in the same market (there are two in the biggest market and elsewhere). And by the way, most AM stations do well because they've learned to sell cume, not share.

Tradition? WINS is the longest running—22 years—most successful all-news station in the country. Including WINS would have made your article really significant. Too bad. Especially troublesome, since you are in New York and in the media business.

JOHN R. WAUGAMAN
Vice president, general manager
WINS(AM) New York

Don't blame Arbitron

Maggie Hauck's comments regarding Arbitron Radio's daypart diary (*Birch's challenge: persuading agencies to base buys on it*, TV/RADIO AGE, April 13) bear explanation.

PURs (persons using radio) did not fall off following the introduction of the daypart diary last summer. In fact, we can take no credit for this phenomenon—PURs have been on a documented decline for several years.

One example of this can be found in another TV/RADIO AGE article (*Radio Report*, December 29, 1986). Here you cite an NBC analysis of RADAR which shows TSL (time spent listening) dropped from three hours, 25 minutes a day in fall, 1982 to two hours, 47 minutes a day in fall, 1986.

NAN MYERS
Public relations specialist
Arbitron Ratings, New York

Tv news on trial

Ed. Note: In *Publisher's Letter*, in the May 11 issue, comment was made on the action of House Communications Subcommittee Chairman Edward J. Markey's (D-Mass.) action in calling the network news chiefs to an inquiry to determine whether their structural changes are affecting the quality of newsgathering. The following two letters were received as a result of the article and are carried in part:

I am convinced in the long run CBS News will be all the better for the actions we are presently taking.

LAURENCE A. TISCH
President and CEO
CBS Inc.

My comment: Keep up the good work. Best wishes.

REP. THOMAS TAUKE (R-IOWA)
Member, House Communications Subcommittee

Correction

In the April 27 issue of TV/RADIO AGE, the article, *Are new forces imposing changes in web TV strategy?*, incorrectly spelled the name of Lee Currlin, NBC's senior vice president, east coast programs and program planning.

Our apologies.

Local cable news expansion mulled

Six months after launching News 12 Long Island (*Cable Report*, December 29, 1986, Rainbow Programming Services is seriously talking of starting other 24-hour local cable news channels in the New York area. Norman Fein, News 12 senior executive producer, told a recent luncheon meeting of the New York Television Academy that Westchester County, N.Y., and Fairfield County, Conn., could have similar service within a year. Like Long Island, he maintained, both areas are poorly served by newscasts from New York City broadcast stations and both areas have a cable base controlled by Cablevision Systems Corp., Rainbow's parent company. And, if Cablevision ever succeeds in wiring the Brooklyn and Bronx sections of New York City (a process currently being held up by legal complications), those areas could also get their own local news services, Fein said.

Although Long Island represents only 20 per cent of the New York market, Fein said, its population of 2.6 million places it between Baltimore and San Diego in terms of national markets. Westchester and Fairfield Counties are similarly large enough to support their own newscasts, Fein explained, as are regions like Orange County, Calif., and Broward County, Fla. In fact, there are enough such "areas across the country under the umbrella of major markets," Fein said, that if Rainbow itself doesn't market its news concept across the nation, others are sure to do so.

Besides News 12's region-specificity, the service also stands out from traditional local newscasts in its 24-hour nature, Fein stresses. News 12's programming is largely divided into hour-long segments, so rather than viewers tuning in for longer periods than they would with regular broadcast stations, Fein says, viewers instead get a choice of when they can tune in. Fein said a 24-hour news format (a success nationally, as well, with CNN) could also be used by a channel covering a complete ADI or DMA. (A 24-hour *broadcast* news channel is in the planning stages for Boston, according to Preston Padden, president of the Association of Independent Television Stations.)

Another unusual feature about News 12, Fein noted, is that it's probably the first cable service to achieve the much-coveted standard channel number across its entire viewing area. News 12 is now available to 500,000 homes through every Long Island cable system save one with 36,000 subscribers (Cablevision itself accounts for 277,000 of the homes). Largely because of the channel number identification, says Fein, "people visualize us as a television station." Internal research, he revealed, "strongly indicates" that from 5–8 p.m., News 12's actual gross audience on Long Island is "very close to or above" what the three network affiliates are getting on the Island.

Ad sales are ahead of projection, Fein said. There are five regionwide breaks per hour (individual systems retain two minutes an hour for their own sales). Fein adds that, except for two to five promo spots that air overnight, all the time is filled by paid commercials.

News 12 Long Island has an annual budget of $6.5 million and a 130-person staff, Fein continued. It's affiliated with both Conus Communications (for national news) and Worldwide Television news (for international news). And it owns the New York market's first SNG truck—a $400,000 unit from Midwest Communications. He says that News 12 uses its truck more than anybody else in the country. For one thing, News 12 is on the air all day; secondly, Long Island is so, well. . . "long," that News 12 uses its satellite truck "the same way others use microwave trucks."

NAB award to Edwards

Veteran CBS news correspondent Doug Edwards will receive the Radio Award from the National Association of Broadcasters, to be given at the association's Radio '87 convention in Annaheim September 9–12. The award will be presented at the Friday September 11 luncheon at which Edwards will be the featured speaker.

The newsman has been with CBS News 45 years and gained a national reputation appearing on CBS News' first Monday-through-Friday strip, a 15-minute program on which he assumed anchor duties in 1948. He has anchored *The World Tonight* on the CBS Radio Network since 1966.

Edwards served with Edward R. Murrow in London during the closing months of World War II, became chief of the CBS Paris bureau in the summer of '45 and later travelled through Europe on various assignments.

Currently, in addition to *The World Tonight* and several hourly newscasts on the radio network, he anchors the mid-morning edition of *Newsbreak* and the award-winning Sunday morning TV series *For Our Times*.

Three new NDs

Three TV stations have recently hired news directors, all from other broadcast companies, two of them being news producers.

Daniel Acklen has been hired as news director of WUAB-TV, Gaylord's Cleveland indie, effective June 15. He was previously employed at a competitive station, WJW-TV, as news producer of its 6 p.m. hour-long newscast.

Tom Newberry, formerly assistant bureau manager for CBS, Atlanta, has been named ND at KXTV Sacramento, a CBS affiliate owned by Belo. Before working for CBS, Newberry was WWL-TV New Orleans and WXEX-TV Richmond.

Kevin Brennan has been named news director of WVUE-TV New Orleans. He comes from KCNC-TV Denver, where he was executive producer of news since 1983. He previously worked at KSAT-TV San Antonio and KJAC-TV Port Arthur, Tex.

No package, please

Most TV news directors don't want packaged video news releases (VNRs), according to a survey conducted for Audio-TV Features, a New York firm which operates a daily satellite service distributing VNRs. What NDs want is footage with natural sound only or B-roll (unedited) footage, the survey discovered from a survey of 190 news directors done by Media Research Associates, East Meadow, N.Y.

"This underlines the importance of making a variety of elements," says Audio-TV Features president Robert Kimmel. "We recommend a package consisting of a fully-produced VNR, followed by a version with natural sound only, and then additional B-roll footage, so that a station has a full range of material to work with." Kimmel adds that the larger the market the more likely the station will re-edit video using their own reporters' voices or including a local angle.

NDs voted two-to-one in favor of footage with natural sound or unedited footage vs. fully-produced VNRs.

Illiteracy is on the decline. Prison vs. parole. The Denver Broncos buckle. Whatever the news, at KMGH-TV/Denver, our news is always good news.

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Whatever the news, our news is always good news. And that's not bad.

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Sidelights

People meter gaps

The Nielsen national people meter sample not only has a low cooperation rate, but a quarter of those who do cooperate are not represented in the sample on any one day. So complained David Poltrack, vice president, research, CBS/Broadcast Group, in a review recently of next season's programming numbers. He spoke before the weekly drop-in luncheon of the New York chapter of the National Academy of Television Arts and Sciences.

Noting that the ratio of predesignated sample homes that accept people meters is only about 50 per cent—compared with about 60 per cent for the current NTI sample—Poltrack said there were two reasons for the 75 per cent daily in-tab sample: equipment that doesn't work and editing rules that eliminate homes from the tabulation. Illustrating the latter example, he described a situation where channels are switched on a TV set, but no one pushes a people meter button.

Nevertheless, despite the sampling problems Nielsen is now having with people meter households, Poltrack feels that the competition of AGB Television Research "will force the best system." The competition will solve the cooperation problem and the in-tab problem, and "when the bugs are worked out, we will have a better system." But, he adds, it will be difficult.

The upcoming season will be full of uncertainties, said the CBS research chief. Beside the introduction of people meters, the reasons include the Fox network and its upcoming Saturday primetime schedule and the NFL games on cable.

Poltrack feels CBS has a chance of knocking off some of the Cosby audience on Thursday nights. He pointed to the move of *Family Ties* from 8:30 Thursday following Cosby to 8 Sunday, to be replaced by the Cosby spinoff, *A Different World*; to the new CBS hour entry on the Vietnam War, *Tour of Duty*, and to the replacement of *Our World* on ABC by *Sledge Hammer* and *The Charmings*. Poltrack expects that VCR taping will generate some audience for the new CBS war show via time-shift viewing. Also, he said, *A Different World* won't hold a male audience, which will be attracted to CBS and to some extent to *Sledge Hammer*.

Because NBC is programming conservatively, said Poltrack, with some indication that its demos are to an older audience in the face of a Nielsen people meter sample skewed to younger families, NBC will have a more difficult time this year. Hence, CBS' aggressive stance with nine new shows and eight hours of new programming.

CEA moves into the Big Apple

A new tenant *at 375 Park Avenue, New York, is CEA, Inc., affiliated company of Tampa-based investment banking and brokerage firm Communications Equity Associates. More than 200 from the broadcast, entertainment and banking industries attended a recent reception at New York's Center for Inter-American Relations to mark the arrival of Donald Russell, managing director and group vice president—investment banking, and his staff. Pictured at the reception, l. to r., James A. Linen IV, executive vice president, Media General; Diane Healey Linen, group vice president—television division, Communications Equity Associates; Robert Mulholland, director, Television Information Office; CEA chairman J. Patrick "Rick" Michaels, Jr.; and Sherril W. Taylor, president, The Taylor Co.*

J. Walter looks at webs

J. Walter Thompson's Media Resources & Research people have taken a look at the "new world of network television" and have come up with a report titled "The Impact of Network Revenues on TV Advertising."

There are a number of numbers in the report, some of which have been published, but the report also includes the agency's view on the network outlook for this year. Here are some of their comments:

On agency mergers—"This will be the first full year of merged mega-agencies and mega-clients, which will show up as collective clout in TV negotiations. Further, we haven't seen the end of client defections to other agencies and in-house resulting from these mergers. This could change where and how the clout is used. Agency and client mergers could also have an effect on budget setting."

On cost reduction—"While cost controls have not touched the entertainment programming area yet, there is the possibility they may. Reduced spending on programs could affect audience levels, which in turn affect revenues."

On reducing compensation to affiliates—"Wholesale defections (of affiliates) are not likely, but some affiliates may retaliate by not clearing some programs, which will reduce audience levels."

USIA picks Labunski

Stephen B. Labunski, executive director, International Radio and Television Society, has been appointed chairman of the U.S. Information Agency's private sector Voice of America Broadcast Advisory Committee. The purpose of the committee is to advise USIA on various aspects of the production of programs on the Voice of America.

Under Labunski's direction, the committee will also seek ways in which the private sector can assist with funding for special VOA programming needs.


TWO IN ONE
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Helen Davis, Mike Davis; animators
"VEA L.A." series.
NEWS WRITERS
Harry Abraham Castillo
"La Liga Internacional: Los Doctores del Aire"
May 1-2, 5; 1986
52
KVEA/Channel 52/Corona/Los Angeles
TELEMUNDO Group, Inc.
ATAS / NATAS
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Tele-scope

Successful NBC seeks to strengthen weak dayparts

While the NBC affiliates meeting in Century City was the love-in that had been expected, network executives appeared to be moving aggressively to improve specific dayparts in which the web could use some help.

Towards that end, NBC Entertainment president Brandon Tartikoff pointed to the signing of Gary Shandling and Jay Leno as permanent guest hosts for *The Tonight Show* because of a ratings slippage Tartikoff attributes to viewer uncertainty since "what's her name" (Joan Rivers) left her guest host stint.

Although the new arrangement—which features Leno hosting the show on Monday nights, *Best of Carson* on Tuesday nights and Carson live Wednesday through Friday and during the November, February and May sweeps—was reached with Carson's advise and consent, it did not escape the attention of observers that both comics appear to appeal to younger, hipper audiences consistent with David Letterman's audience. (Letterman was up 6 per cent for the '86–'87 season, compared with '85–'86, and *The Tonight Show* was down 3 per cent). Other guest host weeks will be divided between Shandling and Leno.

Sunday block. In news, Larry Grossman is augmenting the successful rise of Tom Brokaw's *Nightly News* to first place with a planned new two-hour bloc including a new *Sunday Today* 90-minute show, with Boyd Matson, Maria Shriver, Chris Wallace, Garrick Utley and Connie Chung, and re-energizing *Meet The Press* with anchor Chris Wallace.

Grossman, who could not resist the temptation to tweak CBS' news operation by airing exclusive NBC footage of the Moscow plane incident obtained at a time when Dan Rather and Howard Stringer were doing a special Russian report, said the new 90-minute Sunday show will not attempt to mimic the CBS *Sunday Morning* show, with Charles Kuralt but have its own identity.

Response from the affiliates was warm, although some noted that they will have to take a "wait and see" attitude about how the show will fare, or have prior commitments to religious programming.

In an attempt to live up to NBC Network president Pier Mapes' stated goal of becoming Number 1 in daytime, the only major daypart in which the peacock network languishes in third place, Brian Frons, vice president of daytime, points to series commitments to *Concentration* and *Win Lose Or Draw*, and a pilot commitment to *Strike A Match*, as well as the signing of former *Young and Restless* staffwriter Sally Sussman to NBC Productions.

In-house production. The spectre of an in-house soap opera or other project on the air in the not-too-distant future looms as a factor forcing producers of shows which have not been performing to get more competitive quickly. "Sally expects to deliver a bible to us by January and if we push the button, we could have a new NBC-produced serial on the air by the second half of 1988," says Frons pointedly. "We would schedule this show as a half hour or as an hour. This should motivate Procter and Gamble to continue to improve and invest in *Another World*."

Tartikoff told TV/RADIO AGE that the speculation that former *Hill Street Blues* writers may join forces with *Crime Story*, whose renewal was one of his more controversial calls, remains just speculation. "A lot of them are already going to *Beverly Hills Buntz*," he says. "But the show was good enough that I couldn't in good conscience just cancel it to have another cop show with two guys riding around in a squad car." Tartikoff looks to improved story lines, and a performance that starts in the summer allowing the show to build, a la *The Equalizer*, to help *Crime Story* performance this coming season.

Hits people meter. Mapes continued to denounce the planned people meter installation, saying that he has not been able to sell upfront advertising yet because of uncertainties about the method, and expressed the belief that it is possible the controversial system may be delayed before the planned September start.

NBC continues to think innovatively on a corporate level as well. In a published report that took affiliates off guard on the first day of the conclave, president and chief executive officer Robert Wright even discussed the possibility of selling part of the network back to the affiliates.

Although Mapes and James Lynagh, outgoing chairman of the NBC affiliate board of directors, both described the report as "speculative," rather than anything imminent, the very fact that the scenario is being considered demonstrates that GE is willing to consider doing new ways of business.

CBS upbeat on sweeps

CBS sees the results of the May sweeps as a sign of its growing strength and an upbeat augury for next season. The web was the only one of the three to show an improvement over the previous May sweep. It was up 4 per cent during the NSI dates and up 5 per cent during the Arbitron dates. NBC was down 6 and 7 per cent, respectively, while ABC was down 15 per cent during both sweep dates. According to David Poltrack, vice president of research for the CBS/Broadcast Group, the ABC showing—11.3/20 for the Nielsen sweep dates and 11.4/20 for the Arbitron period—was the worst May performance for a network since the sweeps began.

NBC, however, won the sweeps with a 14.7/25 and a 14.6/25 for the Nielsen and Arbitron periods, respectively. CBS was 13.6/24 for both. But, said Poltrack in his regular review of the sweep figures, CBS was more competitive with NBC in May than during the regular season.

An ominous number that came out of the May sweep was the three-network share of 68.6, compared with 72.3 in May, '86, down 5.1 per cent. However,


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Tele-scope *(continued)*

Poltrack pointed out that the '86 network share was up from '85, which came to 71.1. Hence, the network share was down only 3.5 per cent over two years.

Noting that HBO was down during the May sweep, Poltrack said he believed that the biggest factor in the network erosion in May was aggressive marketing and programming by independent stations. But he also said that the increase in cable and pay cable households probably accounted for some of the erosion.

LBS expansion

As indicated previously, LBS Communications has realigned its entertainment division. It has named five executives to new posts at LBS Entertainment, both in Los Angeles and New York. Based in Los Angeles will be Kenneth Arber, named senior vice president, programming; Richard Goldsmith, vice president, programming; and Debbie Hirschinger, also vice president, programming. New York appointments are John Bigelow and Paul Krumins, both vice presidents, programming. Arber, who joined LBS in 1985, was vice president, West Coast programming.

Kenneth Arber

Goldsmith, with LBS since 1985, formerly was manager of program development at LBS Enterprises. Hirschinger, who started with LBS in 1984, was vice president, LBS Celebrities. Bigelow was manager of LBS Enterprises, having joined the company in 1985, and Krumins was LBS Communications manager of business affairs. He came to LBS in 1985.

Also, Paul Siegel, LBS Entertainment president, will relocate and will headquarter in the company's Los Angeles office.

Big Hispanic car market

Hispanic Americans purchased 398,688 new cars and trucks worth $5.2 billion during the 1986 model year, according to R. L. Polk and Co. research sponsored by Univision-Spanish International Network. These figures are projections based on a study conducted in 21 markets that contain 77 per cent of U.S. Hispanics.

The Polk analysis, using a per-vehicle average cost of $13,100 provided by the National Automobile Dealers Association, was tabulated by taking Spanish surname registrations from official motor vehicle bureau registrations. Breakdowns are available by ADIs and Arbitron metros; for each market, there are further breakdowns by models and types of vehicles. Nineteen of the markets were previously studied for the 1985 model year, so comparisons are available.

PTV outlet goes to public

KCET(TV) Los Angeles has now appealed to its audience for help as the public station continues to fight the Southern California Cable Television Marketing Council's channel realignment process. The PTV station, which operates on channel 28, has been transmitted on the VHF band on many cablesystems, but the Marketing Council recommended that cable systems place it on channel 28. As if being moved off VHF wasn't bad enough, KCET president William Kobin reports that cable systems have been moving the station to various UHF numbers besides 28.

The new ad campaign includes both on-air and direct mail elements. Thirty and 50-second spots between programs ask viewers to contact their cable company and city council members, urging them to object to channel realignment, while letters are going out to 100,000 subscribers with their renewal notices as well as to 5,000 leaders of community agencies.

Why so much outcry? "The cable companies' own research tells us we could sacrifice 30–50 per cent of our viewership by being moved to a higher channel." says Kobin. "For a station whose income is derived 65 per cent from viewer support, this channel realignment is an extremely frightening trend."

Camcorder shipments zoom

Time-shifting and viewing of prerecorded tapes are undoubtedly still the most popular uses of VCRs, but home movies are moving up the ranks rapidly. According to the Electronic Industries Association, 1.6 million camcorders will be shipped to dealers this year. In April alone, in a surge of sales, 107,536 units were shipped, an increase of 103.1 per cent over April, 1986. So far this year, sales are running 50.3 per cent of last year.

VCR sales themselves may have already peaked. Counting the camcorders, 878,318 units were shipped in April, a decrease of 0.7 per cent from April, 1986. Another hot mover besides camcorders is TV sets with built-in stereo: up 44.1 per cent to 254,311 units in April.

Newslink at conventions

Newslink, independent TV news service, will step up the volume of services it will provide local broadcasters at the national political conventions next year.

Projecting a 50 per cent increase in its volume at the 1988 confabs, the company has booked more than 300 hours of transponder time on C-band satellites to transmit material—live and pretaped—for client stations.

Coverage will originate from three "skybox" studios overlooking the delegate floors as well as at other key locations throughout the convention sites in Atlanta and New Orleans. Cost of the convention service, which involves five feeds per day for five days at each convention, is $18,000 per station. Forty local stations signed for the 1984 convention service, and several of these clients have already signed as repeat customers for 1988, according to Newslink.

People meters hurt CBS

The still-unpublished primetime study of network audiences, conducted by Statistical Research, Inc., for The Committee on Nationwide Television Audiences Measurement (CONTAM) and Nielsen, indicates that CBS could be hurt considerably by people meters, while ABC and NBC could be helped, compared with the current Nielsen sample.

Conducted in the fall of last year (mostly November), the telephone coincidental study, a major portion of which was made available to TV/RADIO AGE, was done in two parts. Survey I, covering about 4,000 households, measured household tuning and persons viewing over five days (Tuesday through Saturday) and four half hours (8–10 p.m.). Survey II, with field work by Chilton Research, covering more than 5,000 households, measured program viewing.

In its report on the two surveys, SRI compared its results for the same period with NTI/NAC data and with figures from Nielsen's 1,000-household people meter sample.

Household Shares. When network household shares are computed on a 100 per cent basis (ignoring non-network viewing), CBS' people meter (PM) numbers show up 2.5 points below NTI for the survey period (27.3 vs 29.8) and 2.1 points below SRI (27.3 vs 29.4). ABC's PM data show the web 1.2 points ahead of NTI (30.1 vs. 28.9) and identical to SRI. The NBC PM share is 1.3 points above NTI (42.6 vs. 41.3 and 2.1 points above SRI (42.6 vs. 40.5). It's been noted that in the $3 billion upfront market alone, a share point is worth $30 million.

Combining the 18–34 and 35–49 demos in the report (again computing network shares on a 100 per cent basis), shows CBS again 2.5 points below NTI/NAC in the 18–49 persons demo and 1.5 points below SRI. ABC's comparable figures are 1.8 share points higher than NTI/NAC and 0.8 of a point higher than SRI. NBC is 0.7 of a point higher than NTI/NAC and 0.8 of a point higher than SRI.

CBS doesn't do well in the 50-plus category, either, leading the network to suspect that light TV viewers, where CBS is strong, are not adequately represented in the PM sample.

If this is true, the second 1,000 households in the Nielsen people meter sample are not likely to help CBS much. The research service recently announced that the second 1,000 will be rolled into the PM sample effective June 29. Of related interest is the Nielsen announcement that Fox Broadcasting has signed a five-year contract for the PM service. That means Fox will be included in the bi-weekly pocketpiece, the daily ratings, on-line systems and special reports.

HBO's coproduction spree

HBO and Coca-Cola Telecommunications announced last week a $70 million long-term agreement to coproduce and distribute up to 15 feature films, setting a pay television record in terms of total dollars to be expended. But HBO is sticking with the same budget of about $4.5 million per film agreed to in earlier deals with ITC Entertainment ($55 million total) and Lorimar-Telepictures ($17 million total), notes Henry Schleiff, HBO senior vice president of business affairs and administration.

Under terms of last week's agreement, five films will be produced by Coca-Cola and the others by HBO or third parties. All will premiere on HBO in the U.S. and theatrically in foreign markets. Coca-Cola retains the foreign distribution rights and U.S. syndication rights to all 15 films, while each party gets domestic home video rights to their own productions.

Canada's indies protest

The ongoing rift between Canada's independent filmmakers, video directors and distributors and the government took a heated turn when a number of the disgruntled independents took to the streets recently in response to what they consider to be short-shrifting by Telefilm Canada in the matter of government subsidies. The issue came to a head in the form of demonstrations when Telefilm returned some $13.1 million (U.S.) from the feature film and broadcast funds to the national treasury.

The demonstrations, which were held in Montreal and in Toronto, were considered a success because they gave exposure to the indies' cause, according to Barry Pollack, coordinator of the Independent Film and Video Alliance, which represents independent film and video companies. But he stresses that the demonstrations were held by individuals and did not represent IFVA. "We are addressing the problem as an organization in more appropriate ways," Pollack says, "through our board of directors."

On the other side of the fence, Denise Melillo, executive, communications, at Telefilm, denies charges that the film-subsidy arm is lax in handing out financial support for indies. She says that Telefilm has accepted more than 80 per cent of the projects presented by the filmmakers since the funds' inception. The feature film fund was formed in July, 1985.

TV Business Barometer

April spot TV rise comes to 7.6%

After a couple of very slow months, national/regional spot television picked up a little in April. The increase over the year before was 7.6 per cent and this followed monthly rises during the first quarter that amounted the following: January, up 5.7 per cent; February, up 2.5 per cent and March, also up 2.5 per cent.

Volume in April came to $580.4 million, which is a spot TV record for any month. April was the seventh month in which spot billings passed half a billion dollars, the previous record being reached in May, 1986, when spot TV billings came to $548.4 million. Also, this was the third April in a row that spot TV billings topped half a billion bucks. Both April and May have been leading months in spot volume for a number of years. October and November are also strong months.

For the four months of '87, spot TV time sales came to $1,732.8 million. This compares to $1,652.9 million during the corresponding '86 period. The increase for the four months comes to 4.8 per cent.

Smaller stations again led the three revenue brackets in terms of percentage increases. Stations in the under-$7 million annual revenue bracket were up 11.5 per cent, compared to an increase of 7.7 per cent for stations in the $7–15 million bracket, and a rise of 7.3 per cent for outlets in the $15 million-plus bracket.

April was the third month out of four this year that the smaller stations were first or tied for first in percentage increases. They ranked second only in February. Stations in the other two brackets have shown ups and downs in ranking during the first four months of '87. The medium-size outlets were Number 1 in February and the larger stations tied for first with the smaller outlets in January.

April was a four-week Standard Broadcast Month (SBM), as was April of '86.

As noted many times, the majority of stations in the *TV Business Barometer* sample report on calendar month basis, though there are enough sample stations who report on an SBM basis to affect the data somewhat.

Local increase

Indications are that local TV billings will increase at approximately the same rate as spot. Local business has been growing at a little faster rate that spot this year and at the end of the first quarter there was less than a $25 million gap between them.

However, local will not come near the $580.4 million that spot racked up in April and will not reach the $500 million mark, according to indications. Thus the gap between the two will widen, at least temporarily, to more than $100 million.

The longterm trend, however, is for local business to catch up to and surpass spot in the near future. That, and the continuing decline in share of network compensation in terms of stated ad revenue, appear to be clearly in the cards.

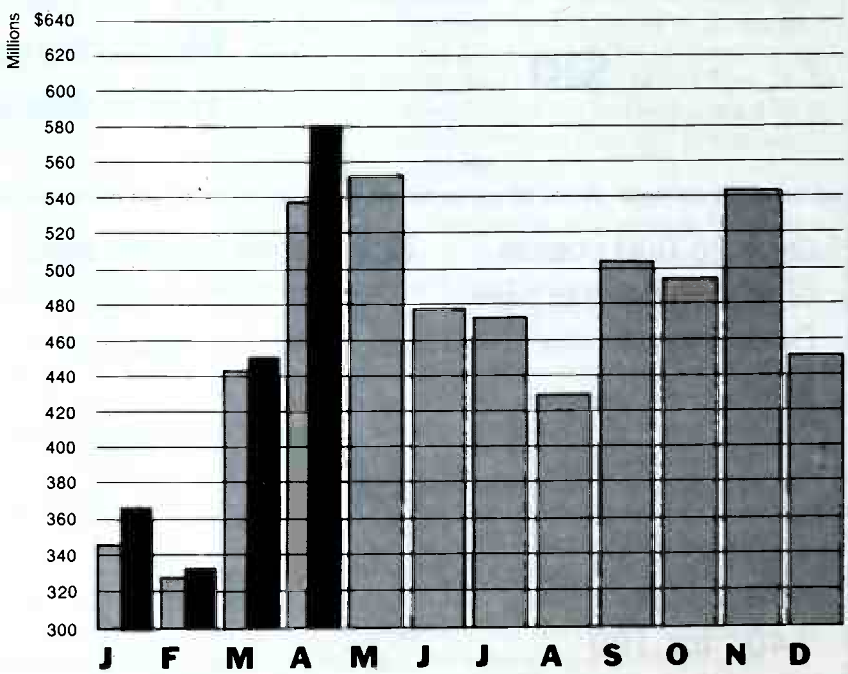
National spot +7.6%

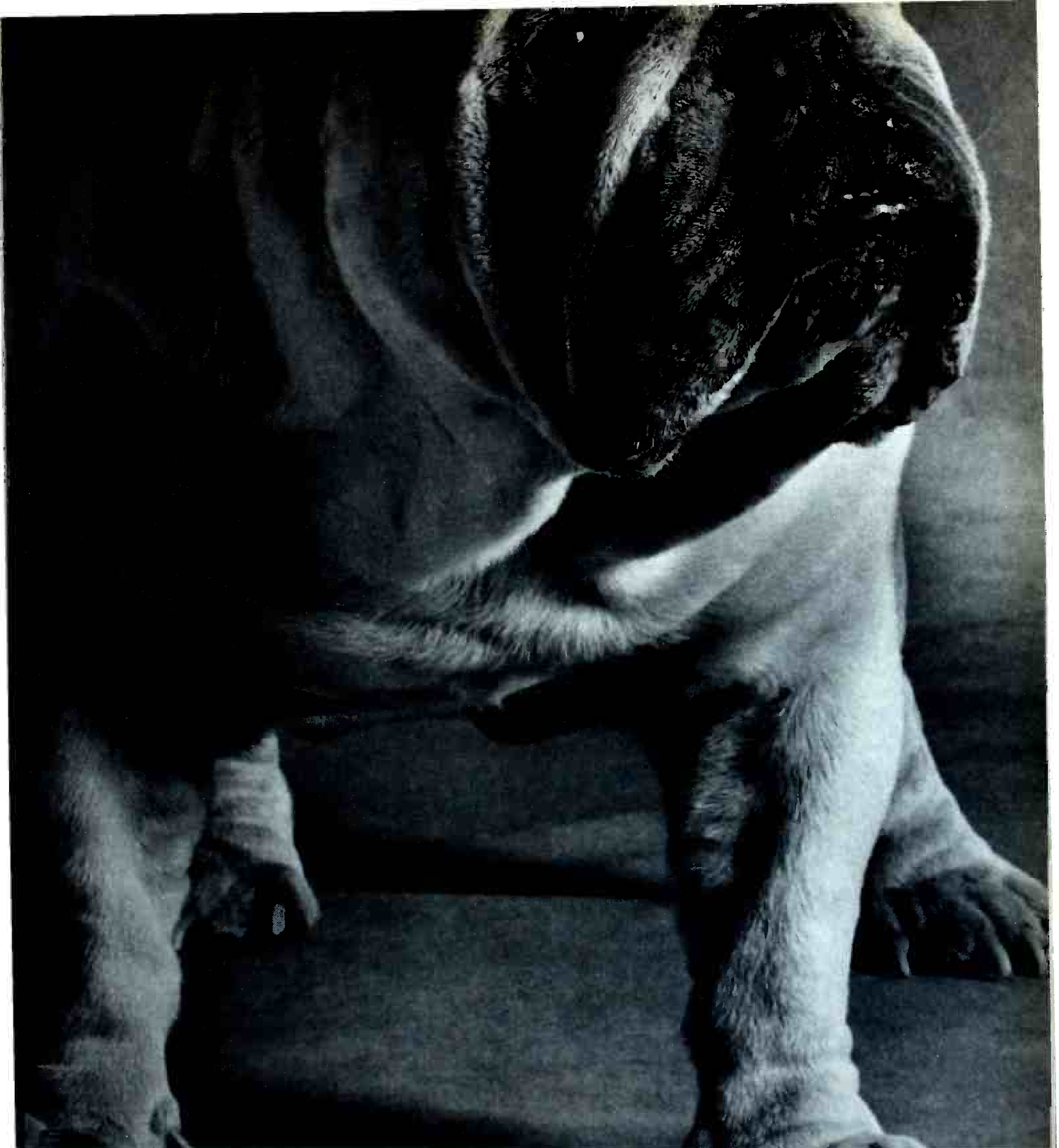
(*millions*)

1986: $539.4 **1987: $580.4**

Changes by annual station revenue	
Under $7 million	+11.5%
$7–15 million	+7.7%
$15 million up	+7.3%

April





International Report

Madrid

Regional stations slated for operation in six new regions

By the time the Spanish government authorizes the establishment of the proposed three new private TV channels, presumably later this year, another six regional stations may also be operating. The autonomous governments of Madrid, Navarre, Aragon, Valencia, Balearic Islands and Andalusia plan to join the regions of Calicia, Basque country and Catalonia, which already have their own programming.

Mexico City

Eight Latin American countries start weekly satellite newscast

The eight members of the Latin American and Caribbean Broadcasting Union have launched a weekly satellite-delivered news program concentrating on socio-economic and political news, "so that people," in the words of the Union, "will become more aware of the needs for a more just society." To attract a larger audience, however, the newscast will include items of broader public interest.

The programs will be jointly produced by the countries belong to the Union (Mexico, Venezuela, Peru, Bolivia, Uruguay, Nicaragua, Argentina and Cuba).

Moscow

Communist party officials say TV, radio not aggressive enough

Communist party officials appear rather unhappy about the slow response by radio and television producers to the new policies of *glasnost* (openness) and *perestroyka* (restructure). In a recent conversation with the main editorial team of Mostelradio, which provides the capital's programs, B. N. Yeltsin, first secretary of the Moscow city party committee, reiterated the local party's concern about progress. He pointed out that, although there had been some improvement since severe criticism a year ago, there still was a considerable amount of work to do.

Yeltsin said he was particularly dissatisfied with the lack of public affairs coverage and called for reporters who would be bolder and more competent and demanding. He dismissed excuses by those officials and industrial managers who refused to discuss their work until they received higher approval as simply a cover for their being "unprepared to live in a system of democracy and an atmosphere of openness," adding that a great deal of the coverage of the new Gorbachev reforms has been sloppy, unbalanced and vague.

Yeltsin warned his audience of the challenges of forthcoming events including the 70th anniversary of the Russian Revolution and the local elections. The latter, he stressed, would require especially skillful reporting because, he said, "It will be necessary to show everything new which has come out of the process of democratization—the voter's mood, their attitude toward the nominated candidates and the atmosphere in which the voters' meetings are held."

Canton

Pirate TV station uncovered, dismantled; warning to others

The Chinese government has uncovered and dismantled an illegally operating local television station and has served notice on other prospective pirates that they face a harsh fate if discovered. Although it is, in fact, legal to run a low-powered terrestrial station in remote areas, the stations must first be approved by the government.

Apart from charges of operating a broadcast station without a license, those responsible could also face charges of theft and/or black market operations. To obtain broadcast equipment in China, it is necessary to have the proper documents authorizing the establishment of a station, which, of course, could not have happened in this case.

In spite of official concern, however, it took the authorities two years to track down this particular station which had been telecasting to three remote villages.

Belfast

Delorean miniseries to be produced in three-party deal

Ulster Television has signed a $4 million (U.S.) co-production deal with U.S.-based Tribune Entertainment Co. and Celador Productions (U.K.) to produce a miniseries about entrepreneur John Delorean. Although U.K. audiences will remember Delorean for his failed scheme to build cars in Northern Ireland at considerable public expense, the producers believe that U.S. viewers undoubtedly will be familiar with a number of Delorean's other enterprises and that his story will have wide ranging international appeal. Production on the series will begin early next year with shooting taking place in the U.K., U.S. and Ireland.

London

BBC penetration into European cable moves to Denmark

The BBC continues to expand into Europe. Now the Danes, on the Hybrid-network, have joined the Dutch, Belgians and Parisians, who are able to watch BBC television throughout the day on their own cable systems.

While the new audience potential remains reasonably modest, BBC officials point out that in both Belgium and The Netherlands, more than 70 per cent of the homes are connected to cable. According to observers, the BBC's enterprise also demonstrates the relative ease with which domestic terrestrial channels in Europe can "broadcast" beyond their borders without the necessity of using satellites.

Paris

New Europe 2 offers formula for FM profitability

The dust is beginning to clear over the FM band in France, as the majors step in to reap advertising profits that have eluded the shoestring stations which mushroomed after liberalization of the broadcast monopoly law in 1981.

Newly-launched Europe 2 is counting on a formula of audio plus computer technology on its FM network, broadcast via satellite. Under the wing of parent company Europe 1 (Hachette group), Europe 2 merges talent from the personable but unprofitable "free radio" stations with $2.5 (U.S.) million from the long wave radio broadcaster.

The group's strategy, says Europe 1 director Frank Tenot, is to "maintain our share of the long wave market, and expand it on FM." Europe 2 offers its affiliated radio stations a computerized line-up of soft rock music programming and news segments ranging from one to five minutes in length. The programming comes with up to five minutes hourly of non-local advertising.

The affiliated stations, many of which are run by local newspapers, pay only technical link-up and satellite time fees and broadcast other news and advertising during regular breakouts. Some 40 stations in France are already affiliated; Europe 2 is aiming for 90 affiliated stations by October of this year.

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Radio Report

Network radio: Who put on the brakes?

Network radio chiefs offer a number of possible reasons for the three month decline in ad revenue gains since January, following what had been a long period of monthly increases. They concede they're not sure about what may be doing the most damage. And some aren't ready to admit the drop is anything more than a temporary fluke.

Lou Severine, senior vice president, sales for the ABC Radio Networks, observes that the industry "is being hurt by a number of factors, but what it boils down to is that in spite of all our terrific 12 to 15 per cent increases the radio networks have enjoyed over the past few years, we were still only a $387 million business last year. That means that if just two or three major accounts cut back seriously, or don't come back at all, a loss of $20 or $30 million is a big percentage loss."

Shift to satellite. Stephen Soule, vice president, sales at the NBC Radio Networks, points out that the network radio business "has grown consistently ever since the shift to satellite transmission permitted immediate delivery of music programming with high quality reception. But that growth has continued steadily for several years, and it's no surprise that it will have to level off sooner or later. This could be the start of that eventual flattening out."

On the other hand, adds Soule, one minus month like April "does not necessarily a trend make. And knowing what we have going here leads me to expect that May will probably be slightly ahead of last May."

At United Stations Dick Kelley, vice president, sales, recalls that, "Last April was a fantastic month. And inasmuch as year-to-date figures, which include a great January, are still up, the one single-digit decrease for April may not be significant. So we're still confident for the remainder of the year."

Short term. Art Kriemelman, co-president, Mutual Broadcasting system and president of the newly combined Westwood One and Mutual sales operation, also sees the April slowdown as "a short term and atypical condition that should have little effect on the radio networks' performance for 1987 as a whole."

This, he adds, is because "The same healthy conditions underlying the impressive growth of network radio over the past few years continue to exist. And it's a growth that has meant that radio—once considered useful primarily as a way to increase an advertiser's frequency—can now also offer him major reach as well."

NBC's Soule speculates that if things haven't been going quite so well for network radio since its healthy 18 per cent increase in January, "One factor that could be hindering us is all the account changes and buying shifts that have taken place as part of the fallout following the heavy agency acquisition and merger activity last year."

Auto shift. He notes, for instance that much of the buying for automotive accounts has shifted from Detroit to New York, and that buying on other accounts that had previously been concentrated in New York or Chicago has now been split and spread among several buying offices all over the country. "It's possible that radio has been hurt more than other media by these shifts because of the way we're used by so many accounts—as a supplemental rather than primary medium."

ABC's Severine also suggests that radio is being hurt by the merger and acquisition activity. He recalls, for instance, that Zales had been a good radio customer, investing $6 million in network radio last year. "Then they were bought by Peoples, out of Canada, and advertising stopped. When one company borrows a fortune to buy another company, they often need what used to be advertising dollars to help pay off the loan."

The hope is, of course, adds Severine, "that a lot of companies who haven't come back yet this year are simply holding back on their money right now, prior to coming back in, either late in second quarter or in early third."

Sears cutback. One network sales executive notes that Sears, one of radio's biggest advertisers in recent years, though still a major radio investor, cut back this year by perhaps $3 million, and that AT&T, probably the networks' second biggest advertiser last year, had been a steady and solid radio advertiser for years. "But then they were forced to break up, competition got rough, and they needed their advertising dollars for other things. Maybe the radio networks this year will get only a third of the $12 or $13 million they placed with the networks last year." Meanwhile a third former radio network customer, to the tune of perhaps $5 to $7 million in 1986, was *TV Guide*, also yet to be heard from so far this year.

Meanwhile, should April's dip turn out not to be a temporary fluke, but the beginning of a long term slide for radio's networks, one sales chief suggests the next result just might be a "reduction in the numbers of program providers that have flourished since satellite transmission was introduced. What we may see may be a case of 'last in, first out.' "

Big test to come. ABC's Severine points out that "At just under $400 million, it doesn't take much to get us up there, but it also doesn't take much backsliding to bring us down, either. The good news is that though what goes up eventually comes down, it works the other way, too: what's down now is sooner or later going to go back up."

In any event, NBC's Soule believes that network radio's next big test "will come in October or November. That's our upfront season. How well we'll do then will depend at least in part on how the television networks handle their own upfront negotiations in the confusion surrounding their new yardstick, the people meters."

AM dollars edge listening

AM radio revenues as a percentage of total radio revenues haven't dropped quite as fast as AM's listening share over the past 10 years. An analysis of 52 markets whose radio stations report revenues to Miller, Kaplan, Arase & Co. of Los Angeles, found that AM stations' 1986 revenue share was .01 less than their audience share.

Average audience share last year for AM stations, based on average quarter hour measurement among listeners 12-plus, was 29 per cent, against an average AM revenue share of 28.7 per cent. The Miller, Kaplan count for 1985 AM listening share came to 32 per cent, compared to an average revenue share of 32.6 per cent. The year before that, in 1984, AM stations performed better in both categories: AM listening share was 35.9 per cent and average revenue share came to 37 per cent.

Miller Kaplan CPA George Rivin feels the firm's figures qualify as statistically significant. He says the company worked with about 500 stations in 45 markets in 1985, and that today it's up to over 600 stations in 52 markets. He adds that he "would prefer to see our markets distributed more evenly across the country. We work with a few in the Midwest and East, but most of the stations reporting to us are located in the Southeast, Southwest and West."

Miller, Kaplan is one of several accounting firms around the country that cooperate in gathering station revenue data for the Radio Advertising Bureau's Composite Billing Pool. The Pool receives reports from 79 markets whose radio stations cover 57 per cent of the U.S. population.

McLaughlin back in radio

Edward F. McLaughlin, whose EFM Media Management has taken over production and distribution of *The Dr. Dean Edell Program*, the one-hour call-in medical talk and information program, to additional markets, beyond the 70 ABC Talkradio affiliates now carrying it, may be "outside" ABC Radio now, but he's no stranger. He guided the ABC Radio Networks as president for 15 years, starting in 1972, just four years after the pioneering four-way split of the original ABC Radio Network. McLaughlin steered the network group through the years of its greatest growth, and when he left it had expanded to six radio networks plus its Talkradio programming service.

Now, he says, EFM will manage additional clearance of the program, distributing it to an ad hoc network via ABC Radio satellite facilities, Satcom I-R. National ad sales for the program will be handled by REMN Communications, New York, headed by Ed Milarsky and Dick Newman. And on top of the Monday through Friday medical hour, Dr. Edell will also be featured in one-minute medical updates designed for drivetime airing, also produced by EFM and available to stations carrying the hour program.

The program originates from the studios of KGO San Francisco. Under terms of the agreement, EFM will handle the Edell programming as its exclusive radio project. But it also has several television program projects in development.

Research recheck voted

The Spanish Radio Advisory Council, wrestling with the audience level discrepancies between the door-to-door and telephone methodologies which emerged in their Chicago pilot study (see story in TV/RADIO AGE, May 25), decided to go back into the field in order to clear up as much as possible the differences shown.

Voting members of the council who attended the June 2 meeting agreed "unanimously" (seven voting "yes," with three absentions) to call back by telephone all households in the door-to-door sample who had telephones. Households who had been originally interviewed in person would be re-interviewed by phone, repeating the entire survey. Thus, Information & Analysis, Hicksville, N.Y., which conducted the pilot study, would attempt to uncover the degree to which methodology affects the audience numbers.

Council members are puzzled by the marked differences between the in-home and phone samples. Yet a separation of listening data between the phone and non-phone sub-samples of the in-home sample does not show much difference.

Other steps taken by council reflected a reluctance to weight raw audience numbers. Members voted to confine weighting to age and sex data only. They also agreed to stratify the sample to reflect accurately the distribution of Hispanic households by various degrees of Hispanic density. Meanwhile, funding for the additional research must still be settled.

Spot radio down in April

Spot radio continued its descent in April with the second monthly decline in a row vs. a year ago. The April dip was 3.7 per cent, which followed a 4.4 per cent decline in March, according to Radio Expenditure Reports.

Spot billings, as reported by reps to RER, came to \$71,474,100 in April compared with \$74,237,600 during April of '86. For the four months to date, spot radio is up 0.3 per cent, due primarily to a surge in February, when billings rose 13.2 per cent over the year before. Total billings for the January–April period came to \$243,796,600 vs. \$243,096,000 for '86.

All market groups were down except one, which was practically flat. Markets 1–10 were down 5.1 per cent to \$26,860,200; markets 11–25 were up 0.9 per cent to \$15,954,400; markets 26–50 dropped 8.2 per cent to \$10,454,800, and markets 51-plus dropped 2.8 per cent to \$18,204,700.

Radio Business Barometer

Network radio was down 8% in April

Network radio billings were down in April, according to Radio Network Association figures. This follows a continuing decline in the monthly rate of growth through the first quarter. The medium is still ahead of last year, however.

The drop in April amounted to 8 per cent, the first monthly decline since last December, when the drop amounted to 2 per cent. (It was erroneously reported in *Radio Report*, May 25 issue, that the April dip was the first since September, 1984.)

April's performance comes after an 18 per cent increase in January, a 10 per cent rise in February and a 4 per cent hike in March, indicating something more than just fluctuations (see *Radio Report* in this issue). However, the month-by-month changes in the four sales territories reported by RNA are so varied that the term "trend" may be misleading.

Network radio billings in April came to$29,980,511, compared to $32,480,130 during the corresponding month in '86. For the four months, network radio was 5 per cent ahead of last year. Billings totaled $111,124,521 vs. $106,220,418 in '86.

Among the four sales territories, New York (eastern) was the only one which performed better in April than it did in March. While New York billings were down 3 per cent in March, they snapped back to a 6 per cent increase in April. However, the April increase for New York was nowhere near the blockbuster increases for the territory in the first two months of the year—up 32 per cent in January and up 24 per cent in February.

April billings for New York came to $20,158,045 as against $19,079,698 in April, '86. For the four months, New York was 12 per cent ahead of last year with total time sales of $70,723,069. The previous year, the January–April billings total was $63,086,494.

The second biggest sales territory, Chicago (Midwest), was down 18 per cent in April. This followed a roller-coaster pattern in the first quarter—a 4 per cent increase in January, a 13 per cent drop in February and a big 29 per cent rise in March. April billings for Chicago were $6,644,811 vs. $8,107,404 in '86.

Chicago's four-month total came to $27,433,234, down 1 per cent from last year.

Tale of two cities

Detroit, which lost General Motors billings to New York this year, had its worst monthly loss in April—down 52 per cent. Billings were $1,384,755 vs. $2,900,581 in '86. January was down 35 per cent; February, down 26 per cent, and March, down 42 per cent. The four-month total was down 40 per cent to $5,368,232.

Los Angeles was down 25 per cent to $1,792,900 in April. But L.A. had a great first quarter—January up 46 per cent, February up 36 per cent and March up 40 per cent. For the four months, L.A. was up 16 per cent to $7,599,986.

April

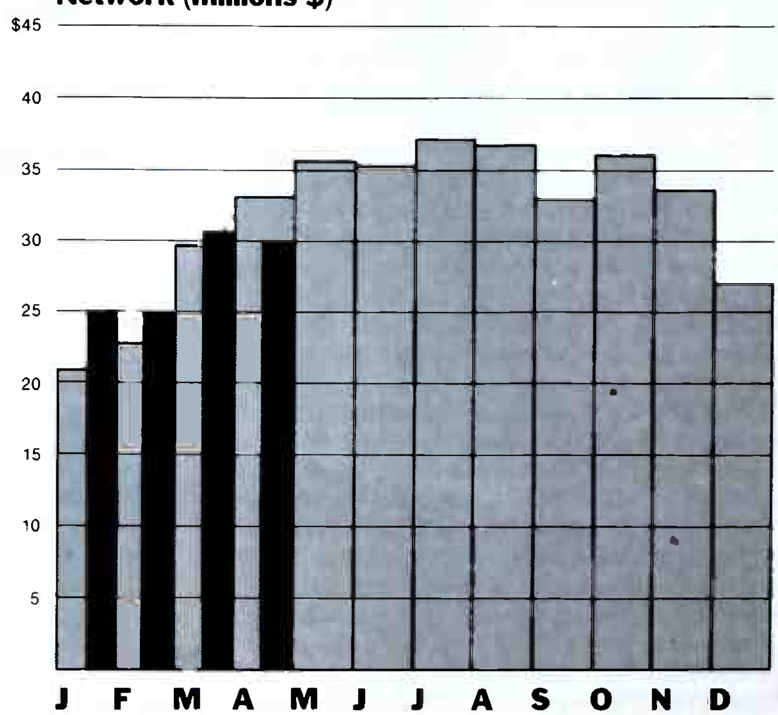
Network **−8%**

(millions) **1986: $32.5** **1987: $30.0**

Changes by territories

Territory	Billings (000)	% chg. 86–85
New York	$20,158,045	+6%
Chicago	6,644,811	−18
Detroit	1,384,755	−52
Los Angeles	1,792,900	+36

Source: Radio Network Association



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WAOK/WVEE
Atlanta

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

Ed Leeds
VP/Sales Manager
New York Office

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

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

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STEPHANIE RANK BRADY, Executive Producer
LAKERS PRE-GAME SHOW

ROB SHARKEY, Director
TO KILL IN CALIFORNIA

DAWN JEFFORY-NELSON, Producer
SHELDON I. ALTFELD, Executive Producer
RICHARD T. JOHNSON, Executive Producer
OFF HAND

ROY FIRESTONE, Reporter
TED GREEN, Producer
LARRY BIRD—
LAKERS PRE-GAME SHOW

RKO TELEVISION
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KHJ-TV 9
LOS ANGELES

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Television/RadioAge

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Confrontation builds on whether both parties holding up their side of bargain

First-run promotion by syndicators eyed at BPME

Syndicators at BPME convention plan to push fall promos for new first-run programming.

By ROBERT SOBEL and PAUL WILNER

This year's Broadcast Promotion and Marketing Executives convention promises to be decidedly different from the 30 previous outings. The reasons center primarily on a changing marketplace driven by four developments which have surfaced over the past year: an overflow of first-run syndicated product, especially in the sitcom area; a tight advertiser arena; the downward trend in kid viewing, and the questionable state of those stations which have overzealously purchased programs they could ill-afford. All these factors undoubtedly are bringing new pressures to bear on promotion, most notably in first-run, where marketing is especially important because the product is an unknown quantity.

The BPME convention itself has grown both in size and scope over the years. To be held in Atlanta from June 10–14, the convention is expected to draw about 2,400, a record from last year's attendance spurt to 2,100, with a large increase in syndicator participation. This will be particularly reflected in a seminar devoted to what may very well be the most provocative of the confab. The session, "Partners in Promotion," will address the hounding issue of whether promotion is being short-shrifted on either or both sides of the syndicator or station fence. Five syndicator panelists will be on the firing line at the session.

In addition, syndicators will hold roundtable discussions, occupy hospitality suites and exhibit space, set up separate meetings with station promotion people, and otherwise be involved in give-and-take on promotion suggestions and ideas.

The issue of promotion as it affects programming in today's broadcast environment will incur heated debate at the BPME. Station executives are asserting that syndicators' promotion is scanty and falls short in various other ways. On the other hand, producers are maintaining that stations are not using promotion properly or are trading away promotion time for paid advertising time, especially in the case of barter shows, where no cash outlay is necessary.

Generally, complains Brian O'Neill,

Orion's "High Rollers"

Lorimar-Telepictures' "She's the Sheriff"

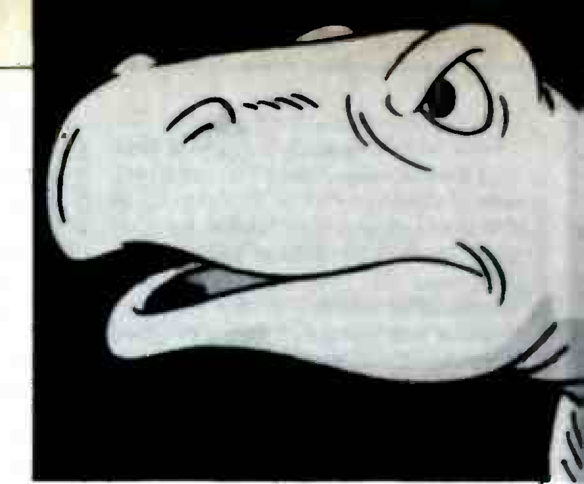
Group W's "Wil Shriner Show"

gust, will be embraced by a full-scale promotion kit, to be given at the syndicator roundtable discussion. Stations will also be supplied similar tools on the *Rivera* series. *American Vice*, the Rivera special, was given a "grass roots approach" by WGNX-TV Atlanta to complement TE's regular *American Vice* promotion. In this case, Barry Stinson, creative services manager, contacted religious leaders, educators and law enforcement agencies, alerting them to the significance of the telecast a number of weeks before the station's showing. In addition, the governor of Georgia declared the day the program was carried as drug-free Georgia day. Also, the governor cut public service spots on the campaign.

Stinson says the station is heavily committed to promotion, especially since it bought a number of first-run series including *One Big Family*, *What's Happening Now* and *Charles in Charge*, which it runs as part of a weekend. "We do on-air episodic promotion and a sizeable amount of print advertising." *Fame*, another station program, gets extensive episodic on-air promotion, he says. Stinson continues that, because there are three indies in the market and with the advent of meters for Atlanta, the station has sharpened its promotion activities. In some cases this includes running radio promos on the first-run product and for movies during sweep periods.

Lorimar Telepictures has four upcoming first-run programs: *Truth or Consequences*, *She's the Sherrif* starring Suzanne Somers, (formerly *Suddenly Sheriff*), *ThunderCats* and *The Comic Strip*, which all will get attention at the BPME. LT will market *Truth or Consequences* by focusing on the return of the game show and marketing it as a show that has to be watched because "people will be talking about it the next day," according to Jim Moloshok, senior vice president, creative services. A major print campaign will promote *Sheriff*, the upcoming Suzanne Somers sitcom.

With kids' shows down in ratings, stations now air less promotion for them, report syndicators.



Coca-Cola's "Dinosaucers"

In response to the changing marketplace, the executive says, "We've created special 30-second spots which promote two shows instead of one because stations have told us their promotion time is getting cut back.

"So, instead of just one 30-second spot promoting one show, we have *Sheriff* and *Mama's Family* packed into one spot so the stations can promote both shows," he says. "And we can do the same thing with *People's Court* and *Superior Court*."

One station that has few promo complaints is WXIX-TV Cincinnati, which has a number of first-run programs with which the station "has had good luck," says Gracelyn Brown, promotion manager. Product includes *Puttin' on the Hits*, *Charles in Charge*, *9 to 5*, and *It's a Living*, which are run in a two-hour block on Saturday evenings, from 6–8. Also, as a Fox affiliate, the station has *Fame*. All of Fox's first-run shows are run on Sundays, Brown notes, and Fox supplies a stream of episodics, which is basically the way the station promotes all its first-run programs.

In addition, the station places heavy emphasis on special events, which focus on the 18–34 demo. While *Puttin' on the Hits* has been doing quite well in ratings at WXIX, the station runs a *Hits* audition, as an extra promotion, every six to eight months. "Each time we hold one, we have at least 100 acts participate. One of the acts from an audition we held last October is going to the *Hits* finals."

In the case of promoting *Fame*, the station was host to the show's actors last year and "it was a giant success." Brown notes that she is planning to ask Fox for some of its actors from its new shows to visit the station. "I don't know whether they will help us in that regard, but we have some very interesting things planned if they do. We found out that *21 Jump Street* has caught on in schools because the message of the show is very positive. We are thinking of getting one of the stars here to head an anti-drug rally at school's end."

Fox has been very supportive in making certain that the station has on-air spots, according to Brown. "Also, they are very good in breaking out the spots in demos."

At Orion Television, Robert Oswaks, vice president, advertising, publicity and promotion, says it will be "standing behind" *High Rollers* and *Hollywood Squares*, supplying stations with material including advertising, on-air 30-second and 10-second spots, radio spots, and personality spots from the talent, including Wink Martindale, and the changing guests on *Squares*.

"For *Hollywood Squares*, we send out weekly information that the local stations can send out," he says. On the ongoing industrywide dispute over who is doing the better job—syndicators or stations—Oswaks says only, "There

(*continued on page 90*)

Geraldo Rivera

Geraldo Rivera will be at BPME, both as speaker and to tape customized promos for his upcoming Tribune programs.

National spot slowdown, syndie writedowns affect financial picture

Sales, acquisitions continue apace at station groups

Station sales and acquisitions are continuing at a hectic pace for TV/radio group owners, as seen in the following rundown of 37 publicly owned station groups (the highly visible network-owned groups have been excluded).

Based largely on public files for these broadcasters' 1986 fiscal years, the record provides ample evidence of the slowdown in national spot sales, overpayment for film and syndication rights (several station groups having taken writedowns on these) and the heavy costs associated with recent acquisitions. Financial statements were also strongly affected by the retroactive elimination of the investment tax credit.

At least two of the public companies—TM Communications and the newly public Olympic Broadcasting—appear to have become group owners largely as a result of the end of station trafficking rules. They're buying stations in order to turn them around.

While TM and Olympic have only recently entered radio station onwership, several of the other profiled companies are going in the other direction—taking advantage of the active station market by selling off their radio stations. Associated Communications is down to one AM/FM combination, while Josephson International, Lin Broadcasting, Meredith Corp. and Liberty Corp.'s Cosmos Broadasting have decided to leave radio entirely. And both Gencorp, Inc. and Heritage Communications plan to leave both TV and radio. Some of these companies, such as Associated and Lin, are forsaking radio broadcasting largely for the potential of such other radio communications businesses as cellular telephone.

Group owners who appeared in this rundown last year but are no longer listed, include Cox Enterprises, which has gone private; Rollins Communications, which was sold to Heritage Communications; and Tech Ops, Inc. which left the radio business in 1985.

Here's the rundown:

American Family Corp.

Total revenues:	$1,401,463,000
Net earnings:	100,697,000
Net earnings per share:	1.26
Shareholders' equity:	446,060,000
CEO compensation:	2,079,869

Tv stations: KWWL-TV Waterloo, Iowa: WAFF-TV Hunstville, Ala.; KFVS-TV Cape Girardeau, Miss.; WITN-TV Washington, N.C.; WTOC-TV Savannah, Ga.; KTIV-TV Sioux City, Iowa.

The six TV stations of American Family corp. contributed less than 7 per cent of the company's pretax earnings in calendar 1986. The company's major business is insurance, and a portion of the revenues in this category now come from Japan.

For the corporation, total 1986 revenues of $1.4 billion represented a 46.8 per cent increase over the previous year. Operating earnings increased to $78.2 million, and operating earnings per share rose 46.3 per cent to 98 cents per share. Total assets reached $3.3 billion, trebling in just four years. Invested assets reached $2.4 billion, a 52.8 per cent increase in '86 over '85. Net investment income of $141.9 million was up 53.9 per cent for the year and almost seven times that of 1980.

The company says that value of its broadcast operations, according to industry standards, is now well over $3 per share. For the broadcast group, net revenues increased 17.8 per cent over 1985, going to $42,072,000 from $35,712,000. The 1985 net revenues were up 9.1 per cent over $1984's $32,727,000.

Operating cash flow for broadcast increased 27.7 per cent to $18,044,000 in 1986 from $14,135,000 in '85. The latter year gained 12 per cent from 1984's $12,620,000. The company says it expects continuing improvement in operating cash flow margin, which was 42.9 per cent in '86, 39.6 per cent in '85 and 38.6 per cent in '84.

Pretax earnings for broadcast were $9.1 million in '86, $7.1 million in '85 and $6.4 million in '84. Respective pretax profit margins were 18.7 per cent, 17.2 per cent and 17.0 per cent.

Pretax earnings were helped marginally by lower interest rates and the refinancing of some debt, American Family states. Being equal-facility, network-affiliated stations, all six of the company's stations enjoyed sound, steady growth, it reports. The company estimates broadcast group revenues to rise 7 to 8 per cent in 1987 and pretax earnings to go up more than 20 per cent.

Four of the company's stations reportedly remained in Number 1 position in their markets in 1986. Meanwhile, WAFF-TV Huntsville, Ala. "became the Number 2 station after a long struggle, missing a tie for first place by only two share points. WITN-TV Greenville-Washington-New Bern, N.C. also was a competitive Number 2, missing a tie for the Number 1 position by only one share point.

According to Leroy Paul, president of the broadcast group, "The broadcast group was active in the search for more television stations but was unsuccessful in making a purchase on attractive terms and conditions. As we continue to look at markets slightly larger than our existing ones, competition becomes keener for the types of premium operations that fit our needs. We continue to search for additional stations that can be acquired on a sound basis."

The top 23 executives of the company had salaries totaling $5,136,361. Top earners were: John B. Amos, chairman and CEO, $2,079,869; Paul S. Amos, vice chairman, $411,861; Salvador Diaz-Verson, Jr., president, $323,500; Daniel P. Amos, executive vice president, $323,500; and Herbert A. Bowick, executive vice president, external affairs, $245,795.

Associated Comms.

Associated, now involved mainly with cellular radio and other advanced communications services, sold WTYM(AM) Tampa in January, 1987 for a gain of $450,000 leaving it with WSTV(AM)/WRKY(FM) Steubenville, Ohio as its only broadcasting property. Revenues in 1986 increased 34.8 per cent over 1985, primarily due to a 46.8 per cent increase at Associated American Artists, the company's New York art gallery, and the start of cellular telephone operations in Rochester, N.Y. and Al-

Net revenues:	$3,762,295
Net Loss:	(1,021,050)
Net Loss per share:	(.13)
Shareholders' equity:	3,513,826
CEO compensation (1985):	200,000

Radio stations: WSTV/WRKY(FM) Steubenville, Ohio.

bany, N.Y. Broadcast revenues were up only 1.7 per cent. Revenues broke down as follows: broadcasting, $1.5 million; art gallery sales, $1.9 million; and cellular service and telephone equipment sales, $340,000.

Associated is expected to gain pretax net proceeds of over $50 million from the sale of its portions of the Detroit-Flint and Grand Rapids cellular systems. The company in 1986 also sold its interests in cellular operations in Harrisburg, Columbus, Dayton and West Palm Beach. Besides Rochester and Albany, it still has cellular interests in Hartford, New Bedford, Pittsburgh, Buffalo and San Francisco-San Jose. In March 1987, Associated received FCC approval for two-way Digital Termination Services in 31 markets.

As of February, Associated also owned 5.66 per cent of the outstanding shares of Tele-Communications, Inc., 6.40 per cent of the outstanding shares of Western Tele-Communications, Inc., 6.40 per cent of the outstanding shares of General Communication, Inc., 5.06 per cent of the outstanding shares of Republic Pictures Corp., and 6.43 per cent of the outstanding stock of Mobile Satellite Corp.

A.H. Belo Corp.

Although all of the Belo's TV stations showed increased profitability during 1986 (attributed largely to "audience development and stringent cost containment," net earnings decreased from $23.8 million and earnings per share decreased from $2.05. Robert Decherd, chairman and CEO, attributed this to "weakened" economic conditions in Dallas-Ft. Worth, Belo's largest market, and to "sluggish" conditions in Houston. But Belo rid itself of some of its Dallas problems with the December sale of the market's KRXQ(AM)/KZEW(FM) to Anchor Media Ltd. for $20 million, which resulted in an earnings gain of $13.8 million. An extraordinary loss of $12.8 million was related to debt retirement.

Despite the Dallas market's difficulties, *The Dallas Morning News* (Belo's major newspaper) set record highs for circulation and ad market shares during 1986, and the newspaper had the third highest volume of ad inches in its history. It also won its first Pulitzer Prize. Belo's newspaper revenues in 1986 were $222.5 million, an increase of $1.3 million. Broadcasting revenues were $176.0 million in 1986, an increase of about $12 million.

During 1986, Belo completed a six-year transition to a fourth generation of management. After 40 years with the company, chairman and CEO James Moroney retired, passing the mantle to Decherd, who had been president and chief operating officer.

Net revenues:	$397,233,000
Net income:	20,268,000
Net income per share:	1.80
Shareholders' equity:	265,897,000
CEO compensation:	340,000

TV stations: WFAA-TV Dallas-Ft. Worth, KHOU-TV Houston, KXTV(TV) Sacramento, WVEC-TV Hampton-Norfolk, KOTV(TV) Tulsa. Radio stations: KOA(AM)/KOAQ(FM) Denver.

Moroney earned $340,000 in 1986 and Decherd $260,000. The next highest earners were: James Sheehan, president and chief operating officer, $200,000; Ward Huey, Jr., vice chairman and president of the broadcasting division, $235,000; and John Rector, Jr., publisher of the *Dallas Morning News*, $215,000.

Chris-Craft Industries

Chris-Craft's 1986 net income of $14,747,000, or 67 cents per share, on the basis of continuing operations, were second best to the previous year's $18,333,000, or 84 cents per share. Operating revenues for '86 were a record $223,992,000, an 18 per cent increase over last year's $190,257,000.

Chris-Craft's seven station TV division, the nation's seventh largest TV broadcast group, reaches 12.1 per cent of total U.S. TV homes. Majority owned BHC, Inc. operates two stations through wholly owned subsidiaries and five stations through its 50.2 per cent owned subsidiary, United Television, Inc. Warner Communications Inc. holds a 42.5 per cent equity investment in BHC, and BHC holds Chris-Craft's substantial investment in WCI. Chris-Craft is WCI's largest shareholder, and its nominees hold six seats on its 16-member board.

The TV division achieved record operating revenues for the 11th consecutive year, scoring a 19 per cent increase to $199,836,000 from last year's $168,264,000. Most of the revenue growth resulted from a strong increase at independent KCOP(TV) Los Angeles and the recording of a full year's revenues at startup KUTP(TV) Phoenix. Each of BHC's stations other than KUTP was solidly profitable in 1986, the company reports, although their combined operating income rose only 2 per cent.

Chris-Craft reports the substantial startup loss incurred by KUTP in 1986 was almost exactly as projected and that KUTP will continue to incur losses for several years. The station's losses resulted in a decline in total TV division operating income to $37,015,000 from last year's $42,655,000. The company says it is confident though, that with Phoenix being one of the strongest markets in the country, the asset value of the station will eventually exceed substantially the company's total investment.

Income associated with BHC's investment in WCI totaled $26,167,000 in 1986, compared with $30,016,000 in 1985. WCI's three major operating divisions—filmed entertainment, recorded music and cable and broadcast—achieved record profits in 1986. However, WCI's net income declined to $185,795,000 in '86 from $195,305,000 in '85, primarily as a result of a decrease in gains from the sale of investments to $39,797,000 from last year's $222,639,000.

The year's results were favorably affected by the recording of a $6,694,000 gain on the reversion to Chris-Craft of excess pension plan assets, a decrease in stock appreciation rights expense to $3,475,000 in 1986 from $9,925,000 in 1985 and a decline in interest expense. In addition, United Television recorded a profit of $2,733,000 in 1986 from cellular telephone interests sold during the year.

Operating revenues:	$233,992,000
Net income:	14,747,000
Net income per share (primary)	.67
Shareholders' equity:	63,171,000
CEO compensation:	681,473

TV stations: KCOP Los Angeles; KPTV Portland, Ore.; KMSP-TV Minneapolis-St. Paul; KTVX Salt Lake City; KMOL-TV San Antonio; KBHK San Francisco; KUTP Phoenix.

Salaries totaling $2,236,473 went to the company's top nine executives. For the top five, excluding bonuses, they were: Herbert J. Siegel, chairman and president, $681,473; Lawrence R. Barnett, executive vice president, $300,000; James J. Rochlis, executive vice president, chairman—industrial division, $250,000; Evan C. Thompson, vice president—television division, $400,000 and Laurence M. Kashdin, vice president—finance and controller, $150,000.

Clear Channel Comms.

Gross revenues:	$27,420,000
Net income:	1,406,000
Net income per share:	.48
Shareholders' equity:	10,748,656
CEO compensation:	221,305

Radio stations: WOAI(AM)/KAJA(FM) San Antonio, WHAS(AM)/WAMZ(FM) Louisville, WMJK(AM)/WQUE(FM) New Orleans, KTOK(AM)/KJYO(FM) Oklahoma City, KAKC(AM)/KMOD(FM) Tulsa, KPEZ(FM) Austin, WELI(AM) New Haven, KALO(AM)/KHYS(FM) Port Arthur-Beaumont, Texas.

Clear Channel's gross revenues, which had increased 56.8 per cent in 1985, rose only 4 per cent in 1986. L. Lowry Mays, president and CEO, again attributed the disappointing results mostly to depressed conditions in Texas, Oklahoma and Louisiana. But he added that the situation has started reversing itself in 1987. Mays also pointed to a format change at KPEZ(FM) Austin (from beautiful music to classic rock) and a format adjustment at WQUE(FM) New Orleans (merging contemporary music with rhythm-and-blues) as affecting earnings. He said, however, that both stations are in a much better marketing position now, and he predicted that Clear Channel will achieve record revenues and income in 1987.

Individual station performances in 1986 included record audience, revenue and earnings at KAJA(FM) San Antonio.

In September 1986, Clear Channel bought WHAS(AM)/WAMZ(FM) Louisville for $21 million; WHAS, Clear Channel's second clear channel station, is number 1 in the market, while WAMZ was named 1986's best country radio station by the Academy of Country Music. During the final four months of 1986, the two stations contributed $3.4 million to gross revenues.

In February 1987, Clear Channel signed a letter of intent to purchase KTAM(AM)/KORA(FM) Bryan-College Station, Texas. These stations will be operated by Clear Channel in conjunction with a low-power TV station, K28AK, which launched in the same market early in 1987. Also in 1986, Clear Channel received a license for K22BH, an LPTV station in Corpus Christi, Texas.

In a pending FCC application, the company has filed to move the transmitter of KHYS(FM), Port Arthur, Texas, to a more western location so that it can also serve Houston; if the move is approved, Clear Channel plans to spend some $2.5 million for new facilities. The company also has applications in at the FCC for two more FM stations, seven more LPTV stations, and eight multipoint distribution systems.

In December 1986, the San Antonio Cellular Telephone Co., of which Infinity has a small interest, launched. It was merged with Austin's cellular operation for greater efficiency.

And, during 1986, Clear Channel's Oklahoma News Network, with 50 affiliates, retained the rights to Oklahoma Sooners football and basketball games for the next four years.

Mapes earned $221,305 in 1986, compared to $215,000 in 1985. John Barger, senior vice president-operations, received $200,155, down from 1985's $204,154. Other compensation included: Donald Tackett, vice president, $100,608; Timothy Bryan, vice president, $96,186; and Stanley Shields, vice president, $87,760. Altogether, 20 executives received $1,314,805.

Gannett Co., Inc.

Operating revenues:	$2,801,496,000
Net income:	276,404,000
Net income per share:	1.71
Shareholders' equity:	1,433,781,000
CEO compensation:	896,346

TV stations: KPNX(TV) Phoenix, KUSA-TV Denver, WUSA-TV Washington, WXIA-TV Atlanta, WLVI-TV Boston, KARE-TV Minneapolis-St. Paul, KOCO-TV, Oklahoma City, KVUE-TV Austin. Radio stations: KIIS-AM-FM Los Angeles, KSDO-AM-FM San Diego, WDAE(AM)/WUSA(FM) Tampa, WGCI-AM-FM Chicago, WCZY-AM-FM Detroit, KUSA(AM)/KSD(FM) St. Louis, KTKS(FM) Dallas, KKBQ-AM-FM Houston, KCMO(AM)/KCPW(FM) Kansas City, KHIT(FM) Seattle.

Gannett's net income increased for the 19th consecutive year in 1986. But the 9 per cent growth was down from the 13 per cent rise shown in 1985.

Gannett had a 27 per cent gain in operating revenues for 1986. Sixty per cent of that came from new properties, for which the company spent $900 million during the year. Major acquisitions included eight daily newspapers, among them *The Detroit News and Courier Journal*, *The Louisville Times* and *Arkansas Gazette;* two TV stations—WDVM-TV (now WUSA-TV) Washington and KVUE-TV Austin; and four radio stations in three markets—Dallas, Kansas City and Seattle.

Newspaper revenues—80 per cent of Gannett's total—rose 29 per cent to $2.2 billion.

Broadcasting revenues—13 per cent of the total—rose 32.3 per cent to $351.1 million, largely due to the two acquisitions. Local TV revenues were up 47 per cent, national TV revenues 41 per cent, and radio revenues 5.1 per cent.

Gannett Outdoor accounted for the rest of the company's revenues with a 1.4 per cent increase to $210.6 million.

Gannett now owns: 93 daily papers, whose circulation of over 6 million represents 10 per cent of total U.S. newspaper circulation; eight TV stations, serving 10 per cent of the U.S. audience; 10 FM and eight AM radio stations. Early this year, however, Gannett signed an agreement to sell WCZY-AM-FM Detroit.

In December 1986, Gannett formed a TV programming production company GTC Entertainment in partnership with former NBC chairman Grant Tinker's Tinker Co. Later that month, on the first day of its 1987 fiscal year, Gannett sold Gannett Productions, Inc., a New York production subsidiary. As a base for GTC, Gannett paid $24 million for Laird International Studios (now The Culver Studios) near Los Angeles. GTC already has a non-exclusive agreement with CBS for network production.

Another 1986 Gannett introduction was the USA Today Broadcast Service, which provides audio and script reports to radio and TV stations. Meanwhile, four-year-old *USA Today* became the country's most widely circulated daily newspaper, surpassing *The Wall Street Journal*. Average daily readership reached 4.79 million people, according to Simmons Market Research Bureau, and ad revenues rose 40 per cent. Operating losses, though still "substantial," declined.

During 1986, Gannett chairman Allen Nueharth passed his CEO mantle to the younger John Curley, who remains company president. Neuharth's salary rose to $1.5 million, up $200,000 from 1985. Curley earned $896,346, up $211,346. Next in line on the earnings scale were: Douglas McCorkindale, vice president/chief financial and administrative officer, $755,897; John Quinn, executive vice president/news, president of Gannett News Service (which provides material to Gannett's newspapers, radio and TV stations, and to independent companies) and editor of *USA Today*, $560,000; and Cathleen Black, executive vice president, marketing, and *USA Today* publisher, $435,000. Altogether, Gannett paid 31 execuative officers a total of $9,071,496.

Gencorp, Inc.

Gencorp's RKO General division is winding down its long-standing involvement in the broadcasting business, deciding at the start of 1986 that it would be better off getting market values for its stations rather than continuing the long legal battles to keep them.

The market value of RKO's WOR-TV New York (the only RKO station not involved in license litigations) and KHJ-TV Los Angeles were greatly helped by their second consecutive year of record results. "Significant increases" in operating earnings were attributed to expanded inventories of higher-related programming and, at WOR-TV, to the world championship performance of the New York Mets.

Net sales:	$3,099,000,000
Net income:	130,000,000
Net income per share:	5.82
Shareholders' equity:	1,048,000,000
CEO compensation:	720,833

TV stations: KHJ-TV Los Angeles (pending sale to Disney), WHBQ-TV Memphis. Radio stations: WOR(AM)/WRKS(FM) New York, KHJ(AM)/KRTH(FM) Los Angeles, WRKO(AM)/WROR(FM) Boston, KFRC(AM) San Francisco, WHBQ(AM) Memphis, WGMS-AM-FM Washington, WAXY(FM) Ft. Lauderdale, WFYR(FM) Chicago.

RKO Radio, meanwhile, showed a turnaround thanks to "the combination of a new retail sales approach and some marked increases in ratings." Successes included AM news/talk WRKO jumping to first place in Boston's spring ratings and classical WGMS-AM-FM Washington showing increased profits for the ninth straight year.

In January 1986, Group W agreed to buy KHJ-TV for $220 million, but withdrew its offer this past January. Then, in March of this year, RKO reached an agreement for Walt Disney to buy the station for about $320 million.

During 1986, RKO completed WOR-TV's new home in Secaucus, N.J. and, in February, MCA agreed to buy the station for $387 million. The transaction became effective during 1987.

The sale of RKO Tape to American Sound was completed in December, and the last RKO division involved with entertainment—RKO Pictures—is also in the process of being sold. During 1986, RKO Pictures released its second feature film, *Half Moon Street*, and started shooting five other features, but Gencorp decided the subsidiary did not fit into its "long-range strategic direction."

Gencorp itself had a 3 per cent rise in net sales for 1986, off from an 8 per cent increase in 1985.

As of Jan. 1, 1987, Michael "Jerry" O'Neil retired as Gencorp chairman after 26 years and was replaced by A. W. Reynolds, who remains as CEO. Reynolds' position of president was assumed by Jack Heckel, who also became chief operating officer. More recently, Shane O'Neil left his position as president of RKO Television and was replaced by Pat Servodidio, formerly president of RKO Television.

Executive compensation for 1986 found Reynolds receiving $720,833; John Heckel, then a vice president and chairman of the Aerojet General subsidiary, $447,452; Samuel Salem, vice president and president of the Diversi-Tech General subsidiary, $443,333; George Leisz, president of Aerojet General, $352,500; and Gilbert Neal, vice president and president of the General Tire subsidiary, $331,666. Altogether, 18 executive officers received $4,024,582.

Gray Comms. Systems

Operating three NBC-TV affiliates in small markets, Gray Communications Systems saw them increase their profit contribution 14 per cent in 1986 over '85. The broadcast interests comprise the second largest revenue contributor of four operating divisions.

For the year ended June 30, 1986, corporate earnings were $3,452,523, a 32.3 per cent increase over the previous year. Operating profit increased 26.7 per cent on revenues of $51,837,241. Broadcast revenues were $13,513,205, second only to video systems sales at $20,516,410. Meanwhile, newspaper publishing contributed $8,704,642 and transportation services $9,102,984.

For the 1986, 1985 and 1984 fiscal years respectively, consolidated revenues increased 19 per cent, 5 per cent and 7 per cent, while net income increased 32 per cent, 2 per cent and 12 per cent. Over those years, broadcast revenues increased 9 per cent, 13 per cent and 7 per cent respectively. The increases reportedly were due mainly to increases in the volume of local and national spot sales. Operating expenses increased in each of the last three years due mainly to increased salaries and depreciation. Operating profit increased substantially in 1986 and 1985 for broadcast while decreasing slightly in 1984.

Operating revenues:	$51,837,000
Net income:	3,453,000
Net income per share:	6.87
Shareholders' equity:	25,973,681
CEO compensation:	214,000

TV stations: WALB-TV Albany, Ga.; WJHG-TV Panama City, Fla.; KTVE Monroe, La.

Gray's working capital as of June 30, 1986, '85 and '84 was approximately $7,479,000, $10,365,000 and $8,120,000 respectively. In those respective years, working capital decreased approximately $2,886,000 and increased approximately $2,245,000 and $160,000.

The company has had no new long-term borrowings in the last three years. It has been its policy to fund its capital expenditures and acquisitions out of earnings from operations. It states this policy of growth from internal means will likely continue, although its financial position is strong if borrowing is necessary. Over the past three fiscal years, its debt to equity ratio was approximately .01 to 1.

At June 30, 1986, Gray had approximately a $5 million capital expenditure requirement during the forthcoming year. These expenditures were expected to be funded out of the company's normal operations and by bank lines of credit which provides for an aggregate short-term borrowing of $5 million.

The five top officers of the company collectively had salaries totaling $517,708. Those earning about $60,000 were: James H. Gray, Jr., chairman and president, $214,000; Raymond E. Carow, executive vice president, $121,833; Richard D. Carson, controller, $89,000 and Barbara Jones, treasurer, $66,000.

Heritage Communications

Heritage, one of the top 10 cable MSOs, entered broadcasting through several recent acquisitions—two TV stations from Dakota Broadcasting for $15.6 million in 1985; six radio stations for $22.4 million from Lin Broadcasting in 1986; and four TV and six radio stations through its $22.4 million purchase of Rollins Communications in 1986. Heritage in 1985 also purchased 30 per cent of Diversified Communications, which owns five TV stations and two radio stations. Broadcasting accounted for 10 per cent of Heritage's 1986 operating income of $25.6 million, compared to 61 per cent for cable TV, 28 per cent for communications products and 1 per cent for outdoor advertising operations (also acquired from Rollins).

Heritage quickly started selling off the former Rollins radio stations, however, with WCGS(AM)/WBES(FM) Charleston, W. Va the first to go. And, under the recently announced agreement for Tele-Communications, Inc. to purchase Heritage for $900 million, remaining broadcast properties are being sold to Heritage managers for $200 million.

Both net revenue and operating income reached record highs for Heritage in 1986, with revenue up 22 per cent and operating income up 20 per cent. Rollins, acquired Nov. 1, contributed $20.1 million to revenue and $2.9 million to operating income. The Broadcast Television Group, excluding the Rollins stations, contributed $4.8 million and $1.1 million respectively; Heritage says political advertising helped the situation. Broadcasting revenue was $10.6 million, compared to only $1.8 million in 1985.

James Hoak, Jr., president, is Heritage's top-ranking executive, and earned $342,427. James Cownie, executive vice president and president of the Telecommunications Group, earned $272,856; David Lundquist, senior vice president-finance and treasurer, $144,000; David Walthall, senior vice president, $174,923; and James Robinette, vice president, $166,503. Altogether, Heritage paid $1,367,116 in cash compensation to eight executive officers.

Net revenues:	$192,739,000
Net loss:	(9,904,000)
Loss per share:	(.50)
Shareholders' equity:	254,009,000
President's compensation:	342,427

TV stations: WCHS-TV Charleston-Huntington, W.Va., WEAR-TV Pensacola-Mobile, WPTZ-TV, Plattsburgh, N.Y.-Burlington, Vt., KAUT-TV Oklahoma City, KDCT-TV, Mitchell-Sioux Falls, S.D., KEVN-TV Rapid City. Radio stations: KDAY(AM) Santa Monica, WBEE(AM) Chicago, WAMS(AM) Wilmington, Del., WRAP(AM), Norfolk, Va., WBBF(AM)/WMJQ(FM) Rochester, N.Y., WEMP(AM)/WMYX(FM) Milwaukee, WIL-AM-FM St. Louis.

Infinity Broadcasting

Net revenues:	$46,077,000
Net loss:	(2,893,000)
Net loss per share:	(.41)
Shareholders' equity:	22,347,000
Chairman's compensation:	550,000

Radio stations: KOME(FM) San Jose-San Francisco, WBCN(FM) Boston, WJIT(AM)/WXRK(FM) New York, KROQ(FM) Los Angeles, WJJD(AM)/WJMK(FM) Chicago, WYSP(FM) Philadelphia, KXYZ(AM) Houston, WCBF(AM)/WQYK(FM) Tampa-St. Petersburg, WBMW(FM) Washington.

Infinity achieved record net revenues in 1986, an increase of 11 per cent over 1985. Acquisitions of KROQ(FM) Los Angeles (in September for $41 million) and WQYK(FM) Tampa-St. Petersburg (in December for $22 million) accounted for $2.1 million of the net revenues, with another benefit coming from a reduction in agency commissions of $1 million as a result of contract negotiations. Excluding the acquisitions and agency commission reduction, net revenues increased by about 8 per cent. Before extraordinary items, there was a per-share gain of $0.29.

In other transactions, Infinity sold KCBQ-AM-FM San Diego in December for $12.2 million, resulting in a pre-tax gain of $4.2 million. Later that month, after the December 28 close of its fiscal year, Infinity bought WBMW(FM) Washington for $13 million. In January, 1987, the company reached an agreement to buy a second Tampa-St. Petersburg station, WCBF(AM), for $3.1 million. Then, in April 1987, Infinity announced it would pay a record $82 million for KVIL(FM) Dallas. Infinity says the 1986 transactions led to a 30 per cent revenue increase in the first quarter of 1987; even excluding the newly acquired stations, revenues were still up 20 per cent.

During 1986, Infinity began simulcasting Howard Stern's popular KXRK(FM) New York morning program on sister station WYSP(FM) Philadelphia. In the fall, as a result of Stern's program, the FCC began a proceeding to determine if WYSP had been broadcsting indecent material. The investigation of this case and a couple of others led the FCC to issue a broadened interpretation of broadcast indecency in 1987.

Jacor Communications

The six-year-old Jacor, with no business interests besides radio stations and the Georgia Radio News Service, continued to move into larger markets while leaving smaller ones. It now owns five AM and seven FM stations, including four acquired in 1986—WEBN(FM) Cincinnati and Republic Broadcasting Corp.'s WLW(AM) Cincinnati, WYHY(FM) Nashville and WMYU(FM) Knoxville. During the year, Jacor sold WURD(FM) Georgetown, Ohio, and WVOI(AM) Toledo.

Jacor's net revenue in 1986 increased 65 per cent over 1985. Excluding stations bought or sold in 1985 or 1986, however, the net revenue rose 15 per cent; this was primarily attributed to "an increased local advertising customer base and increased ad sales." Operating expenses, excluding stations bought or sold, increased 17.2 per cent, primarily "as a result of increased spending for advertising and promotion of the stations."

Broadcast cash flow, at $7.1 million, rose more than 73 per cent. Net income was only $2,315, which sounds disappointing compared to Jacor's first positive net income—$325,000—the previous year, but the company attributes the earlier results to "larger gains realized" from station sales in 1985 than in 1986. After a break-even year in 1985, Jacor shareholders were hit with an 11 cent per-share loss in 1986, double the loss two years earlier.

Jacor raised over $14.6 million through a public offering completed in

Net revenues:	$23,566,093
Net income:	2,315
Net loss per share:	(.11)
Shareholders' equity:	25,557,141
CEO compensation:	234,035

Radio stations: WLW(AM)/WEBN(FM) Cincinnati, WGST(AM)/WPCH(FM) Atlanta, WBBG(AM)/WMJI(FM) Cleveland, WQIK-AM-FM Jacksonville, WYHY(FM) Nashville, WMYU(FM) Knoxville, WKYG(AM)/WXKX(FM) Parkersburg, W.Va.

1986 and borrowed $40 million through the issuance of senior secured 10-year notes.

Frank Wood, who sold WEBN to Jacor in May '86, became Jacor's president and chief operating officer and earned $154,229 during the remainder of the year. Terry Jacobs, chairman of the board, CEO and treasurer, received $234,035; Jon Berry, vice president and chief accounting officer, $80,077; and John Lauer, vice president of Jacor/vice president and general manager of WGST(AM)/WPCH(FM) Atlanta and the Georgia Radio News Service, $150,222. Altogether, eight Jacor executive officers earned $719,153 in 1986.

With the purchase of Republic Broadcasting in December '86, two former Republic principals joined Jacor above Berry on the totem pole: Robert Lawrence as senior vice president-sales and marketing and Randy Michaels as senior vice president-programming and operations.

Jefferson-Pilot Corp.

Jefferson-Pilot's 1986 net income fell 3.9 per cent below 1985's results. The Communications division, including two TV stations, 10 radio stations, college sports programming and broadcast computer services, contributed $91.5 million in 1986 revenues. The division's earnings were up 9.2 per cent. The 1985 acquisition of WNWS(AM) Miami and sale of WGBS(AM) Miami had "an immediate and positive impact on our combined AM/FM operations there," according to the 1986 annual report. "Our San Diego radio stations,

Net revenues:	$1,131,589,000
Net income:	123,113,000
Net income per share:	3.02
Shareholders' equity:	1,262,556,000
CEO compensation:	650,000

TV stations: WBTV(TV) Charlotte, WWBT(TV) Richmond. Radio stations: WBT(AM)/WBCY(FM) Charlotte, WQXI-AM-FM Atlanta, KIMN(AM)/KYGO(FM) Denver, WNWS(AM)/(WLYF(FM) Miami, KSON-AM-FM San Diego.

KSON and KSON-FM, acquired in 1985, have been repositioned successfully and are expected to begin contributing meaningfully to earnings," the report continues.

In the fourth quarter, Jefferson-Pilot Data Services completed its acquisition of Data Communications Corp., which markets data management systems to broadcasters, cable systems, networks and ad agencies. The company says that, due to this acquisition, media services will now provide a "significant" portion of the revenues and earnings of the Communications division.

On January 1, 1987, the company merged its Jefferson Standard and Pilot Life subsidiaries into the single Jefferson-Pilot Life Insurance Corp.

W. Roger Soles, president of Jefferson-Pilot Corp. and chairman of CEO of Jefferson-Pilot Life Insurance Co., received $650,000 in 1986 compensation. Louis Stephens, Jr., vice president of Jefferson-Pilot Corp. and president of Pilot Life Insurance Co., earned $395,833 and retired at the end of the year. Wallace Jorgenson, president of Jefferson-Pilot Communications Co., earned $271,408, a raise of some $53,000 over 1985. Kenneth Hinsdale, vice president of Jefferson-Pilot Corp. and executive vice president and chief actuary of Jefferson-Pilot Life Insurance Co., earned $180,000; and Thomas Fee, vice president and treasurer of Jefferson-Pilot Corp. and executive vice president and treasurer of Jefferson-Pilot Life Insurance Co., received $162,000. Altogether, 13 executives received $2,468,126.

Josephson International

Josephson has left the radio business, selling WNIC-AM-FM Detroit in the first quarter of fiscal 1986 to Price Communications for $16.5 million and an after-tax gain of $10.6 million, and closing the sale of six other radio stations (WNOR-AM-FM Norfolk, WVKO(AM)/WSNY(FM) Columbus, WMGF(FM) Milwaukee, WZNC(FM) Rochester, N.Y.) in the first quarter of fiscal 1987 to Saga Communications for $39.9 million and an after-tax gain of $20 million. Josephson's radio stations had $15.2 million in income during fiscal '86, which ended last June 30.

During the fiscal year, Josephson also sold the Herzfeld & Stern stock brokerage business to Gruntal & Co. It is now considering sale of its Office Products Group, but still owns: International Creative Management (ICM), the talent and literary agency; and Robert Keeshan Associates, which owns the rights to *Captain Kangaroo*.

Saga Communications is a new company headed by Josephson's former radio group president Ed Christian. As part of the station sale to Saga, Josephson acquired warrants to purchase 10 per cent of Saga's stock at its initial public offering price if Saga goes public within five years.

ICM has represented four prime-time network TV programs this past season: *Crime Story*, *Down and Out in Beverly Hills*, *Sidekicks* and *Sledge Hammer*. And *Captain Kangaroo* returned to the air in edited form on 200 PBS stations.

*Net revenues:	$236,629,000
Net income:	6,962,000
Net income per share:	1.44
Shareholders' equity:	17,477,000
CEO compensation:	780,000

*Fiscal year ended June 30, 1986. All financial data reclassified to reflect radio and financial services as discontinued operations.

In personnel changes, Alan Berger left the William Morris Agency to become ICM executive vice president in charge of television. He succeeded Michael Rollins, who is now president and CEO of Josephson Communications, a new company that will develop taped programs among other activities.

Knight-Ridder, Inc.

With the acquisition of three VHF TV stations beefing up the broadcast contribution, Knight-Ridder saw earnings per share for 1986 rise 10 per cent to a record $2.41 a share vs. $2.19 in 1985. The '86 earnings are significantly higher partly because a 46-day newspaper strike in Philadelphia hampered 1985 performance.

Operating revenues:	$1,910,650,000
Net earnings:	140,039,000
Net earnings per share:	2.41
Shareholders' equity:	815,982,000
CEO compensation:	671,466

TV stations: KOLD-TV Tucson; KTVY-TV Oklahoma City; WALA-TV Mobile-Pensacola; WJRT-TV Flint-Saginaw-Bay City; WKRN-TV Nashville; WPRI-TV Providence; WTEN-TV Albany-Schenectady-Troy; WKTR-TV Norfolk-Portsmouth-Newport News.

Return on equity rose to 18.5 per cent in 1986 from 16.4 per cent. Operating income was up 17.9 per cent to $280.9 million, and net income rose 5.5 per cent to $140 million on total revenue of $1.9 billion, which compares (*continued on page 74*)

Fear of losing UHF spectrum to land mobile radio stirs industry to action

High-definition TV suddenly becomes a broadcast issue

By ALFRED J. JAFFE

First of two parts

High-definition TV has emerged as a high-profile subject this year as both broadcasters and cable operators suddenly came to the conclusion that HDTV in the home was not far off.

What brought broadcasters to this abrupt conclusion was not an unexpected technological breakthrough. It was a stab of fear that they might lose the only terrestrial frequency allocations possibly left for HDTV. Feeding this urgency are Japanese plans to start a HDTV DBS service in three years with the consequent possibility of consumer hi-def equipment appearing stateside a year or two later.

Some observers would move up the appearance of consumer HDTV models in the U.S. even earlier. Whatever the timetable, there appears to broadcasters the clear danger that closed circuit TV in the home (VCRs and laser disc players) and/or cable could preempt an important role for broadcast HDTV. To help head off this danger, the National Association of Broadcasters set up earlier this year on HDTV task force. Its assigned tasks are to evaluate technical developments, "guide" the NAB with regulatory and funding proposals and make recommendations "to ensure a compatible system of high definition terrestrial broadcasting in this country."

The sense of urgency among broadcasters is not universal. While backing the effort to set aside frequencies for broadcast HDTV, both ABC and NBC have already indicated through spokesmen that they don't see consumer HDTV on the nearby horizon—certainly not as a mass medium.

Getting frequencies

Other conservative voices note that the Federal Communications Commission has still not set aside terrestrial or satellite frequencies for HDTV. It is also pointed out that hi-def production equipment is still complex, sophisticated, expensive—nowhere near the consumer neighborhood. A Sony 18-inch HDTV monitor now sells for almost $10,000. The closest thing to a VCR goes for nearly $200,000.

Perhaps as important as any facet of the HDTV issue is the question of compatibility. The Japanese-developed 1,125-line/60 field system is not compatible with any current color system—NTSC, PAL or SECAM. Unlike NTSC color, which can be received on black-and-white sets, a 1,125-line transmission cannot be received on 525- or 625-line receivers.

Some U.S. broadcasters are pinning their hopes for a compatible system on that proposed by William Glenn, who is director of the New York Institute's Science and Technology Center at Dania (Ft. Lauderdale), Fla. Dr. Glenn has shown a closed-circuit version of his system—a two-channel version in which one channel carries the regular NTSC signal and the other adds detail and width to the picture.

Glenn's proposal is essentially for a *transmission* system. Starting originally with a 1,050-line picture (double the NTSC 525-line standard), Glenn later adapted the 1,125-line system to his proposal in which the extra detail would be transmitted via bandwidth reduction techniques on a 3 MHz half-channel. This added detail could be transmitted separately from the NTSC signal. Glenn is planning to demonstrate his system this fall with an actual over-the-air transmission. His approach is competitive to the Japanese MUSE system, which also compresses the bandwidth for transmission, but is not compatible with existing standards.

There are now five HDTV studios worldwide, with two in New York, two in Japan and one in Paris. A sixth is set to open in Dallas.

Signing contract *for Sony HDTV equipment in New York studio is David Niles, c., seated. L. to r., seated, also are Patrice Hartman and Mal Albaum of Niles' new studio, 1125 Productions. Standing, l. to r., are Chuck Mascari and Craig Tanner of Sony.*

In the background is the grand issue of a worldwide HDTV standard. The U.S. is supporting the Japanese 1,125-line/60 Hz system, which failed to be adopted as a worldwide production standard at an international conference of the CCIR (International Radio Consultative Committee) in Geneva last year. But some experts view 1,125/60 as a de facto standard already because of its long headstart. Other supporters of the Japanese system, while not that sanguine, feel that the sooner the Japanese get their HDTV equipment into consumer living rooms, the sooner (and more likely) the 1,125/60 system will become a real world standard.

Key questions

The HDTV question can be looked at two ways: (1) How far along has HDTV come so far? (2) What is the outlook for its introduction as a worldwide medium, broadcast and otherwise? This article will tackle the first question, and a second article in a forthcoming issue will go into the second question.

While hi-def has had little exposure to the public, it has been shown to the industry a number of times. Practically all of this latter exposure has been to the 1,125/60 system, originally developed by the Japanese public broadcaster NHK, whose work was carried on by a number of manufacturers, principally Sony. The system was first shown in the U.S. five years ago in a cooperative NHK/CBS effort. HDTV has been shown in various degrees of elaborateness during the past three equipment exhibitions of the National Association of Broadcasters, and it was demonstrated in action to Congress, the FCC and other important quarters last January via actual transmissions.

About two dozen manufacturers have produced working or prototype HDTV equipment, though only a few companies have made any sales worth noting. Sony has sold more than 60 VTRs and more than 20 cameras worldwide. It is the only commercial manufacturer of 1,125-line VTRs, while the only other HDTV camera manufacturer offering product is Ikegami.

But a number of manufacturers have made display equipment (monitors and projection sets) for hi-def and other important functions have attracted manufacturers to show their technological prowess via prototypes as well as practical products. Ultimatte Corp. of Reseda, Calif., makes a blue-screen matting system that has been described as a "must" for special effects. A number of test instruments have been produced by Asaca/Shibasoku. Hitachi showed *digital* HDTV at the NAB convention and Sony will display a HDTV digital VTR at the Montreux equipment exhibition this month using a data recorder. Grass Valley has both production and routing switchers and four companies have shown hi-def lenses.

A widely-accepted scenario for the spreading use of HDTV production equipment has been that it will be propelled along by "electronic cinematography." That is, HDTV equipment will be used in shooting movies, which will then be transferred to 35mm film, since HDTV has about the same amount of detail as 35mm film.

Hollywood has not exactly fallen on its face to embrace HDTV, despite the apparent savings in having instant "rushes," a reusable recording medium and the ability to produce special electronic effects, some of them quickly and cheaply. Director Francis Ford Coppola played around with some borrowed Sony equipment, and while he sounded enthusiastic at the time, no full-scale HDTV movie came out of it. TV producer Glen Larson, also using borrowed Sony equipment, shot some scenes for *The Fall Guy*. Again, nothing permanent came out of it.

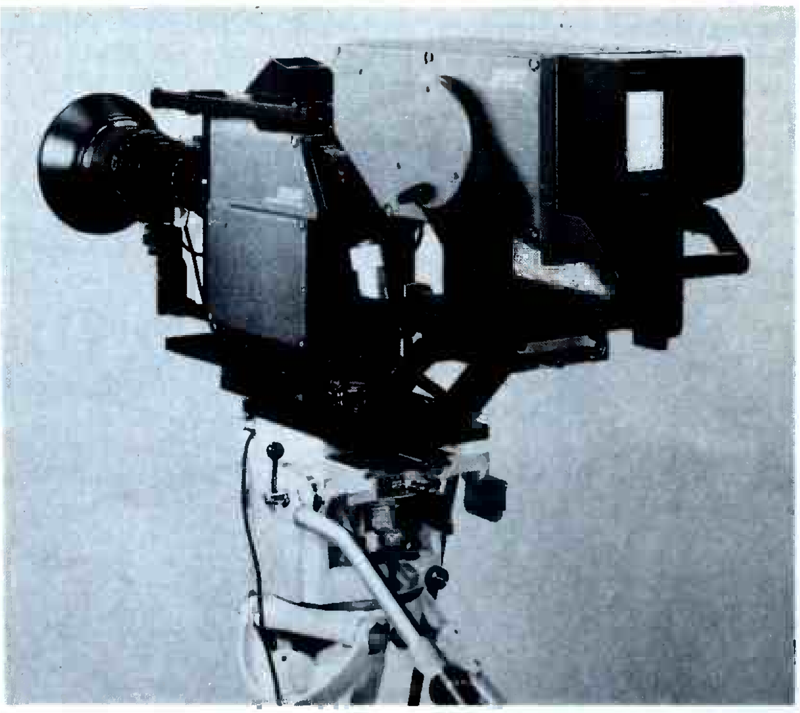
An explanation for Hollywood's shying away from HDTV so far comes from Richard Stumpf, vice president of engineering and development at Universal Studios and also chairman of the Working Group on High Definition Electronic (Video) Production, set up under the Society of Motion Picture and Television Engineers.

Replace film?

"It's difficult for any electronic system to replace film," he says, a reference to the fact that most primetime TV network entertainment programming is still shot on film. "There's a pool of talent here used to working with film. Film has a better range of brightness than tape; tape is two f-stops short of film."

Stumpf points out regarding Univer-

Sony HDTV camera



Sony has sold more than 20 HDTV cameras worldwide and more than 60 VTRs. But other firms also make HDTV equipment.

Biggest HDTV production is Canadian Broadcasting Corp.'s "Chasing Rainbows" miniseries

Shooting HDTV program

sal itself, "We're big on dramatic action—*Knight Rider*, *Magnum*—and HDTV equipment is big, unwieldy. We're asked why we don't use TV in production. We've tried. It was used in the last episode of *Harper Valley PTA* and for the pilot of *Portrait of an Invisible Woman*. The Universal executive adds, however, that TV is "great" for music videos and commercials.

Hollywood aside, there is activity in HDTV worth noting. The biggest production to date is the Canadian Broadcasting Corp.'s *Chasing Rainbows*, a 14-hour miniseries set in "glamorous, wicked Montreal of the 1920s," and scheduled to be shown on the CBC network next March. Production began in April, '86, and is expected to be completed this coming October.

Two hours were screened at MIP-TV, where it was projected on a screen almost eight feet wide and hooked up to two PAL monitors. One sale has been made so far—to the Korea's Munhwa Broadcasting Corp.—and CBC Enterprises reports interest by buyers in the U.S., Finland, Sweden and The Netherlands.

The actual production of *Chasing Rainbows* is being handled by Northernlight & Picture Corp., Toronto, which has rented production space—Madger Studios—in suburban Scarborough and is using Sony equipment. Mark Blanford is executive producer for the CBC and John Galt of Northernlight is director of photography.

Craig Tanner, product manager of Sony's High Definition Video Systems (HDVS), points out that Canada shoots on 16mm for TV and estimates that HDTV production costs about the same as 16mm production. Comparing the cost of 35 vs. 16mm, Tanner figures that 16 is 15 to 20 per cent less costly.

In the U.S., the biggest HDTV production currently is a movie now called *Do It Up*! (formerly *Crack in the Mirror*), a theatrical feature about drugs starring Robby Benson, who is also directing, and Danny Aiello. It is produced by Jubran Jubran, Barry Rebo and Denis Bieber, partners in the new Rebo High Definition Studio, New York, described as the first American company to own an 1,125-line system. The $5 million feature began shooting on location in Manhattan late in March and was scheduled to be completed at Kaufman Astoria Studios in Queens, across the river from Manhattan.

Cost reduction

Rebo maintains that by using HDTV technology producers can reduce below-the-line costs by 20 to 30 per cent compared with 35mm. With a lot of special effects, he estimates the savings could go as high as 50 per cent.

He also estimates savings of 14 per cent in total studio and location time and a 33 per cent saving in post-production time.

Another recent HDTV feature, which Tanner says is now being transferred to 35mm, is *Julia and Julia*, produced by RAI, the Italian state broadcasting operation. Starring Kathleen Turner and Sting, the tape is being converted to film on Sony's electron beam recording (EBR) system, operated by Sony/PCL (photo-chemical lab) in Japan.

Tanner, while conceding that there is not a lot of electronic cinematography going on, is confident that things will change. "The next year or two will see HDTV take off in Hollywood," says the Sony product manager.

The Rebo plant is one of five studios worldwide equipped with hi-def equipment. In New York, besides Rebo, there is 1125 Productions, Inc., a production center recently opened with Sony equipment by David Niles, founder and chairman of the Captain Co., which already has an HDTV facility in Paris. There are also, says Tanner, two HDTV studios in Japan.

In addition, Niles is reported planning to open an HDTV studio in Hollywood and a hi-def studio is expected to make its debut this summer in Texas. HD Studio Dallas is scheduled, subject to final negotiations, to receive Sony hi-def equipment in August and September, including two cameras and four VTRs, editing equipment and a projector.

Meanwhile, in Washington ...

The NAB hi-def task force is just getting underway. According to Ben Crutchfield, director of special engineering projects at the NAB and liaison to the task force, the key issue is spectrum: "Land mobile," he warns, "could go back on the [FCC] agenda."

The land mobile issue hit the fan earlier this year, when an FCC decision was expected on increasing UHF spectrum sharing for private radio in eight major markets. The NAB and a powerful group of broadcasters not only asked the FCC to postpone action on the UHF spectrum sharing in one petition but requested the commission to set aside portions of the DBS band for terrestrial transmissions. Both the UHF and SHF bands, it was pointed out, could be used for HDTV. The latter request, in another petition, asked for an FCC Notice of Inquiry (NOI) into HDTV and its effect on local broadcasting.

The result was that the FCC put off a decision on UHF sharing by land mobile interests, asking for comments on the issue of special relief from new UHF allocations. The commission also asked for comments on the broadcasters' call

(continued on page 89)

Tie-ins with local assets, events stem flow from ads to short-term gimmicks

Tv stations climb aboard bandwagon to recover promo $$

By GEORGE SWISSHELM

During a period when the second most popular topic of agency presidents' speeches following the deleterious effects of megamargers is the growing number of client dollars siphoned away from brand image advertising by short term gimmicks and promotions, a growing number of television stations are proving themselves clever enough to join what they can't lick and recapture their share of those promotional dollars.

They're beating the trend by finding creative ways to either build their own promotional events that advertisers can tie into or latch onto special local assets, events, happenings or their own programs, that provide participating advertisers with a wide range of promotional opportunities.

Fighting for renewals

In Chattanooga, Mike Starr, general partner of WDSI-TV observes that many of the station's local contracts are only for 30 days, "Then you have to keep going back and eat up time fighting for renewals. But we've been quite successful persuading advertisers who tie into our special promotions to commit for 90 days, and also to commit for more dollars."

Thus, says Starr, "Our events have worked extremely well for us in this sense, on top of all the high visibility excitement they help us generate for the station as well as for our participating advertisers."

Marge Pravden, local sales manager of CBS affiliate WFMY-TV Greensboro-High Point-Winston Salem, sees a growing number of stations that have become "both incredibly creative and more willing to risk trying something new and different in either developing their own promotion or in coverage of local events and tourist attractions. These can serve as ideal springboards to approach advertisers who've never experienced what television can do for them before."

In doing this, continues Pravden, "We try to give advertisers tying in to these special opportunities their money's worth, *plus*. When we succeed in this, it's a strong incentive for that advertiser to come back to us for repeat schedules, so that the new dollars these events generate for us aren't just one-time dollars.

She adds that it's worked this way with local advertisers and that "We always inform our Blair offices so they can alert the agencies to these special high-visibility opportunities." And she explains that while in some cases these are station-initiated opportunities, "It's not just us being different for the sake of being different: We're also responding to the fact that more regional and national advertisers are looking for more visiblity than a straight spot schedule by itself will develop—and particularly the kind of visibility that can give them a stronger local presence and get them more closely involved in the local community."

Pravden says her "guess is" that three or four years ago, "This was the kind of activity that independent stations were more likely to be engaged in. But my sense today is that in many markets, more and more affiliates are now catching up to the independents."

In Richmond, Ellen Shuler, general sales manager at WWBT(TV) reports that the station will be covering the annual Richmond Balloon Classic for the second time this Labor Day. She explains that the events are "more in the nature of maneuvering skill than speed racing. For instance one event is a test of 'bombing' accuracy—dropping bean bags on a ground target. Another is trying to maneuver close enough to a tall pole so someone in the basket can grab the ring from the pole. There are also the spectacles like the simultaneous mass balloon ascension, which make terrific shots for our cameras."

Shuler says that for "literally high visibility," some companies sponsor their own balloons, much as the Goodyear blimp has "Goodyear" printed along the sides in huge letters. But for those companies who are only renting a balloon for the occasion, WWBT can supply large fabric signs, printed to order, that can be attached to the balloon. Participating advertisers for WWBT coverage on Labor Day will include Archway Cookies, Old Milwaukee Beer and Red Lobster Restaurants.

As for tie-in options, each restaurant or store that carries the advertised

WTAF-TV Philadelphia: Telekid Club party

The Telekid Club of WTAF-TV Philadelphia was formed "to give us a vehicle that allows us to interact with the children and give us an edge over the other independents . . ."

KDTU(TV) Tucson: Friendship Club

Live children's programming is coming back, but with the understanding that kids are more sophisticated today.

product can serve as an outlet for tickets to the event. And they can sell balloon T-shirts and other event-related mementos. The sponsoring company itself can bring in a band, sponsor a fireworks display or a barn-storming stunt pilot from an aerial circus. As Shuler notes, "This is one event where the sky is *not* the limit."

WXMI-TV Grand Rapids covered Holland, Michigan's annual Tulip Festival Parade live on May 16. Promotion manager Lisa Wilson says the people of Holland "were so excited about live coverage of the event for the first time in the history of the Festival that Holland's local newspaper covered the station's advance crew when it came to pre-scout the parade route. And the live coverage added local interest by using a local Holland resident to do the color commentary."

Wilson describes the event as the second largest tulip festival in the U.S., and one expected to draw half a million visitors, including thousands of tourists from out of state as well as from all over Michigan during "Tulip Week."

Pat Mullen, sales director at WXMI-TV, reports that Tulip Parade coverage sponsor Schering-Plough "was looking for close involvement in local community events that can give them top visibility here." Schering-Plough's product, Chlor-Trimetron is included on the posters the station printed up for local retail outlets to promote its parade coverage, and the company's name was also included in all the radio and print promotion the station did to generate excitement for the event. And during the parade itself, adds Mullen, "We took every opportunity to thank Schering-Plough and our two local sponsors, Burgett Floral [a natural tie in for the Tulip Festival] and Bil-Mar Farms, packer of Mr. Turkey Franks, among other turkey treats, for making our coverage possible."

He also notes that, "The commercials didn't interrupt the video. No one's float was missed by the viewers because we did it the way KTLA(TV) covers the Rose Bowl Parade in Pasadena: we supered the clients' logos across the bottom of the screen, and, in effect, read a radio commercial behind the super."

Building momentum

The Historical Society of Nashville inaugurated that city's annual Summer Lights Festival five years ago. It's a three-day event that WTVF(TV) national sales manager Robert Clifft says "started small, but each year has grown to the point that this year it was continuous live entertainment from three stages set up over a four-block downtown area. We had 1,100 entertainers performing every type of music from blue grass and gospel to easy listening and symphonic."

Clifft reports that 300,000 people came to last year's event and this year again, hotels and restaurants adjacent to the entertainment area offered facilities for eating, and that there are commemorative T-shirts and all kinds of other souvenirs for sale. And sponsors of WTVF's coverage like Coors have booths selling their beer throughout the festival area. It's so big, says Clifft, that in addition to the station's own remote unit, "we bring in a second huge remote van that we borrow for the occasion from our sister station in Houston."

Sponsors of this year's event besides Coors included First Tennessee Bank, Purity Dairies, Martha White Foods, the Circuit City consumer electronics retail chain, and Durango (Western) Boots.

Sports merchandising

In Phoenix, KNXV-TV and KTAR Radio cover Los Angeles Dodgers baseball. General Manager Stuart Powell describes "radio-style contests. We announce that viewers can win a free trip to Los Angeles and free tickets to a Dodgers game, courtesy of game sponsor Southwest Airlines."

To be eligible, viewers (and KTAR listeners) send a post card with their name and address to either station. Then, as they watch or listen to the play-by-play, they watch for the name drawing from the pool of eligibles. KTAR reads the lucky name over the air and KNXV-TV supers it across the screen during the telecast of one of the Dodgers games. But to win, says Powell, "The owner of the lucky name has to call within 15 minutes of the time it's broadcast. That means everyone benefits. Southwest Air, KNXV and KTAR get constant mentions and our game

WXMI-TV Grand Rapids: Tulip festival parade

KSAS-TV Wichita-Hutchinson: Major Astro

viewing and KTAR's listening get big boosts from ball fans who'd love to fly to the Coast and see the Dodgers play, live. Everyone wins. And any promotion we're part of has to be that way. All parties must benefit, or we don't play."

Dave Godbout, general manager of WZDX-TV Huntsville, Ala. says his station is having a great year, "and much of it is due to our close involvement with the Huntsville Stars," a Double-A team affiliated with the Oakland As.

Game coverage by the station has three national advertisers, plus local sponsors backing both play-by-play coverage of the team's road games and the station's once-a-month *Huntsville Stars Dugout Show*.

This, says Godbout, includes interviews with the players, and even with their wives, "to show viewers here what life is like for Double-A players, both at home here, and when they're away."

National advertisers are Hardee's Restaurants, Toyota and Coors Beer. The station has had baseball hats made up for all three as give-aways, with their own logos on them, alongside that of the Stars.

WZDX also had 25,000 game schedules printed up and Toyota runs a contest to give away a truck. The station airs spots during the third inning of the televised games that include reading off people's names. The first person to hear his name and call in becomes eligible for the big drawing for the truck at the last game of the season, where those eligible get a chance to pull a key out of a Stars hat. The contestant whose key fits the truck's ignition drives it home.

Then, adds Godbout, "There are also the extras—like 'The Chicken,' the big-bird clown who entertained spectators for the San Diego Padres, will visit Huntsville and do his act for Stars fans. And when Oakland comes to town to play an exhibition game with the Stars, we'll televise it locally and our regular game sponsors will be part of the exhibition game at no charge.

Godbout observes that, "This might not work in every market that fields a Double-A team: only in markets where the fans have taken their hometown ball club to their hearts, the way they have here."

In Miami, WPLG(TV) used the Fourth Annual Pig Bowl football game between the Miami Police Department and the Metro Dade County Police as the basis for a mini-telethon to raise money for Partners for Youth. The broadcast included informercials on Partners activities, similar to the Big Brothers program in the Northeast.

For advertisers, says a station spokesman, the Pig Bowl "is not only an opportunity to move product in the high interest environment of 'a local happening,' but also a chance to generate the additional good will that comes with supporting and being closely involved in as worthwhile an effort as Partners for Youth."

As an example of what he means by "high interest," he adds that the game is sold out every year, with 15,000 spectators filling the stands at Tamiami Park. Half time activities include *Miami Vice* star Don Johnson making his entrance via helicopter and police demonstrations of their SWAT teams and K-9 Corps guard dogs. Sponsors were Palmetto Trucks and the Dade County School System, promoting its adult education sessions.

NBC affiliate WVIT(TV) Hartford covers the Canon-Sammy Davis, Jr. Greater Hartford Open, one of the major golf tournaments on the PGA tour, live, for seven days, starting June 25. Among early advertisers in the GHO package of shows are Buick, also the official car of the GHO, several local sporting goods stores and A-copy business machines.

WVIT airs a live half hour special each night for seven days, the station's early evening news is broadcast from the golf club, live, and there are also live updates throughout the broadcast day. A hospitality tent is set up at the scene and "catered elegantly" for WVIT's advertisers. And once they're assembled, WVIT stages its Fall Premiere Program Preview party for them. This year *L.A. Law* star Michael Tucker is being flown in to greet the advertisers, along with Sammy Davis Jr. himself, "who will be bringing in some of the greatest names in entertainment and sports to compete."

Each advertiser package comes with different marketing opportunities, such as entries into the celebrity pro-am, invitations to parties and receptions, sponsor badges and reserved parking at the tournament, passes, and invitations to WVIT's Corporate Row Hospitality Tent.

Back in Greensboro at WFMY-TV, Pravden observes that, "The fact that we produce our own local programming such as our own morning show gives us additional windows to build promotions, including our month-long events."

She notes that newspapers "create their own special sections and sell special interest ads around the editorial in those sections. We do the same thing." Thus, August is the station's Fall Fashion Month, or "our own electronic supplement, with sound and motion along

(*continued on page 94*)

WSDI-TV Chattanooga: "M*A*S*H" 's Jamie Farr, McLean Stevenson host Cpl. Klinger look-alike contest

Network praised for news efforts, kidvid; added affiliate time eyed by chairman

ABC affils seek a better shake in compensation

In more ways than one, ABC Television Network affiliates are going into their annual meeting in Los Angeles feeling like the industry's stepchildren. Not only is the network in the cellar of primetime ratings, but the chairman of the affiliate board of governors points to a lack of parity in compensation with the other networks.

Looking for improvement is Mickey L. Hooten, vice president and general manager, television, Hearst Corp., who is heading the affiliate board during one of the network's roughest times in recent years. He complains that—even with the recent compromise where the network essentially exempted small market (beyond 100th ranking) affiliates from dropped compensation during major events like the World Series, Monday Night Football and the Winter Olympics—ABC is only shelling out some $120 million annually to affiliates. According to industry reports,

"My only recommendation is that we achieve parity. . . . The three current networks have to understand the value of affiliation and consider the cost of programming includes fees paid to affiliates."

Mickey L. Hooten
Vice President, general manager, television
Hearst Corp.

top-ranked NBC is paying $130 million and CBS an estimated $174 million.

As for ABC's recent pull-back, where it considered the impact of reduced compensation on small market stations, Hooten asserts, "I think it was a reasonable compromise for the time—but not in the longer view. ABC affiliates have always been compensated less than the others, and now it's even less. That lack of parity certainly in the future will have the attention of the affiliates." He points out that low primetime ratings and the limited number of spots affiliates have to sell makes the equation even more adverse.

"My only recommendation," says Hooten, "is that we achieve parity. If I were they [ABC], I'd lean more in the direction of creating a love fest. The network has one of the most effective methods of distribution ever devised by man. The three current networks have to understand the value of affiliation and consider the cost of programming includes fees paid to affiliates. Our [Hearst] magazine division can't get to the reader at anywhere near as low the cost for which the networks distribute their product. I'd say $115–120 million is an extremely low cost of distribution. Once this problem is agreed upon and solved, then we can talk about the future."

Preemption prospects

While Hooten hints that the current situation could lead to a higher preemption rate, he calls this consideration a "Catch 22 situation" and "self-defeating in the long run." He adds, "Realizing the financial pressures on the network, I've asked affiliates to take a long view vs. a short view. It's their call. It's important that the network succeed and not fail. The asset value of network affiliation is worth many millions of dollars."

Hooten doesn't propose to do the network's programming for it, but, looking at the past season's schedule, he is willing to accept at least the quantity of replacements that the network has proposed: "I just went through the ratings and checked off programs I would replace. At least eight or nine time periods needed replacements. It really boils down to the viewer and getting back in touch with what the viewer would be compelled to watch.

"For too long, there has been a lot of me-tooism. If something is successful, it's spun off. There are an immense amount of shows to watch when you look at the networks, independents and cable—and there are very few that are not just rehashes of other shows."

Nevertheless, he's looking for some innovation from ABC Entertainment president Brandon Stoddard, whom he calls "a good producer and certainly a person who recognizes quality. It's probable that the new schedule reflects more of his thinking. Before this, he's just been making stopgap measures. It takes a lot of time to build a division."

Where getting back time from the network may be one of the top concerns of NBC affiliates, Hooten is thinking more in terms of the quality of time. He acknowledges that in the past five years, affiliates have had daytime after 4 p.m. and doesn't see the network abdicating primetime so much as giving some of the time back to affiliates. The time he sees as potentially lucrative to affiliates is after *Nightline* late night on weekdays—"but affiliates suffer the

(continued on page 89)

New AC&R/DHB & Bess is more than a mouthful—it's a smorgasbord

Three Bates units glued together with no client conflicts

When Sawdon & Bess moves in with AC&R at 16 East 32nd Street in New York, the two agencies, along with a third Ted Bates subsidiary, Diener/Hauser/Bates, will join forces to form a new $311 million agency, AC&R/DHB & Bess. Between them, the three agencies invested an estimated $145 million in television last year, close to $125 million of that in spot.

The first priority of the new entity in Saatchi & Saatchi's U.S. agency empire will be "to keep our clients happy," says Stephen Rose, chairman of AC&R, chairman of the executive committee and chief executive of the new AC&R/DHB & Bess.

Priority Number 2, he says, will be to attract more new clients in the five areas of the three merging agencies' expertise: fashion, travel and high technology (AC&R), retailing (Sawdon & Bess), and entertainment (DHB).

Thinking too small

AC&R was a pioneer in introducing fashion accounts to television. And considering what television has done to help them grow, says Rose, "The only reason I can think of why more apparel and fashion advertisers haven't followed our clients into broadcast is the mistake that's so commonly made by so many. That's to start by experimenting with broadcast in a small way instead of taking it all the way. Too many beginners try to 'test the water' with too little weight. If you go in with too few GRPs to make a dent and do a real job, all you end up with is another group of disappointed people walking around saying, 'We tried it, but it didn't work.' "

Rose explains that, because some 75 per cent of the fashion business is done in the top 25 DMAs, "We don't use a lot of network. We use a lot of spot, and we use it with enough weight to make the account's presence felt in the markets it's in. That means weight at packaged goods levels; 1,000 GRPs in four-week flights."

AC&R introduced London Fog Rainwear to television in 1970 when it was a $32 million account. Today, says Rose, annual sales "are in excess of $200 million, and 95 per cent of its media budget is in broadcast."

Another major TV client is Estee Lauder, as is Seiko Time Corp. which has been in broadcast for eight years. At first, recalls Rose, Seiko's budget was 100 per cent broadcast, and today 90 per cent of the watch maker's media budget remains in broadcast.

"We've seen from experience," says Rose, "that television can make brands, and move them, in the fashion categories, just as it does for package goods categories. The merger makes us arguably the largest agency in our specialty areas. We're a market-driven agency."

By "market driven," Rose explains, he means, "We're able to quantify market shares of individual apparel categories by DMA. From these we develop computer programs that can be related to share point increases by DMA. You can't buy these for category segments like rainwear or ready-to-wear from a Nielsen or from a SAMI. But the indices we've developed quantify each apparel type in both units and dollars, by DMA and by retail outlet."

He explains that AC&R "starts with the primary data and extrapolates from that, using software that, so far as I know, only we have. The ingredients include results of our own store surveys—consumer surveys of buying patterns for each apparel segment—including what we learn on the back end of the telephone response in our growing direct marketing operations."

Rose adds that the agency also has its own use indices for each segment of the travel category—hotels, airlines, cruise lines and tourism—by country.

Rose concedes, "I can't swear in court that no one else has been able to develop similar indices. What I *do* know is that every new business prospect we've shown them to so far tells us they've never been shown anything by any other agency that even comes close. I also know that in this hotly competitive arena in which we operate, having this kind of exclusive marketing information plus having our own in-house collateral services—direct marketing, audio visual and television production facility, our own PR and our own in-house print shop—gives us a much better shot at walking away with new business than we would if we didn't have these pluses going for us."

New target category

Rose says that one of the new agency's new business target categories will be "some of the many ready-to-wear apparel manufacturers based in California, now that we have Diener Hauser's offices there in Los Angeles, San Francisco and San Diego. These offices also give us a high-tech presence in Silicon Valley for the first time."

(*continued on page 97*)

At Ted Bates *Worldwide Managers Meeting: Jerry Bess, Hank Weintraub (pres., D/H/B) and Stephen Rose.*

FOX STATIONS SHOW GAINS
Sunday nights, primetime movies are credited/59

RETAIL REPORT
Rationale given for direct mail drain from media/61

SELLER'S OPINION
Language retention and the young Hispanic listener/62

TELEVISION/RADIO AGE

Spot Report

June 8, 1987

Spot Report

Campaigns

American Telephone & Telegraph Co., TV
A. Eicoff & Co./Chicago
TELEPHONE SERVICE is being recommended for two weeks scheduled to start in mid-June in a select but nationwide spread of television markets. Buyers lined up daytime, news, primetime and fringe inventory to reach adults 25-plus.

Beecham Products U.S.A., TV
CPM, Inc./Chicago
ADIDAS MEN'S COLOGNE is using two weeks of spot advertising during early June in a long and nationwide lineup of television markets. Negotiators picked up news, sports, primetime and daytime avails to reach young adults 18 to 34.

Minnesota Dairy Association, RADIO
M. R. Bolin Advertising/Minneapolis
MILK PRODUCTS are being recommended for 13 weeks starting in early June in a good many Minnesota radio markets. Media set schedules to impress young adults.

Mobil Oil Corp., RADIO
DDB Needham Worldwide/New York
GASOLINE is benefitting from nine weeks of advertising that started in mid-April in a long list of radio markets across the country. Media worked to reach both men and women 18 and up.

New and pure

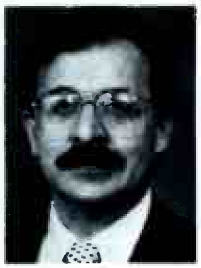
Naya Natural Spring Water from Canada is making its first U.S. appearance in New York, with advertising scheduled to break on local television and radio stations in June. If the New York introduction proves successful, the next most likely rollout target area will be the Southeast. Agency for the product of Nora Beverages, Inc. is Grey Advertising. New York distributor will be the Canada Dry Bottling Co. of New York.

The advertising will spotlight the difference between Naya and other bottled waters, describing it as "coming from an underground spring in a secluded area in the foothills of Canada's Laurentian Mountains. There it was created as rain and snow 200 years ago, and it's now transferred from spring to bottle without ever touching the bacteria-laden air."

Appointments

Agencies

David Farquhar has been elected a vice president of McCann-Erickson. He came to the agency in 1983 as a media supervisor, moved up to media group head, and was named an associate media director in March. His previous media posts had been with D'Arcy, Macmanus & Masius and with John F. Murray Advertising.



David G. Garfield has been elected a senior vice president at Ross Roy, Inc. He came to the agency in 1983 as vice president, director of research and strategic planning, and before that he had been manager of marketing services at American Motors Corp.

Robert Cambridge has joined Ogilvy & Mather Promotions as director of the Los Angeles office. He was formerly director of marketing for American Broadcasting Co.'s radio division, where he developed sales and promotion services for the radio industry.

Hadassa Gerber has been appointed senior vice president, media planning director for Wells, Rich Greene in New York. She moves in from a post as senior vice president, associate media director at McCann-Erickson. She lectures at Bernard Baruch College and at Parson's, and has served on the 4A's Committee on New Technologies.

Mary Moorman Gagen has been promoted to media supervisor, planning, at W. B. Doner and Co. in Detroit. She came to the agency in 1984 as a planner from Wyse Advertising in Cleveland.

Sheron Davis has been promoted to director of the research services department at BBDO New York. She joined the agency in 1977 as a research group head, was elected a vice president in 1979, and now steps up from associate director of the department.

Robin Rodgers Gladstein has moved up to associate media director at Jordan Associates, Oklahoma City. Her buying responsibilities have been taken over by **Rita Randell.**

Nina Goldstein has been promoted to local spot supervisor and **Kim Clark** moves up to media supervisor at BBDO/New York. Both media executives advance from local spot buyers.

Gregory Montana is now a media supervisor at Ketchum Advertising/San

Joint effort

The National Association of Broadcasters and the Radio Advertising Bureau are joining forces to create a national marketing campaign to raise public awareness of radio's role in their daily lives. Bev Brown of KGAS Carthage, Texas, and chairman of NAB's Radio Board, expects the campaign "to enhance the combined effect of the individual marketing campaigns each of our organizations was planning."

James P. Arcara, president of Capital Cities/ABC Radio, and RAB chairman, says that all segments of the radio industry will be invited to become involved in this marketing campaign and that it will be directed by a Radio Futures Committee to be named jointly by the two associations. This committee will be headed by two co-chairs—one named by NAB and the other by RAB.

Francisco. Montana joined Ketchum last year and now moves up from planner.

Dan Sohn has been promoted to national broadcast planner at DDB Needham Worldwide in Chicago. He joined the agency in 1985 as a coordinator.

Maria Carr has joined Ensslin & Hall Advertising in Tampa as a planner/buyer on the Wendy's account. She was previously with Sloan Advertising.

Wendy Rich-Coleman is now a buyer for HBM/Creamer in Boston. She moves in from McCann-Erickson, where she had been a network television buyer in New York.

Media Services

Marge Navolio has been elected vice president/client services at CPM, Inc. in Chicago. She joined CPM in 1982 from Kelly, Scott and Madison, where she had been vice president/media director. At CPM she steps up from director of client services.

Joann Trotta has been appointed vice president/administration and station relations at Kelly, Scott and Madison/Chicago. She formerly held administrative management posts with Blair Television and with Petry Television in Chicago.

Representatives

Leo MacCourtney has returned to Blair Television as division vice president of ABC teams. He originally joined Blair in 1981 as an account executive, left as a vice president and

Retail Report

Direct mail competition

As the retail marketplace becomes ever more competitive, it becomes more difficult—if not impossible—for merchants to be all things to all people. Department stores may still continue to carry furniture and electronics in addition to fashion apparel, but they have eliminated those classifications in which they can't turn a profit. And they are increasingly aiming at specific consumer groups, rather than trying to service everyone from the bottom to the top of the economic scale.

The more specialized retailers become in their focus, the more they look upon media to help them reach their target customers in the most effective and most efficient way. That means providing more qualitative, psychographic data and coming up with unusual ideas and opportunities that will help draw customers into their stores.

That traditional retailers are facing new, formidable competition was never more apparent than at the National Retail Merchants Association Sales Promotion & Marketing Conference held last month in Washington. Broadcasters may already be aware of the impressive inroads direct mail has made in snaring a larger chunk of retailers' media mix. But that's only one part of the direct mail story. One reason conventional retailers themselves may be putting more money and muscle into direct mail is the competition they are receiving from mail order merchants.

Look at these figures, supplied at the NRMA meeting by Maxwell Sroge, president, Marke/Sroge Communications, a large Chicago-based direct marketing agency:

■ In 1986, some $50 billion worth of business was done by mail. This includes $6 billion in apparel, $5.4 billion in housewares and gifts and $2 billion in sporting goods.

As for specific mail order companies, here are two examples of rather startling growth:

■ Land's End went from $32.8 million in sales in 1981 to $265 million in 1987.

■ Spiegel—from $425 million in 1981 to $1 billion-plus in '87.

In addition to growing generally, Sroge pointed out, the future focus for direct mail retailers is on further specialization—"not just the fishing customer, but the *bass* fishing customer."

All of this Sroge emphasized, has forced traditional retailers to spend more time and money in developing their own direct mail businesses. Bloomingdale's, he pointed out, did $3.5 million in business from their catalogs in 1978. In 1986, the figure was $90 million, and "they expect $200 million by 1990." And for good reason. In 1986, said Sroge, $1.6 billion in apparel was sold to New Yorkers by mail from outside of New York."

What has all this to do with broadcast?

For one thing, the direct marketing phenomenon has already hit. Sroge reported that, at last count, 43 different shopping shows were on TV and cable, that will generate between $2 and $3 billion worth of business this year. Also, direct response advertising on TV has increased impressively in recent years. TV/RADIO AGE, in a two-part series on direct response (November 10 and 24, 1986), reported on this, pointing out that between $450 and $500 million will have been generated on TV and cable by direct response advertising in 1986.

The opportunities seem unlimited. If national and/or regional direct mail merchants such as Land's End and Spiegel are enjoying such impressive growth, then they and their competitors should be prospects for spot advertising—not to sell merchandise but to increase distribution of their catalogs, particularly in areas of the country and/or markets where they may be weakest. Also, the very essence of direct mail merchandising is targeting. That's why retailers are increasing their own direct mail expenditures at the expense of other media.

One Seller's Opinion

Language retention high among younger Hispanic listeners

Escalante

How many people are misled by the assumption that, "Hispanics can be reached via general market media"?

It's true that Hispanics are blending into the American way of life: After all, we came with "the American dream" as our goal. Some of us learn to like hot dogs, and some listen to English language radio stations and watch TV. But this does not mean we are anglicized, any more than an Anglo is "Hispanized" because he or she likes Mexican food and can speak Spanish. Some things are very difficult to change, and ingrained language habits is one of them.

Media entertain, inform and sell. Businesses must select media that will help maintain or increase market share, and each group of consumers must be reached under different parameters. For Hispanics, language is of major importance. Anyone can listen, watch or read in another language if they understand it. But when it comes to shopping and making a purchasing decision, it is the mother tongue that can best communicate the message.

The *1987 U.S. Hispanic Market Study* conducted by Strategy Research Corp. indicates that, "Among U.S. Hispanics, Spanish is spoken better, written better and read better. Spanish language proficiency is almost three times greater than English language proficiency." SRC finds that the great majority of Hispanics speak Spanish every day, either exclusively or mixed with English.

Ah, some might say, but isn't this true of older, rather than younger Hispanics? Not necessarily. SRC reports 82.6 per cent of the 18–34s speaking Spanish very well or well, as do 90.1 per cent of the 35–54 group and 87.6 per cent of those 55-plus. It appears that the numbers hold all across the age spectrum. On top of that, it's the 25 to 54 demographic that is most sought after by most advertisers, because this is where the earning and buying power lie.

Are Hispanics comfortable speaking Spanish? Definitely, according to SRC's numbers: While 66.5 per cent are comfortable speaking Spanish, only 15.4 per cent feel comfortable speaking English. Broken out by age, 61.1 per cent of the 18–34s prefer Spanish, vs. 19.1 per cent who elect English. Among 35–54s it's 71.5 per cent more comfortable in Spanish to 12.9 per cent who prefer English.

And 85.8 per cent of Hispanics feel it very important for their children to be able to read or write Spanish. So the language is not disappearing in the U.S., nor will it ever fade away. We Hispanics love and use our root language. We teach it to our children, and they, in turn, to theirs. We are proud to be able to communicate our feelings and ideas, using a base of at least twice as many words and terms as we could if limited to only one language. Hearing and seeing our root language reinforces the deep pride we have in our heritage.

So the profit line, as proven by the SRC research, is not how to entertain, but rather how to sell the Hispanic. And that is through his own language. Anyone believing they are *selling* the Hispanic majority via English is passing up big bucks. Que es lo que me quiere vender?—**Manuel A. Escalante,** *director of marketing, Tichenor Spanish Radio*

now comes back from WSTM-TV Syracuse where he had been general sales manager.

Kraig Kitchin has been promoted to Katz Radio Group network manager/West Coast. He joined Katz Radio as an account executive in 1984 and became a network account executive in October 1985.

Larry Piatti has been named vice president, San Francisco regional manager for Group W Radio Sales. He moves in from Pittsburgh where he had worked for both WBZZ and KDKA.

Cora Enriquez has been promoted to director of NBC research at Blair Television. She came to Blair in 1984 as NBC Blue Team research manager, and before that she had been a research director with TeleRep.

Jim Manown has joined MMT Sales as manager of its Miami sales office. He moves in from WOFL-TV Orlando where he had been regional sales manager. His previous rep hitches had been with TeleRep, Avery-Knodel Television and with MMT.

Deborah Ryan has been promoted to manager of the Lancers/Sabers sales team at Katz Independent Television in San Francisco. She joined the rep in 1982 as a sales executive with the Lancers in Chicago, and before that had called on Chicago agencies for WXON-TV Detroit.

Rocky Cosgrove has been appointed an account executive with the San Francisco office of CBS Radio Representatives. He returns to CBS from Katz Radio where he had been an account executive working out of Seattle.

Ken Cerick has joined Harrington, Righter & Parsons as an account executive with the Red Team in New York. He moves in from the sales staff of TeleRep, where he has been an account executive for the past three years.

Mary Ann Tiernan and **Christy Marchese** are now account executives for TeleRep. Marchese moves in from media at McCann-Erickson to join the Jaguars in New York, and Tiernan comes from an account manager's post with MTV Networks, Inc., to sell for TeleRep's Wildcats in Chicago.

Media Professionals

Syndication success breeds imitation and oversupply

Steven Auerbach

Senior vice president, Director, network programming
Ally Gargano/MCA Advertising, Ltd.
Westport, Conn.

Steve Auerbach, director of network programming for Ally Gargano/MCA Advertising, points out that during the past few years, "The most successful of the syndicated programs have been those that were launched as introductions of new formats of kinds that viewers couldn't find on the television networks. At least they couldn't find similar shows at first—not until these new first-of-a-kinds grew so successful that the networks either picked them up or copied them."

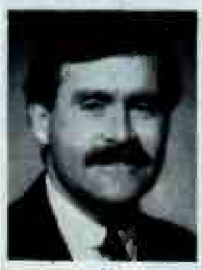
The obvious examples, he notes, have included game shows like *Wheel of Fortune*, programs that feature controversial talk, like *Donahue* and *Oprah Winfrey*, and *Entertainment Tonight*, *At the Movies*, and *Lifestyles of the Rich and Famous*.

But Auerbach also observes that, "The problem is that success breeds imitation. The result is that clone after clone has led to the current glut of game shows and over-saturation of situation comedies." He adds that he expects to see a similar over-saturation of the talk genre next season, "with Westinghouse ready to roll out *Wil Shriner* and Tribune building a series around Geraldo Rivera. Then the question becomes: Can the marketplace really support four talk shows?—even conceding that Rivera's format is the 'new-old' format once used on the networks, in which the live interviews are preceded by some documentary type camera work that leads into the studio discussion of the topic."

The upshot is that Auerbach wonders whether there "can be enough clearances in enough worthwhile time periods to prevent such an oversupply of talk programming from rivaling next season the over-saturation of game and sitcom syndicated product that flooded the market this season?"

He adds that, "It seems to me, that to be successful next season, a syndicator will need three elements: these are a good, solid movie package, one good, solid situation comedy, one good, solid game show, plus, if the company can come up with it, a new program type that's as innovative and as different from anything else on the standard network menu as *Entertainment Tonight*, *Donahue*, or *Lifestyles of the Rich and Famous* were when they were first introduced."

Stations



Dennis J. FitzSimons has been named vice president/general manager of Tribune Broadcasting's WGN-TV Chicago. He had been vice president/operations for Tribune, and before that had been general manager of the company's WGNO-TV New Orleans.

Timothy C. Dorsey, station manager of KMOX/KHTR(FM) St. Louis, has been elected a vice president of the CBS Radio Division. Dorsey came to CBS in 1976 as an account executive for KMOX.

David C. Logan has been promoted to vice president/director of marketing, ABC Radio Networks. He first joined ABC in 1967 as an account executive and since 1982 he has directed marketing efforts for ABC's radio networks.

James R. Eddens has been appointed general manager of Palmer Communications' WNOG Naples and WCVU(FM) Ft. Myers, both Florida. Eddens had been interim general manager of WTNT AM-FM, Palmer's station in Tallahassee, and marketing advisor to Palmer's Radio Division.

Eric Land has joined KTSP-TV Phoenix as general sales manager. He was formerly general sales manager at WISH-TV Indianapolis.

Karl L. Gensheimer is now director of sales at KSTP-TV Minneapolis-St. Paul. He returns to the Twin Cities from Chicago, where he has been general sales manager for WFLD-TV.

Richard Engberg has been promoted to vice president, general sales manager of Fox Television's WFLD-TV Chicago. He joined the station in 1983 as national sales manager and became local sales manager in 1985.

Michael Burgess has been named station manager of KSAX-TV Alexandria, Minn. He moves in from KSTP-TV Minneapolis-St. Paul, where he had been an account executive.

Anna Kosof has been named general manager of WBGO(FM), the all-jazz public radio outlet in Newark, N.J. She is a former director of planning and operations for WNET(TV) New York, and as a consultant her clients have included Inner City Broadcasting.

Ronald F. Pulera has been named general manager of WNHT-TV Concord, N.H. **Art Bone** is taking over as interim general manager of WTEN-TV Albany-Schenectady-Troy until a permanent replacement for Pulera is found. Bone is vice president, corporate engineering and production for Knight-Ridder stations.

David L. Kuehn has been appointed general sales manager of KMTV(TV) Omaha. He has been national sales manager of the CBS affiliate since December 1984.

New Stations

Under Construction

WEUX-TV Eau Claire, Wisc.; Channel 48 ADI, La Crosse-Eau Claire. Licensee, Family Group Broadcasting, 5401 West Kennedy Boulevard, Suite 1031, Tampa, Fla. 33609. Telephone (813) 875-0006. Ian M. "Sandy" Wheeler, chairman and managing general partner. Represented by Blair Television. Target air date, mid-summer 1987.

Buyer's Checklist

New Representatives

Hillier, Newmark, Wechsler & Howard has assumed national sales representation of WAGG/WENN(FM) Birmingham and WKMX(FM) Dothan, both Alabama. WKMX airs contemporary hits, WAGG programs gospel music, and WENN offers a black adult contemporary format.

Katz Radio now represents WNFL/WKFX(FM) Green Bay, Wisc. and KFJB/KMTG(FM) Marshalltown, Ia. KMTG and WNFL feature adult contemporary formats and KFJB programs an oldies/adult contemporary sound. WKFX broadcasts current hits.

Katz Hispanic Radio Sales has been named to represent KIDI(FM) Albuquerque. The station offers a contemporary Spanish language format.

Seltel, Inc. has been appointed national sales representative for WPXT-TV Portland, Me. The independent broadcasts via Channel 51.

MMT Marketing Division has been appointed national sales representative for KHBS-TV Ft. Smith, Ark. and its satellite, KTVP-TV Fayetteville. The ABC affiliates are owned by Sigma Broadcasting.

Radio West has assumed national sales representation of KAZY(FM) Bakersfield, Calif. and KEZC/KJOK(FM) Yuma, Ariz. KEZC airs an adult, Stardust format and KAZY plays country music.

Republic Radio is now national sales representative for KGLD/KWK(FM) St. Louis and for KFYI/KKFR(FM) Phoenix. KKFR carries an adult contemporary sound and KFYI programs all talk. KWK is a CHR station and KGLD offers gold.

Transactions

Federal Broadcasting Co. has agreed to acquire WLUC-TV Marquette, Mich. and KTVO-TV Kirksville, Mo. from **Gillett Holdings, Inc.** for $31.15 million, subject to FCC approval. Peter Kizer is president of Federal Broadcasting and Ed Karrels heads Gillett.

Viewpoints

Roger L. Mayer

President, Turner Entertainment Co., in a statement to the subcommittee on technology and the law of the U.S. Senate Judiciary Committee.

Colorizing old movies gives public a choice, preserves originals

In the controversy over the coloring of old black and white movies, the issues appear to be: Who has the right to decide whether these old movies should be colored? What is achieved by coloring? What is lost? It seems to be acknowledged that the owners or licensees of the copyrights have the legal right to decide this matter. The Directors Guild, the leader of the anti-coloring forces, has postulated that a "moral" right exists too, and that this right belongs to the director. The argument goes: "To color an old black and white movie is artistic rape, motivated by greed, the equivalent of painting a moustache on the Mona Lisa. The old black and white movie was the director's vision and should not be tampered with."

I fault these arguments on at least four counts. First, I query the contention that the old movies were exclusively the directors' vision. There are few exceptions, but movie making—even today—is a hugely collaborative effort among many creators. Despite propaganda to the contrary, these old movies are not the "violated children" of the director. They are, for the most part, the "children" of the old movie moguls and of the staff producers who oversaw every aspect of each production. The spiritual heirs of the moguls and producers, the true "parents" of these old films, are not the directors but the copyright holders—who want to show off their children proudly to as large an audience as possible. As for "violated," a child can hardly be considered despoiled when that child remains untouched. The old movies remain preserved in their original black and white state. The colorers of these movies are presenting a modified version, not a substitute version.

Second, I question the concept that only one vision of a work may be allowed. Movie makers frequently base their work on literary material and make whatever changes they deem necessary in order to develop their own vision. I do not hear the directors berating themselves for imposing their vision on the author's vision. They would claim that they are enhancing the original novel and that they obtained the legal right to do so. These are exactly the claims of those who color the black and white movies. We are all entitled to turn out modifications of the works of others without having to please everyone involved. None of us, however, is entitled to *proscribe* a modification which displeases us. From time immemorial, in fact, and long before the advent of movies, creators and entrepreneurs alike have exercised the right, both moral and legal, to change the work of others and come up with new concepts. The public in turn has had the right to accept the modified version or reject it. Third, I question that the public lacks the wisdom and sophistication to be allowed a choice in this matter. There exist many thousands of old black and white movies which, despite their intrinsic entertainment value, do not command an audience today because today's audiences are conditioned to looking at movies in color and cannot be persuaded, cajoled, or bullied into watching them in black and white. Almost all these movies were made before color was actually or economically available. There's little doubt that, had color been available and affordable, it would have been used. Typical examples are two Errol Flynn adventures based on Sabatini novels, *Captain Blood* and *The Sea Hawk*. In the three months since they have been colored, these two movies have been enjoyed by multi-millions of television viewers—perhaps 10 times the number who saw them in all the decades of their prior syndication on television in black and white. If there are people who will watch movies in color who would not watch them in black and white, then "hurray for Hollywood!" If they reject the coloring of a few movies because these movies are clearly "right" in black and white, that's fine too. The public deserves the choice.

My fourth quarrel with the directors' argument concerns their implication that to color a black and white movie is to destroy a work of art—to paint a moustache on the Mona Lisa. The analogy fails utterly because to paint a moustache on the Mona Lisa would mean that the Mona Lisa would no longer exist in its original form. The old black and white movies do exist, beautifully preserved on tape and on film. It's worth mentioning in passing, perhaps, that various artists have, indeed, painted a moustache on copies of the Mona Lisa, among them Dali and Marcel Duchamps.

Art vs. commerce?

One of the sillier arguments of the anti-colorists is that this is a contest between art and commerce. The old movies in contention here were put together in order make money for all concerned. It's hardly a moral position for anyone who ever earned big and risk-free money working on a movie to cry, "Greed!" because the copyright owner also wants to earn money. Of course, the owners want their wonderful film libraries to prosper, but they also want to share, with as many people as possible, these harmless, usually edifying, sometimes even triumphantly artistic entertainments. Selling crack to teenagers is greed. Selling delightful colored old movies is not.

Programming/Production

Universal tops as new series producer

With three pilots picked up, Universal Television is the leading producer of new primetime series to be shown on the networks this fall. A number of other studios received two berths each, including New World and Tri-Star, two comparative long-shots for getting a go on their pilots. Other dual-show winners were Lorimar Telepictures, Viacom, Stephen J. Cannell Productions and Twentieth Century Fox. Universal racked up its triple victory with *The Law and Harry McGraw* (CBS), *Private Eye* (NBC) and *A Year in the Life* (NBC), all one-hour dramas. New World's two shows are *True Colors*, (about a comic book hero who comes to life (ABC), and *Tour of Duty*, a Vietnam drama (CBS), each one hour. For NW, its only the second year as producer of TV series.

Tri-Star sold *Buck James*, hour series which stars Dennis Weaver as a surgeon (ABC), and *Who's Dad?*, half-hour sitcom (NBC).

Lorimar's new network series are *Full House*, half-hour sitcom (ABC), and *Slap Maxwell* (ABC), half-hour starring Dabney Coleman as a sportswriter (ABC). Viacom has *Frank's Place* (CBS) half-hour sitcom starring Tim Reid, and *Jake and the Fatman* (CBS), hour drama with a tough district attorney played by William Conrad.

Cannell will be represented by *Wise Guy*, hour action-drama series (CBS), and by *J. J. Starbuck*, starring Dale Robertson, in a one-hour drama (NBC). Twentieth Fox's two are *Leg Work*, hour police drama (CBS), and *Hooperman* (ABC), with John Ritter in the title role of the half-hour series.

Other producers with one new show each are Columbia/Embassy, with *Everything's Relative*, half-hour sitcom (CBS); The Disney Co. has *The Oldest Rookie* (CBS), hour drama; MGM sold *Thirtysomething*, hour series (ABC); Carsey Werner is represented by *A Different World*, the *Cosby* half-hour sitcom spinoff (NBC); Witt/Thomas has *Beauty and the Beast*, hour fantasy action-drama; and Reeves Entertainment will be represented by *I Married Dora*, comedy starring Daniel Hugh Reilly (ABC).

One new series comes from The Sandollar Co., a new player in network primetime shows, with *The Dolly Show*, variety series sold to ABC. All series are for the fall only and do not include possible mid-season replacements or those to be used as "designated hitters," as suggested by NBC.

As for how the producers fare regarding the total number of shows on network this fall, Lorimar edges Universal. Lorimar has nine programs for a total of seven-and-a-half hours, while Universal has seven series, for a tally of seven hours. New World Television, surprisingly, takes the third spot, with five programs, and tied for fourth in production were the combined Columbia/Embassy, and Warner Bros., each with four hours. Warner's total comes from six renewals.

Michael Woods and Josh Brolin in "Private Eye," for NBC in the fall. It's one of three Universal new primetime series.

Lorimar 'Living' deal

Lorimar Television has responded to the *Cosby/Boss* syndication heat with a marketing compaign for *It's A Living* that includes a "performance guarantee" aligning the show's cost to its ratings.

A Lorimar spokesman says the move was caused by the "soft syndication marketplace," adding that the minimum base of $10,000 an episode may be revised upward, based on an average of performance in the two sweep ratings periods after the show premieres.

Living was on ABC for 27 episodes during the '80–81 season and subsequently was revived and stripped three years later in five major markets. *Living* debuts as a strip in March, 1988. It airs weekly at present on 141 stations.

The show is tougher to sell than strictly off-network product, the spokesman concedes, "even though there is a possibility that we may be as successful or more successful than them; no one know what's going to happen in the syndication market."

However, the spokesman points out, *Living* can be run by affiliates that can't run off-network comedies in access, even though the affiliates could not run the episodes produced for ABC. "But by running the other shows not produced on ABC, that allows the affiliates to go head-to-head with comedy against the independent stations."

"Bonanza" movie set

Gaylord Production Co. may turn *Bonanza: The Next Generation*, a two-hour made-for-TV movie, into a half-hour series or use it as the opener for several *Bonanza* specials if the syndicated film is successful. The barter movie, which stars Lorne Greene, is tentatively set to air in January, 1988, depending "on whether there will be a Directors Guild strike this summer," Alan Courtney, Gaylord president, acknowledges. *Bonanza* will be distributed by LBS Entertainment, which has beefed up its West Coast presence by relocating Paul Siegel, who takes over as LBS Entertainment president, and other key executives to California. Some time ago LBS distributed *Hee-Haw* and other shows for Gaylord.

David Dortort, creator and executive producer of the original series, and Tom Sarnoff will write and produce the telefeature.

"There's a proven market in syndication," says Courtney, adding that audiences have also shown receptivity to the return of the western, particularly one with "nostalgia" value, like *Bonanza*, which can appeal to older audiences. He cites "creative freedom" as the reason for opting for syndication, as opposed to network launch.

In addition to the Cartwright saga, Gaylord also has in development a potential *Syndie Awards* show which would honor the best first-run product (excluding technical awards). Gaylord is discussing a deal with a major distributor.

"It would be a two-hour show, and if it works out, we've been assured of advertiser support," Courtney says. "We haven't decided yet if we want to produce it in Las Vegas or Los Angeles, but the first-run product currently on the air is of such a quality that it needs to be represented."

Syndication shorts

It's Showtime at the Apollo, one-hour weekly barter show, has added 11 stations to a list that includes the NBC-owned and TVX station groups, for a current coverage of nearly 60 per cent of the country. New stations include WDIV-TV Detroit, KRLR-TV Las Vegas, KUSK-TV Phoenix and WXTX-TV Columbus.

Access Syndication has acquired the rights to *Hawaiian Swimsuit Spectacular*, one-hour special which had aired in 3-D on KABC-TV's *Eye on L.A.*

The Entertainment Network has locked up foreign television rights to three Kodiak Films Inc. features: *Ghost Fever*, *A Judgment in Stone* and *I.F.O.* The films join the TEN Prime International package.

USTV has cleared *The AIDS Connection* on 125 markets, covering 85 per cent of the U.S. households. The five-hour news special airs July 24. The special will be distributed via USTV's own Ku-band satellite communications system.

Multimedia Entertainment's *The Dom DeLuise Show* will debut in the fall. Production on the weekly half-hour sitcom will begin this summer. Station clearances at present represent more than 60 per cent of the U.S. households, including the CBS-owned stations in New York, Los Angeles and Philadelphia and KGO-TV San Francisco, WCVB-TV Boston, WDIV-TV Detroit and WMAR-TV Baltimore. The series is offered via cash plus one-and-a-half minutes for national advertising per half-hour.

Matchmaker, game-show strip for the fall from **Orbis Communications,** has begun production at The Production Group in Hollywood, with Procter & Gamble as primary sponsor.

Syndicast Services has picked up its option on Richard Simmons' *Slim Cooking*, for the coming season. The Simmons-hosted strip is set for mid-September debut.

Access Syndication's *Getting in Touch*, distributed in association with **Baruch Television Group,** is a fall "go, with 30 clearances to date. Stations cleared include seven of the top 10 markets. Heading up the lineup are WNBC-TV New York, KNBC-TV Los Angeles, WJLA-TV Washington, KRON-TV San Francisco, WMAQ-TV Chicago, WOIO-TV Cleveland and WPLG-TV Miami.

The *Local Program Network* has signed five stations for its syndicated news service, including WCBS-TV New York, for a total of 55 stations.

American kid fest

The American Children's Television Festival has opened entries for its Ollie awards competition, which honors outstanding American TV programming for children. Deadline for entries is July 1, with pre-screening during the summer. Nominated programs will be shown and evaluated at the Festival, to be held in Chicago October 25–28. The winning programs will be featured in an hour-long telecast to be produced by WTTW-TV Chicago and offered for national distribution. Entry forms may be obtained at ACTF, 1400 East Touhy, Suite 260, Des Plains, Ill., 60018.

Dick Clark broadens horizons

It's a slightly busier day than usual for the game show host/television producer/corporate executive Dick Clark, who has been most closely identified with *American Bandstand*. On the day he was interviewed, he had to tape a total of 10 shows because of an upcoming long weekend, so he was running a little behind schedule.

And it's been a slightly busier than usual period overall for the prodigiously energetic entrepreneur. After refusing to allow ABC to cut *Bandstand* back to a half hour, he has withdrawn the show from the network after almost 35 years and is distributing it through LBS Communications syndication in its pristine hourlong form.

"It is not a half-hour show," says Clark, whose initial reaction when ABC executives asked him to cut it back was unprintable. "I could have been making more money on it in first-run for a long time. . . .The thing that's kept me showing it on ABC was partly sentimentality and partly the ego thing of having the show on a network. But times change, and I change with them."

Another example of Clark's adaptability is his decision to take his company, Dick Clark Productions inc., public. Despite some complaints about Clark retaining some of his own interests, including United Radio Stations Network, the company's recently announced fiscal statement for the third quarter of 1987 indicates a growing revenue base.

Revenues were up 31 percent to $9,939,000, compared with $7,541,000 for the comparable quarter last year, and net income was $499,000 or 6 cents a share, down from $1,352,000 or 19 cents a share in the same quarter last year.

Revenues for the first nine months were down slightly to $24,078,000, compared with $26,714,000 for the first nine months of 1986, a change attributed to "market conditions in the television programming industry and the recognition of additional costs related to series and specials," as well as the impact of the new federal tax reform act.

Backbone. "Our variety series and specials continue to be the backbone of the company, and now we've built a solid foundation in our dramatic, sitcom and game show series area for network and first-run syndication, with a multitude of projects in various stages of development," says company president, Francis La Maina. "These projects, if sold, will generate significant revenues and income for the future." Clark agrees, pointing to a total of 11 movies for television that the company currently has in different stages of development at all three networks for the '87–88 season. They star such performers as Dick van Dyke and Jane Curtin and feature themes including vigilantism, murder and family tragedy.

Kind of surprising for those who see Clark only as the stereotypical "oldest living teenager" endlessly spinning discs for a rotating group of adolescents. "But those people just haven't been paying attention to what I've been doing," snaps Clark, who points to such ambitious productions as the Orion feature, *Remo Williams: The Adventure Begins;* the NBC miniseries *Murder in Texas*, and *Elvis*, starring Kurt

Dick Clark *and a gang of youngsters mark "American Bandstand" as the longest running music show. Clark plans to produce the hour show for syndication, with LBS Communications as distributor. (Photo by Ron Wolfson)*

Programming/Production

(continued)

Russell.

Other Dick Clark production efforts include *Getting In Touch With Dr. David Viscott*, distributed by Access Syndication in association with the Baruch Television Group, which is set for a fall '87 debut and has already cleared 30 markets.

Clark acknowledges his vaunted ability to deliver commercial programming on short notice without running up exorbitant costs. But he wants respect, too.

"I'm a businessman, and I have no apologies for being a businessman," he says, laughing off published reports which estimate his personal worth at a cool $180 million. "But I'm also doing a lot of other projects, which we believe will be both commercial and critically well-received. I don't think that gets a lot of attention, but it's there."

JWT on baseball

Major League Baseball 1987 has taken the field, and an extensive J. Walter Thompson report on baseball, 1987, focuses on several areas, including broadcast hours, rights fees, ratings, cost-per 1,000s and audience composition. Highlights of the study show that baseball ranked second in hours broadcast to football in 1986, with baseball growing from 192 in 1985 to 228 the past season. Much of the increased hours resulted from ABC's expanded Sunday schedule (an increase of nine games), combined with a general increase in average telecast duration vs. a year ago. Post-season action saw the league championships increase an average 19 minutes per game and the World Series an "alarming" 30 minutes per telecast, notes the report. According to JWT, the "expanded telecast time for baseball's post-season play has reignited public debate over primetime telecasts of post-season play."

On rights fees, JWT observes that ABC Sports "is in the unenviable position of being on the wrong end of what has been termed a losing deal, with some estimates putting the loss at more than $200 million over the six-year rights contract, which totals $1.1 billion. Contributing to the potential losses has been sagging advertiser demand, which has resulted in an ABC decision to broadcast only eight of the 20 Monday night games it bought each year."

In household ratings, Saturday afternoon airings dropped 3 per cent over a year ago, posting a 6.3 in 1986 vs. 1985's 6.5; NBC's average rating for the two annual regular season primetime telecasts was off a substantial 19 per cent over the five-year period. In 1984, NBC got baseball broadcast exclusivity on Saturday afternoons, and the arrangement, notes JWT, arrested a four-year ratings decline which plagued the network during the 1980 through 1983 periods. Men 18–49 ratings reached a five-year high in 1986, posting a 3.8 average vs. 1985's 3.5.

Network TV CPMs for baseball have marginally trailed those of all sports, according to the JWT report. Baseball CPMs grew 40 per cent from 1982 through 1986, while all network sports increased 43 per cent over the five-year period. In audience composition, the 1986 Nielsen confirms baseball's image as an old skewing sport on network TV. Baseball's audience composition of men 55-plus trails only horseracing and golf events. Not surprisingly, baseball, performs only the same as the two sports in audience concentration of the valuable men 18–34 demographic, JTW says. The reports includes data on cable and local television.

Russell exits MCA TV

Carl A. Russell, senior vice president, director of sales at MCA TV, will retire at the end of this year. He will be succeeded by James M. Kraus, vice president, northeast area. Russell will continue in his present position during the transition period. Russell joined MCA TV in Atlanta in 1962 and for seven years was vice president, southeast area, before moving to Chicago to take over the midwest territory. Previously, Russell was film program manager at WBKB-TV Chicago.

Russell

Kraus

In 1975, Russell moved to the division headquarters in New York as vice president, northeast area sales, and in 1980 became senior vice president, director of sales. Kraus joined MCA TV in 1982 as northeastern territory sales executive, and was promoted to vice president in 1984.

ICE keen on Europe

International Creative Exchange president and CEO Oliver de Courson has returned from MIP with new vigor about the burgeoning post-privatization European television market.

ICE, which also boasts Ron Miller, former CEO of Disney, where de Courson helped start The Disney Channel, and former Disney executives James Krug and Phillip Hermann on its corporate roster, recently acquired an extensive film and television library encompassing over 3,000 hours of domestic American programming from *Peter Gunn* and the David Wolper-produced *Biography* series to an Americana package with such stars as Gene Autry and Roy Rogers.

The company was specifically founded to package American films and television for the European market, explains de Courson. Toward that end, shortly before MIP, ICE signed a joint television venture agreement, Partel Programmes, a partnership between ICE and Espaces Audiovisuel, a French subsidiary of the Agence Havas media conglomerate.

The American company will conceive, create and distribute American television product for the European audience, both from the recently acquired library and from ongoing plans for miniseries and telepictures. In turn, Partel will work with French and other European television networks to repackage programs for European consumption with local hosts, film clips and other materials that provide a local perspective.

De Courson says that although the initial agreement is primarily focused on France, where business is booming because of privatization, it will embrace Italian television as well because of Espaces Audiovisuel's close links with both the Berlusconi Group and RAI-TV.

Headquartered in Paris, Partel will be run by Alain de Sedouy, president, who was one of the producers of *The Sorrow and The Pity* and former head of programming for TF1, and Robert Villeneuve, director general, who has been inspector general of international relations for TF1 for the past eight years. De Courson adds that a deal between Partel and INA, the French equivalent of the Library of Congress, for use of research material on the air, is also imminent.

"There are a lot of American companies that want to get into the market basically by saying, 'Here are some shows, and we will offer you a better price than our competitors,'" he says. "Our approach is a little different. Yes, the competition will increase prices for top ten shows, but we're in the position of offering product to European broadcasters that's specifically tailored to their needs and is not confined to primetime but embraces all dayparts. And because of our background as broadcasters, as well as distributors, we can offer them research about what kinds of products their audiences will want and what will work."

As examples, the library includes an adventure/drama category, with 114 half-hours of *Peter Gunn*, 26 half-hours of *The Invisible Man*, 156 half-hours of the spy series *Foreign Intrigue*, 153 half-hours of the spy series *Foreign Intrigue*, and 153 half-hours of *Star Performance*, an anthology series.

The documentary category includes 65 hours of David Wolper's *Biography*, narrated by Mike Wallace; a one-hour special on John Fitzgerald Kennedy; a half-hour show on Marilyn Monroe, and the *Disaster* and *Battle Line* series.

A *Golden Age of Television* package includes *The Comedian*, hosted by Carl Reiner; *No Time for Sergeants*, introduced by Roddy McDowell; *Marty*, hosted by Eva Marie Saint: and *Requiem for a Heavyweight*, introduced by Jack Klugman. Finally, an *Americana* package featuring full-length feature films with interviews, includes 65 Gene Autry features under the umbrella of *Melody Ranch Theater*.

Potential miniseries include a six-to-eight-hour project on the French and the American Revolution, focusing on Lafayette and worked on in connection with Sedouy and other international co-ventures.

"We are creating packages of material from 90 minutes to two hours," de Courson says, adding that ICE hopes to finalize a deal with a major Japanese distributor in the near future, and is being repped by TelePool in Germany.

Calif. Emmy winners

Neither ratings success, length of time in the market nor management changes appeared to affect the annual ATAS-sponsored local Emmy competitions in Greater Los Angeles and the Bay Area.

In Los Angeles, KCBS-TV, which has undergone a series of management upheavals, nevertheless tied with KNBC-TV for top place with 12 awards, including best regularly scheduled news program and four for the *Two On The Town* series. KNBC received four news awards along with a statuette for *Fight Back! With David Horowitz*, among others, as the two O&O stations cleaned up in Southern California.

In a show of strength, Spanish-language station KVEA-TV received two local Emmys, for news writing and technical crafts, in its first local competition.

Public television station KCET-TV and KHJ-TV led the non-network stations, with six awards each, with KCET's *Eleanor: In Her Own Words* receiving two local Emmys and KHJ-TV receiving two awards for the special, *To Die in California* and another two for its *Lakers Pre-Game Show*.

KTLA-TV and KABC-TV tied for third place with five awards apiece, with KTLA receiving two awards for the special *Impact '86: Dying With Dignity*, as well as Emmys for its coverage of the Ontario plane rescue and the Rose Parade.

And KABC-TV was honored for the best entertainment series (*Hollywood Close-up*, which, ironically, has since been cancelled), and best information special (*Free At Last*), among others. Fox's KTTV(TV) flagship station won four awards, including three for news coverage, and KCOP-TV was honored for its coverage of the Los Angeles Marathon.

Given the Southern California ratings competition, in which KCOP-TV has nudged ahead of KTLA recently, the revitalization of KTTV(TV) by the Fox team, and the pending agreement for Disney to purchase KHJ-TV (if FCC approval is granted), the Los Angeles news/entertainment television scene looks like it will become even livelier in the coming years.

Meanwhile, in the Bay Area, KRON-TV received a total of 20 prizes at the Northern California Emmys, including best daily news award, despite its third-place ratings finish. KQED-TV received six awards and independent station KTVU-TV received two Emmys, followed by KBHK-TV with one.

In Sacramento, KCRA-TV and KXTV(TV) received an Emmy apiece, and in Salinas, KSBW-TV was named best small market daily news station.

BMI honors writers

BMI has saluted its composers and writers who made music heard in last year's most popular movies and top TV shows. Toasted at a gala headed by BMI president and CEO Frances Preston and Ron Anton, BMI's West Coast vice president, were, in music composer awards in television: Stu Gardner and Bill Cosby, *The Cosby Show;* Jeff Barry and Tom Scott, *Family Ties;* Andrew Gold, *Golden Girls;* Steve Dorff, *Growing Pains;* Al Jarreau, *Moonlighting*.

Robert Kraft, Martin Cohan and Blake Hunter, *Who's the Boss;* Jerrold Immel, *Dallas;* Ray Colcord, *227;* Mike Post, *L.A. Law;* and Steve Dorff, *My Sister Sam*.

Honored as BMI's top film music composers were: Peter Best, *Crocodile Dundee;* Danny Elfman, *Back to School;* John Barry, *Out of Africa* and *Peggy Sue Got Married;* Andy Summers, *Down and Out in Beverly Hills;* David Shire, *Short Circuit;* Michael Gore, *Pretty in Pink;* Jerry Goldsmith, *Poltergeist II;* Miles Goodman, *About Last Night;* Tommy Newman, *Gung-Ho;* and Lennie Niehaus, *Heartbreak Ridge*.

Other BMI awards went to Emmy winners Arthur Rubinstein, *Scarecrow and Mrs. King;* Larry Grossman, *My Christmas Wish;* and Scott Harper, *Miraculous Machines*. Herbie Hancock received an award for his Oscar-winning work in *Round Midnight*. BMI TV film pioneer award winners were David Amram, Warren Barker, Christopher Cerf, Charlie Fox, Stu Gardner, William Goldstein, Daniel Janssen, Frank Lewin, Nancy Claster and John Fresco.

BMI president Frances W. Preston greets John Larroguette, featured in 'Night Court,' while Ron Anton, BMI's West Coast president, looks on. Larroquette accepted a BMI award for Jack Elliot, Night Court *composer, at BMI's recent TV/film composers awards dinner.*

Special salutes were given to writers of the three most performed film songs: David Foster, Stephen Bishop and Pat Leonard for, respectively, *Glory of Love*, *Separate Lives* and *Live to Tell*. Earle Hagen, the "guru" of film scoring, received the Richard Kirk award.

Montreux awards

U.S. entries in the independent category have taken top honors at the 27th Golden Rose of Montreux Festival for international light-entertainment tele-

Programming/Production

(continued)

vision programs. The prize for the best independent entry went to *Voice/Dance*, submitted by Devillier Donegan Enterprises/KQED Inc., and the special rose went to *Barbra Streisand: One Voice*, submitted by Dwight Hemion Productions. The best network entry was won by *Now—Something Else*, submitted by BBC. The Golden Rose of Montreux was given to *The Prize*, Sveriges Television, Sweden.

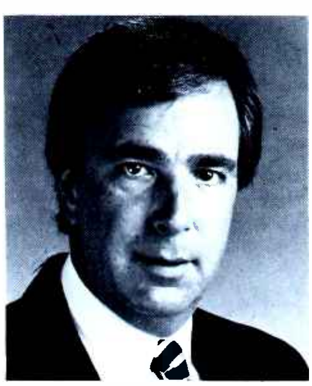
The bronze rose went to Torvill and Dean's *Fire and Ice*, from United Kingdom Independent Broadcasting/London Weekend Television; the city Montreux prize for the most humorous program went to *The Prize*, submitted Sveriges Television; and the silver rose was won by *Mini and Maxi in Concert*, entered by Nederlandse Omroep Stichting, The Netherlands.

Special mentions went to *Rudi's Tagesshow*, ARD-West Germany, *Now—Someting Else*, BBC—United Kingdom and *Chapliniana*, TSS—Soviet Union. There were 32 network entries from 26 countries and 49 independent submissions from nine countries.

Zooming in on people

John Reisenbach has been appointed vice president, national advertiser sales, at the ad sales division of **All American Television.** He comes to All American from LBS Communications, where he was senior vice president at LBS Enterprises.

Lorimar Domestic Television Distribution has promoted **Tom Byrnes** to senior vice president and general sales manager, off-network sales. He had been vice president, eastern sales manager, off-network, LDTD. Byrnes, a 20-year broadcast veteran, has held sales management positions at Capital Cities Communications, Blair Television, CBS and WCAU-TV Philadelphia.



Tom Byrnes

Martha Strauss has been promoted to vice president, international sales, at **D. L. Taffner Ltd.** Strauss joined Taffner in 1985 as director of international sales.

Kendle Koontz has been named account executive at **Group W. Productions.** Previously, Koontz was in the sales department at Paramount Domestic Television and Katz Communications. Koontz joined Group W in December.

Sports confab set

The second annual Sports Conference, event which focuses on the business end of sports, will be held June 8 and 9 in New York, with speakers to include Art Watson, president, NBC Sports. Watson will discuss NBC's presentation of the 1988 summer Olympics. Dan Cosgrove, vice president, sales, Group W Productions, will moderate a panel on sports packages in syndication, and presentations will be made on the special nature of sports sales by Patrick Twyon, director of sports, Petry Co.; by A. C. Nielsen, on "What Happened to Sports Ratings?"; on college sports on TV, by Larry Maloney, general sales manager, WTTG(TV) Washington; sports on radio, by Larry Levite, station manager, WBEN Buffalo.

Sam Novernstern, president, Newstar Sports, producers of the Sports Conference, expects attendance this year to rise to about 800, nearly 60 per cent higher than the first event. Regis-

CABLE

Active USA tabs Taft

No one's saying how much programming will be involved or when it should be ready, but Taft Entertainment Co. will be developing primetime live-action shows for USA Network during the next two years, according to an agreement reached recently.

Meanwhile, USA isn't saying if it will fund more first-run episodes of MCA's *Airwolf* and *Alfred Hitchcock Presents* but is busy touting its pick-up of exclusive rights to rerun both the off-net and made-for-USA episodes of the two series next season. There are now 55 off-CBS episodes and 24 made-for-USA (by Atlantis Films) episodes of *Airwolf*, and 26 off-NBC and 13-made-for-USA (by Paragon Motion Pictures) episodes of *Hitchcock*. *The Hitchcock* exclusive runs through April, 1989.

One original USA series that will continue in first-run is *Check It Out*, produced by Taffner & Associates Productions in a joint venture with USA, Canada's CTV and Program Syndication Services. The sitcom is entering its third season and, despite low broadcast ratings so far, D.L. Taffner will continue syndicating the episodes following an exclusive USA window.

Fridays, the former ABC late-night vehicle, has been pulled out of broadcast syndication by All American Television and sold exclusively to USA for weeknight stripping starting July 7. The catch here is that USA won't be showing *Fridays* on Fridays.

The mouse that roars

During the coming months, The Disney Channel will offer premiere programming spanning the spectrum from Garrison Keillor to Vincent Price, Disney film music to rock 'n roll, and *Ozzie and Harriet* to *Danger Bay*.

As promised by host Keillor back in February, *A Prairie Home Companion* will mark its final performance June 13. As has been the case since March, the live radio show will be aired on a tape-delayed basis by Disney later that evening. For the first—and last—time, however, the first half-hour of the two-hour show will be aired. Then, on June 20 and June 27, Disney will run two previously unseen *Prairie* episodes taped in February; the entire 17-week series will be repeated later this year.

Vincent Price stars in *Read, Write and Draw*, a new Disney interstitial series developed from responses to an ongoing feature in *The Disney Channel Magazine*. Children are asked to complete and illustrate original short stories published in the magazine; Price reads these stories and selected endings on each segment, and the pictures are also shown.

The Smithsonian Salutes Disney Music, a one-hour special featuring excerpts from an April concert in Washington, will premiere on Disney next month. Music from such Disney films as *Pinocchio* and *Fantasia* is played by a 30-piece orchestra and sung by Broadway talent. The show also includes clips from featured movies and a visit from Snow White and the Seven Dwarfs, who are celebrating their 50th anniversary.

The rock 'n roll will come this fall courtesy of *Rick Nelson: A Brother Remembers*, a one-hour tribute produced by David Nelson. Since 1985, Disney has had exclusive rights to *The Adventures of Ozzie and Harriet*, and David Nelson has also now selected an additional 100 episodes for the Disney package. These particular episodes haven't been seen since their network airings from 1952–66, Disney says.

And Disney has announced a fourth season of *Danger Bay* starting in September. This half-hour Canadian-produced action/adventure series also airs on the CBC.

Commercials

Clouds over airlines

Two U.S. Senate bills requiring airlines to disclose mandatory, detailed flight information in advertising could ultimately result in the consumer getting less information rather than more. Airlines would be discouraged from advertising special fare and flight information "to avoid devoting the lion's share of their airtime to recitation of the mandated disclosures," according to Association of National Advertisers president DeWitt Helm in a letter to Sen. Wendell Ford, chairman of the U.S. Senate Subcommittee on Aviation.

One bill is S. 1088, the Airline Consumer Protection Powers Transfer Act of 1987 (S. 1088), advanced by Sen. Frank Lautenberg. It would require air carriers to disclose limitations on the availability of seats at advertised fares, the carrier's policy regarding non-refundability of unused tickets, and the on-time performance record for flights for which the scheduled time of departure or arrival is included in the advertisement.

The other bill is S. 885, the Airline Consumer Rights Act of 1987, introduced by Sen. Howard Metzenbaum. It would require all advertising which lists specific fares to disclose all restrictions on advance purchase of tickets, refundability of money, minimum stay requirements and other conditions and restrictions.

Phone network

A new TV campaign called "Network" will use dramatic photography and heroic music to depict the services offered by Southwestern Bell Telephone Co. Developed by D'Arcy Masius Benton & Bowles, St. Louis, the campaign will run through Sept. 13 in the utility's five-state region of Arkansas, Kansas, Missouri, Oklahoma and Texas. It will run during sports programming, early and late news, primetime, late fringe and primetime access.

Scenes, typically showing telephone poles, include the St. Louis skyline at dawn, downtown Dallas at night and Houston at sunset, as well as suburban areas and rural locales like Marfa, Texas and Ash Grove, Mo.

One commercial, "It's Brought," intersperses dialog with snatches of corresponding phone conversations and reminds consumers, "It's brought laughter . . . It's brought hope . . . It's brought love. It's brought more people together than all the trains and planes

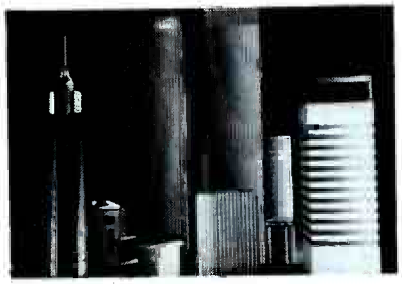
Advertising Directory of

Selling Commercials

Cheerios • DFS Dorland Worldwide

MARK ZANDER PRODUCTIONS, New York

"NYFE" New York Futures Exchange

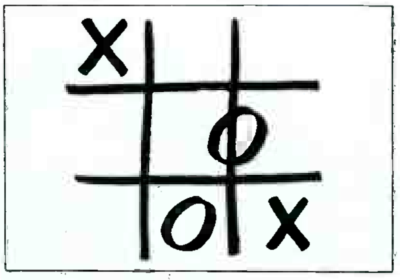


SHADOW LIGHT PRODUCTIONS, New York

Dayton's • Grey Adv.

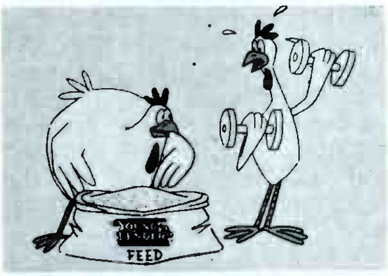
BANDELIER, INC., Albuquerque, NM

NYNEX - Tic, Tac, Toe • HHC&C



GIFFORD ANIMATION, Harwichport, MA

GOLDKIST • Della Femina Travisano & Partners

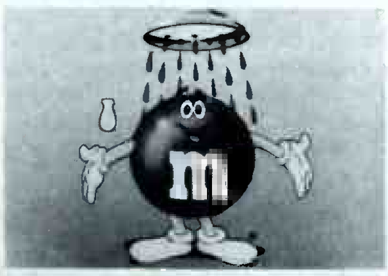


KCMP PRODUCTIONS, LTD., New York

Rainbo Brite • Ogilvy & Mather

BANDELIER, INC., Albuquerque, NM

M & M Candies • Ted Bates



KCMP PRODUCTIONS, LTD., New York

Tide • Saatchi & Saatchi

BANDELIER, INC., Albuquerque, NM

Sales *(from page 48)*

with $1.7 billion a year earlier. The company is projecting total revenue gains of 9–11 per cent in the coming year.

Now operating eight TV stations, K-R saw revenue from TV operations rise 57.2 per cent to $102.6 million, increased primarily by the acquisition of the three stations. Operating income was up 27.5 per cent to $22.2 million. The operating income margin decreased to 21.7 per cent from 26.7 per cent, reflecting an effort to remarket and revitalize several stations. With its stations, K-R now reaches nearly 5 per cent of the TV households in the U.S.

In February, 1986, K-R paid $160 million for three Evening News Association TV stations. This came about as a result of the sale of ENA to Gannett Co., which was required to sell the stations to satisfy Federal Communications Commission rules. The stations are NBC affiliates KTVY-TV Oklahoma City and WALA-TV Mobile-Pensacola and CBS affiliate KOLD-TV Tucson. K-R now has four ABC, NBC and two CBS affiliates.

Including the three new stations as if owned since Jan. 1, 1985, the company had a national advertising revenue gain of 4 per cent over '85. Local advertising revenue rose 6 per cent. Revenue gains were strongest in Nashville, Mobile-Pensacola and Providence.

With the exception of WTKR-TV Norfolk-Portsmouth-Newport News-Hampton, all stations reportedly improved their ratings in 1986, with the most dramatic advances in Nashville, Mobile-Pensacola and Flint-Saginaw-Bay City. The company expects station revenue growth of 4–6 per cent in 1987, citing the following factors as preventing more rapid growth: low inflation, the merger of many large advertisers and agencies, an off-year for political revenue and continued pressure on network audience share.

During 1986, the company discontinued Viewtron, its experimental videotex system, being unable to see signs that it would be viable. It also sold the assets of TelAir, its small mobile phone company, ending its involvement in that business.

The company's 24 highest executives took $4,696,775 in salaries during the year. The five biggest earners were: Alvah H. Chapman, Jr., chairman and CEO, $671,466; James K. Batten, president, $426,641; P. Anthony Ridder, president, newspaper division, $340,971; Richard G. Capen, Jr., chairman and publisher of Miami Herald Publishing Co., $333,418 and Robert F. Singleton, senior vice president, finance, $294,702.

Lee Enterprises

Total revenues:	$220,924,000
Net income:	32,597,000
Net income per share:	1.25
Shareholders' equity:	128,087,000
CEO compensation:	354,750

TV stations: KGUN-TV Tucson; KGMB-TV Honolulu; KMTV Omaha; KOIN-TV Portland, Ore.; KGGM-TV Albuquerque; WSAZ-TV Huntington-Charleston.

Lee Enterprises again has distinguished itself by being ranked by *Forbes* magazine as among the top 100 small companies for the second straight year, improving its ranking to 75th from 90th. The company improved operating revenue 6.9 per cent over calendar 1985 while net income went ahead 6.1 per cent.

Broadcast operating income was flat for the year, while newspaper operating income was ahead 11.1 per cent. Broadcast revenues were particularly soft in national spot. KGMB-TV Honolulu showed an increase of 6.1 per cent in ad sales, almost all of which could be attributed to political advertising. The other stations showed moderate increases in local revenues.

A major management move was the appointment of Richard D. Gottlieb as president and chief operating officer. He had been responsible for the company's newspaper operations.

In August of last year, Lee purchased two TV and two radio stations from May Broadcasting Co., but it reached an agreement to sell the radio stations—KFAB(AM) and KGOR(FM) Omaha. Closing for the TV stations—KMTV Omaha and KGUN Tucson—took place last December. The company put up for sale $65 million of long-term notes to finance part of the $89 million acquisition from May. The balance of the purchase price and necessary working capital was to come from available internal funds, including anticipated proceeds from disposition of broadcast properties.

Put up for sale were KHQA-TV Quincy, Ill.-Hannibal, Mo. and the AM and FM radio stations in Quincy. Benedek Broadcasting HQU, Inc. is the buyer.

Operating revenue in broadcasting was $52,783,000 in 1986, compared with $51,820,000 in 1985. Operating income was $13,232,000, compared with $12,714,000. Broadcasting operating income as a percentage of revenue was 25 in 1986 and 1985 and 21 in 1984.

In 1986 and 1985, broadcast revenue gains were 2 and 7 per cent respectively. Noting the softness in national spot advertising in 1986 and 1985, the company notes TV revenues experienced a substantial increase in the first fiscal quarter of 1985 because of the national elections. It adds that broadcast operating margins improved in '86 and '85, compared with 1984, as a result of the elimination of high-volume, low-profit commercial TV productions and because operating costs increased only 1 per cent in 1986 and 2 per cent in 1985 vs. '84.

Top salary for Lee last year went to Lloyd C. Schermer, now chairman and CEO—$354,750. Richard B. Belkin, vice president, broadcasting and corporate planning, was paid $212,571; Gottlieb, who served most of the year as vice-president—newspapers, earned $154,638 and was topped both by Belkin and by John S. Stemlar, vice president—finance. In fact, Ronald L. Rickman, who shared newspaper responsibility, also had a slightly higher salary—$155,043. The company's seven top executives took in $1,330,996.

Liberty Corp.

Total revenues:	$380,625,000
Earnings:	28,184,000
Earnings per share:	2.84
Shareholders' equity:	289,115,000
Chairman's compensation:	231,766

TV stations: KPLC-TV Lake Charles, La., KAIT-TV Jonesboro, Ark., WAVE-TV Louisville, WDSU-TV New Orleans, WFIE-TV Evansville, WIS-TV Columbia, S.C., WSFA-TV Montgomery, WTOL-TV Toledo.

Liberty's Cosmos Broadcasting subsidiary excited the radio business in 1986, selling its four stations for $17.1 million. The radio stations had provided only 8 per cent of revenues and 5 per cent of cash flow in 1985. As radio went, TV expanded. In December 1986, Cosmos spent $68 million for KPLC-TV Lake Charles, La., and KAIT-TV Jonesboro, Ark. The company, which now owns eight network affiliates, says a larger TV group will result in "various benefits in program and equipment purchases, internal management development and enhanced network relationships." Also, in December, Liberty bought Southern Life Insurance Co. for $80 million.

(continued on page 76)

Wall Street Report

Foote, Cone & Belding revenues down in quarter as result of divestitures

Foote, Cone & Belding Communications, which is seeking to sharpen its business functions, showed slightly lower earnings for the first quarter after suffering a drop in net income last year. The company stated that its earnings were higher than expected.

Net income for the quarter was $2,042,000, or 49 cents per share, vs, $2,089,000, or 52 cents a share, for the corresponding '86 quarter. Worldwide revenues for the quarter were down from $75,901,000 last year to $71,075,000 for the recent January–March period. The main reason for the drop in revenues was the divestiture of three subsidiary companies, including the public relations firm of Carl Byoir & Associates.

In a statement when the first quarter figures were released early last month, Norman Brown, chairman/CEO, said, "While the first quarter is traditionally the advertising industry's weakest, we expect proportionately greater client spending for the rest of the year."

Later last month at the company's annual meeting, held in Newport Beach, Calif., Brown went into more fundamental matters. He stated that FCB had rejected the mega-agency or holding company structure and, instead, is committed to "a worldwide partnership of offices integrated into an effective global network." Brown also reaffirmed its intention to remain strictly in areas related to advertising: "We plan to stick to our knitting by providing ever-improving marketing and communications services to our clients, rather than selling services and products unrelated to our core business."

'Vision 90'

Brown also told shareholders about a plan to instill "entrepreneurial operating disciplines" in its managers, a plan, dubbed "Vision 90," and unveiled at a meeting of managers of all FCB offices the week before in Santa Barbara. The meeting was said to focus on new "systems" designed to bring in new business, to sharpen strategic marketing capabilities and achieve profit goals. A new incentive program is aimed at motivating managers to "manage their offices as if they were their own businesses."

The FCB CEO pointed to the new client volume added last year as a result of the acquisition of Leber Katz Partners. These include RJR Nabisco, Citicorp and Campbell Soup. Stanley Katz, vice chairman of FCB, is now the largest holder of company stock among the directors—114,197 shares as of March 16, compared with Brown's 53,191.

New accounts

New accounts gained during the first quarter included the Mervyn's store group, Teledyne's Water-Pik and Garuda Indonesian Airlines. The company also pointed to new billings from Citicorp and S. C. Johnson. FCB's wholly-owned subsidiary, Lewis, Gilman & Kynett, acquired the Panasonic Business Products account, with "substantial" billings. FCB also acquired the services of a prominent media executive from Young & Rubicam—Joseph Ostrow. He became executive vice president and corporate director of media worldwide, a position he held at Y&R.

FCB had revenues of $326,397,000 last year, up 5 per cent from the year before. Of that total 59 per cent were media commissions and 33 per cent were commissions from TV and radio advertising. Production commissions were 8 per cent of the total.

But net income was down 17.7 per cent to $13,726,000 and the per-share net dropped from $4.01 to $3.30. Dividends both years were $2.20. The stock has been selling recently in the 50s, but there is not an active market in the stock. One analyst suggests that splitting the stock would help.

A breakdown of revenue sources shows little fundamental change during the past five years (see table above). Most dramatic is the jump in outdoor commissions from $3.3 to $22.1 million from '85 to '86. TV and radio commissions have gone up and down but within a narrow frame, and magazines and newspapers were off somewhat last year.

FCB: revenue breakdown 1982–'86 *($000)*

	1982		*1983*		*1984*		*1985*		*1986*	
Media commissions:										
Television and radio	$79,620	35%	$98,045	38%	$105,639	35%	$113,623	37%	$107,118	33%
Newspapers and magazines	52,573	23	56,489	22	65,264	22	72,145	23	62,776	19
Outdoor and other	4,042	2	6,774	3	5,818	2	3,341	1	22,085	7
Total media	136,235	60%	161,308	63%	176,721	59%	189,109	61%	191,979	59%
Production commissions	17,069	7	19,074	8	28,117	10	22,731	7	26,010	8
Fees	75,277	33	75,153	29	92,502	31	99,033	32	108,408	33
	228,581	100%	255,535	100%	297,340	100%	310,873	100%	326,397	100%

Sales *(from page 74)*

Earnings per share for Liberty—consisting of both Cosmos and Liberty Life Insurance—were up 19 per cent, earnings 16 per cent and revenues 7 per cent in 1986. Insurance revenues grew 5 per cent, to $279 million. Broadcasting's net income, including a $3.9 million gain from selling the radio stations, rose from $8.3 million to $13.6 million. Gross broadcasting revenues grew 7 per cent, from $88.4 million to $94.4 million; Liberty attributed this to an 11 per cent increase in local TV revenues and an "exceptional" increase in political time sales. National sales were level. Local and regional ad sales accounted for 52 per cent of revenues, up from 46 per cent in 1982. Political revenues of $4.2 million were up from $600,000 the preceding year. Cosmos' share of Liberty's shareholders' equity stood at $70.6 million at year's end.

Top earner at Liberty Corp. in 1986 was Cosmos chairman Macon Patton at $231,766, up about $6,000 from 1985. W. Wayne Hipp, Liberty Corp. president and CEO, earned $225,000, an increase of some $2,000 over 1985. Francis Hipp, Liberty Corp. chairman, got $185,722; R. Glenn Hilliard, Liberty Life president, $172,000; and Barry Edwards, Liberty Corp. vice president and treasurer, $114,543.

Lin Broadcasting Corp.

Lin Broadcasting in 1986 sold off the two businesses most responsible for its original growth—radio stations and paging operations. In the fall, Lin sold six radio stations—AM/FM combos in St. Louis, Milwaukee and Rochester, N.Y.—to Heritage Communications for $22.4 million. In December, it announced agreements to sell its Houston combo to Legacy Broadcasting, Inc. for $36.75 million, its Philadelphia FM to Tak Communications, Inc. for $32 million, and its Philadelphia AM to WEAZ-FM Radio, Inc. for $4.5 million. Lin, however, remains a major broadcast entity with a full complement of seven network-affiliated TV stations.

Net revenues:	$195,340,000
Net income:	39,982,000
Net income per share*:	.71
Shareholders' equity:	386,814,000
CEO compensation:	870,000

*Fully diluted. Restated for 100 per cent stock distribution paid March 31, 1987.

TV stations: KXAS-TV Ft. Worth-Dallas, WISH-TV Indianapolis, WOTV-TV Grand Rapids-Kalamazoo-Battle Creek, WAVY-TV Hampton Roads, Va., WAND-TV Decatur-Champaign-Springfield-Danville, Ill., KTVV-TV Austin, WANE-TV Ft. Wayne.

Lin exhibited a 24 per cent growth in net income for 1986, its 12th straight year of record earnings. Net revenues rose 38 per cent, but included $41.3 million from cellular operations which had been counted as equity in 1985. Excluding cellular, Lin's revenues were up 9 per cent, attributed primarily to higher ad rates due to stronger TV ratings. TV revenues were up 9 per cent and publishing 10 per cent. After an unusual 1985, when national spot accounted for more TV revenues than local sales. Lin's TV business returned to normalcy: local ads comprised 47.3 per cent of revenues; national spot, 48.7 per cent; and network compensation, 4.0 per cent.

Television operating profit was up 10 per cent before depreciation and publishing 20 per cent. Four of Lin's five cellular telephone operations—in New York, Philadelphia, Dallas/Ft. Worth and Houston—were launched during the first half of the year, and the cellular division showed its first profit during the fourth quarter. At year's end, Lin had 80,000 cellular subscribers providing more than $100 million in annual revenue.

Lin now has around $200 million in cash. $400 million in equity and only $50 million of debt.

Donald Pels, chairman of the board and president, received $870,000 in salary for 1986, an increase of $80,000. E. Blake Byrne, group vice president-television, earned $350,000. A raise of $56,411; and Harold Spitz, vice president, received $200,000. Richard Verne, group vice president-radio and radio common carrier until his division dissolved, earned $245,000.

Lorimar-Telepictures

Lorimar-Telepictures Corp. was formed in February, 1986 by the merger of Lorimar, Inc. and Telepictures Corp. Lorimar had previously reported results on a fiscal year ended in July while Telepictures reported on a calendar year basis. The new company adopted a fiscal year ending March 31; its first financial report, for the year ending March 1986, pooled eight months of results for Lorimar and nine months of results for Telepictures.

LT attributed much of its net loss to $9.4 million associated with the merger and $9.3 million relating to the early retirement of three high-yield debt issues.

Net revenues:	$441,046,000
Net loss:	(28,698,000)
Net loss per share:	(.89)
Shareholders' equity:	240,910,000

All results for short-year ending March 31, 1986 (eight months for Lorimar, nine months for Telepictures).

TV stations: KMID-TV Midland-Odessa, Tx., KSPR-TV Springfield, Mo., WLII-TV Puerto Rico, WSUR-TV Puerto Rico, KCPM-TV Chico-Redding, Cal. (minority interest).

LT already owned five small and medium market TV stations, but during fiscal 1986 announced agreements to buy nine major market stations—seven from SCI Holdings, Inc. (Storer), and one each from Meredith Corp. and Tel-Am Corp.—for $1.97 billion. The Storer deal fell apart in late 1986, due to the depressed advertising and broadcasting marketplace.

Besides owning stations, LT produces programming for network, syndication, home video and theatrical distribution. In January, 1986, LT entered radio programming through the $3.5 million acquisition of DIR Broadcasting Corp. In May, 1985, it added *Us* to its magazine holdings and bought Bozell & Jacobs for $40 million, merging it with Kenyon & Echardt to form Bozell, Jacobs, Kenyon & Echardt. In June, 1986, LT agreed to acquire the 44-acre MGM studio from Turner Broadcasting System for $190 million, and sell off the Metrocolor Film Laboratory portion to CSD acquisitions for $72 million. And, in May 1986, LT agreed to acquire The Brillstein Co., a program packager/producer.

For the '86 fiscal period, entertainment business accounted for $356.5 million of LT's revenues. Of this, $311.6 million was from TV, $19.0 million from feature films, and $25.8 million from home video.

Malrite Communications

Malrite attributed its 1986 losses to four causes: a slowdown in national spot advertising; the cost of engineering, re-formatting and otherwise assimilating new acquisitions; an extraordinary charge for prepaying a 15.5 per cent debt; and a $9.8 million writedown of the value of its broadcast programming inventory.

On a brighter note, Malrite's total revenues rose 28 per cent to $106.5 million, surpassing $100 million for the first time. Some of the gain was attributed to acquisitions, some to local station performance. Malrite's assets surpassed $220 million for the first time.

Malrite spent $75.3 million in 1986 to acquire three radio stations from—KLAC(AM)/KZLA(FM) Los Angeles and KSRR(FM) (now KKHT-FM) Houston—giving it a total of 12. It bought two TV stations—$1.5 million in stock of WOIO-TV Cleveland; $1.7 million in cash and $4.4 million to cover liabilities for WLUZ-TV (now WSTE-TV), Ponce, P.R.—giving it a total of six, all independents (and all Fox affiliates except for WSTE-TV). Also during 1986, the call letters of KXRY(AM) Denver were changed to KMVP(AM) and the station turned into an all sports/talk outlet.

Net revenues:	$88,473,000
Net loss:	(8,979,000)
Net loss per share:	(.67)
Shareholders' equity:	45,123,000
CEO compensation:	500,000

TV stations: WUHF-TV Rochester, N.Y., WAWS-TV Jacksonville, Fla., WFLX-TV West Palm Beach, Fla., WXIX-TV Cincinnati, WSTE-TV Ponce, P.R., WOIO-TV Cleveland. Radio stations: WDGY(AM)/KEEY(FM) Minneapolis-St. Paul, WHK(AM)/WMMS(FM) Cleveland, KNEW(AM)/KSAN(FM) San Francisco, KMVP(AM)/KRXY(FM) Denver, WHTZ(FM) New York, KKHT(FM) Houston, KLAC(AM)/KZLA(FM) Los Angeles, WEGX(FM) Philadelphia.

Under a new limited partnership formed in 1986, Malrite in December agreed to acquire WTRK(FM) (now WEGX-FM) Philadelphia for $13.8 million; the transaction was completed in March, 1987. This partnership—called Malrite Guaranteed Broadcast Partners—was formed so that Malrite can obtain new stations without acquiring excessive debt. The partnership—with Malrite Broadcast Partners, Inc. as general partner and Malrite Media Management, Inc. as general manager—will buy and operate stations; Malrite Communications will essentially select and manage the properties and then have the opportunity to purchase them outright at the end of the partnership.

With the decline in national spot, Malrite is emphasizing stronger local sales efforts during 1987.

Milton Maitz, Malrite's chairman, president and CEO earned $500,000 in 1986, the same as in 1985. John Rosenwald, executive vice president and president of the radio division, garnered $217,306, up from 1985's $190,000; John Chaffee, Jr., senior vice president and president of the television division, received a $30,000 raise, to $200,000; Kevan Fight, vice president of finance and chief financial officer earned $125,225 and John Wilson, treasurer and chief accounting officer earned $107,000.

McGraw-Hill, Inc.

With its four-TV-station broadcast operation by far the smallest of five operating divisions—generating less than a third of the revenues of the next smallest—broadcast nevertheless outpaced corporate growth in both revenues and operating profit in 1986. Broadcast revenue increased 11.5 per cent for the year with an operating profit gain of 16.3 per cent. For the company as a whole, the figures were 5.7 per cent and 6.4 per cent.

The company reports all major operating units increased operating revenue for the year. Of the total increase in revenue of $85.6 million, 88 per cent came from higher prices and the balance came from acquisitions as overall volume declined. Increased operating profits were recorded by all units except publications.

At $92.9 million in operating revenue for the year, broadcast contributed 6 per cent of the corporate take, and with $32 million in operating profit, it contributed 10 per cent. Operating revenues for the other divisions were: books, $487.7 million; information systems, $366.1 million; publications, $318.2 million; and Standard & Poors, $311.9 million.

Operating profit for the four other divisions did not follow in the same sequence as revenue: books, $71.8 million; information systems, $94.2 million; publications, $42.2 million and Standard & Poors, $74.7 million.

In broadcast, revenue from local time sales was up 10 per cent, while national time sales grew 14 per cent for '86. The company reports sales demand was generally soft in the Denver market due to depressed conditions in the energy and agriculture industries. The stations in San Diego and Bakersfield were reported having exceptionally strong sales results as favorable conditions in their local economies were further enhanced by significant political advertising. Sales results in Indianapolis reportedly strengthened as the year went on.

KMGH-TV Denver has undertaken a major initiative to improve its competitive position in the morning with development of AM Colorado, the market's first locally produced morning talk show. WRTV Indianapolis improved its morning ratings with acquisition of

Operating revenues:	$1,576,834,000
Net income:	154,009,000
Net income per share:	3.04
Shareholders' equity:	861,418,000
CEO compensation:	764,000

TV stations: KMGH-TV Denver, WRTV Indianapolis, KGTV San Diego, KERO-TV Bakersfield.

The Oprah Winfrey Show, which quickly became the highest rated program in its time period for the market.

For KGTV San Diego, *Oprah* performed the same results. The station also completed computerization of its newsroom operations, increasing its capabilities for packing more information into its newscasts. KERO-TV Bakersfield continues to dominate the early news time period, the company reports, with an audience share that exceeds the combined total of its two competitors.

In salaries, McGraw-Hill's top 20 executives were paid $4,930,864. At the top were: Joseph L. Dionne, president and CEO, $764,000; Donald L. Fruehling, executive vice president, publishing operations and president, McGraw-Hill Book Co., $366,475; Howard D. Hosbach, executive vice president, operations, business and financial information companies, $381,700 and Joseph E. Kasputys, executive vice president, development, $317,450.

Media General

Media general, involved in broadcast, newspapers, newsprint and other activities, trailed 1985 in net income during 1986 while recording a solid gain in revenues. Revenues were up 9.7 per cent to $634.6 million from $578.6 million, with the gain largely attributable to newspaper and broadcast operations. Net income for 1986 of $17.1 million was a sharp drop from the $32.8 million of 1985, with per share equivalents at $1.20 and $2.31.

The company reports net income for 1986 was affected by a combination of factors, especially a special after-tax charge of $16.8 million in the fourth quarter related to restructuring of several business operations, including the writedown of obsolete equipment and TV syndication rights. Another adverse effect was $3 million in increased taxes for the year because of the retroactive impact of the Tax Reform Act of 1986. The company notes that without the

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Net revenues:	$634,627,000
Net income:	17,107,000
Net income per share:	1.20
Shareholders' equity:	314,459,000
CEO compensation:	464,690

TV stations: WXFL Tampa, WJKS Jacksonville, WCBD Charleston, S.C.

special writedown charge and higher taxes, net income for the year would have been up 12 per cent over the previous year.

It adds that profit margins in the year ahead should benefit from the reduced depreciation and amortization charges resulting from the year-end restructuring of operations, which affected pressroom, television and auxiliary activities. It says benefits are expected to come from efforts to minimize fluctuations in future interest charges. In the third quarter, Media General converted $145 million of long-term bank debt from variable to fixed rates ranging from 7.49 to 8.22 per cent with extended maturities.

Included in the broadcast division are three TV stations; Media General Broadcast Services, a New York-Memphis timebuying operation; and cable systems in Fairfax County and Fredericksburg, Va. NBC affiliates are WXFL Tampa-St. Petersburg and WJKS Jacksonville. WCBD Charleston, S.C. is an ABC affiliate.

Crediting the results to exceptionally strong performance by the TV stations, the company reported broadcast revenues grew 29.8 per cent in 1986 to $167.1 million. Pretax income would have risen to $2.5 million but ended in a loss of some $300,000 after the writedown of $2.8 million for certain TV film rights.

Excluding the special charge, the television group achieved a 21 per cent gain in operating profit, more than offsetting the startup costs within the Fairfax Cable operation and the materially reduced costs of Broadcast Services.

A new 2,000 foot-high transmission tower was completed in Charleston during 1986 at a final cost of $6.8 million, allowing WCBD-TV to gain 30 per cent more prospective viewers. Also, a new 1,650-foot tower was slated for WXFL-TV at a cost of $7.1 million and expected to increase coverage by 37 per cent.

Eleven executive officers drew total salaries of $2,396,210. At the top of the list were: D. Tennant Bryan, chairman, $202,923; James S. Evans, president and CEO, $464,690; J. Stewart Bryan III, vice chairman, $326,017; James A. Linen IV, executive vice president, $336,017 and Gerald W. Estes, senior vice president, $285,143.

Meredith Corp.

Meredith's major acquisition in fiscal year 1986 (which ended June 30) was a magazine—*Ladies' Home Journal*, bought from Family Media, Inc. for $92 million. This addition helped Meredith reach record revenues—$58.5 million more than in 1985. In 1986, Meredith also launched a new subscription title, the bimonthly *Midwest Living*, and in Jan. '87, a new newsstand title, *Better Homes and Gardens Grandparents*. Meredith's publishing operations accounted for 65.6 per cent of total 1986 net revenue.

Net revenues:	$553,376,000
Net income:	47,218,000
Net income per share:	4.98
Shareholders' equity:	304,077
CEO compensation:	797,125

TV stations: WNEM-TV Bay City-Saginaw-Flint, Mich., KCTV(TV) Kansas City, WOFL-TV Orlando, KPHO-TV Phoenix, WTVH(TV) Syracuse, N.Y., KSEE-TV Fresno, KVVU-TV Las Vegas.

On the broadcast side, Meredith agreed in principle following fiscal year 1986 (in July 1986) to sell independent WPGH-TV Pittsburgh to Lorimar-Telepictures Corp. for $35 million. (The deal closed in January '87, but changed market conditions brought the price below that originally intended.) During fiscal 1986 (in August 1985), Meredith completed the divestiture of its radio properties as WGST(AM)/WPCH(FM) and the Georgia Radio News Service Atlanta were sold to a Jacor Communications subsidiary. Meredith is now taking steps to divest its newspaper operations and most cable TV holdings. In June 1986, it sold its San Jose newspapers and certain cable properties for $4.4 million.

But Meredith says it is still in the market to acquire TV stations and will strive for a full complement of 12 stations—focusing on VHF stations around moderately to rapidly growing Sun Belt markets. Counting WPGH-TV, Meredith owned eight TV stations during 1986, four independents and four network affiliates.

Although broadcasting revenues and profits reached record levels in 1986, Meredith notes that a very strong first half performance was diluted by a slowdown in fourth quarter national spot sales and higher programming costs. Nonetheless, record operating profits were achieved by WPGH-TV, WOFL-TV Orlando, KSEE-TV Fresno and WNEM-TV Bay City-Saginaw-Flint, Mich.

Another Meredith operation, the Better Homes and Gardens Real Estate Service, did its part for the broadcasting industry by launching a national ad campaign during 1986. Network spots appeared on NBC's Today and morning newscasts, while member firms could choose to use tailor-made local TV or radio spots.

In fiscal 1986, Meredith chairman E. T. Meredith III earned $387,500, an increase of $44,000 over the previous year. Robert Burnett, president and CEO, received $797,125, up from $755,243; William McReynolds, president of the broadcasting group, had his salary raised from $320,450 to $334,600. Two executives in newly created positions were among Meredith's top five earners: Jack Rehm, executive vice president of corporate services, at $432,250; and James Autry, president of the magazine group.

Multimedia, Inc.

Interest expense from a recapitalization merger was the primary reason for Multimedia's net loss of $4,661,000, or 42 cents per share, in 1986. In the previous calendar year, net earnings were $21,638,000, or $1.40 per share.

Multimedia increased its debt in the recapitalization merger on Oct. 1, 1985. Interest expense for 1986 was $111,890,000, compared with $36,378,000 in 1985.

The company's operating profit for 1986 was $114,170,000, compared with

Net revenues:	$371,799,000
Net loss:	(4,661,000)
Net loss per share:	(.42)
Shareholders' deficit:	(580,134,000)
CEO compensation:	445,525

TV stations: WMAZ-TV Macon, KSDK St. Louis, WLWT Cincinnati, WBIR-TV Knoxville, WZTV Nashville. Radio stations: WMAZ(AM)/WAYS(FM) Macon, KEEL(AM)/KITT(FM) Shreveport, WWNC(AM) Asheville, WFBC-AM-FM Greenville, WEZW(FM) Milwaukee.

$90,619,000 in 1985 and $80,824,000 in 1984. The increases in operating profit were 26 per cent in 1986 and 12 per cent in 1985. During 1986, the company changed its method of accounting for pension expense to comply with Financial Accounting Standards Board Statement No. 87. This increased operating profit by approximately $1,452,000 for 1986.

Operating revenues increased 11 per cent in 1986 compared with 1985 and 10 per cent in 1985 compared with 1984. Newspaper revenues increased 7 per cent in 1986 and 6 per cent in '85, primarily from advertising and circulation rate increases. Broadcast revenues increased 11 per cent in 1986 and 12 per cent in 1985, primarily from advertising rate increases based on higher ratings. Cable revenues increased 9 per cent in '86 and 12 per cent in '85, resulting primarily from new subscribers and introduction of new program services.

Broadcast revenues accounted for some 32 per cent of the company's operating revenues in 1986 and 1985. In 1986, TV operating revenues represented approximately 88 per cent of total broadcast revenues, compared with 85 per cent in 1985. National time sales accounted for about 39 per cent of total TV operating revenues in 1986, and local time sales accounted for about 46 per cent.

During '86, Multimedia purchased four cable franchises in Kansas for approximately $10.4 million. It gained some 9,000 basic and 4,000 pay subscribers in the transaction.

Operating costs and expenses increased 5 per cent in 1986 and 10 per cent in 1985. Before allocation of corporate overhead, operating costs and expenses for the year increased 5 per cent for broadcast and for cable, 17 per cent for Multimedia Entertainment and decreased less than 1 per cent for newspapers.

With the recapitalization merger consummated on Oct. 1, 1985, the company borrowed some $625 million from various banks and issued an aggregate of $480 million stated face amount 16 per cent subordinated redeemable discount debentures with a $250,200,000 fair market value at the date of merger. Between Oct. 1, 1985 and Dec. 31, 1986, Multimedia reduced its long-term debt, not including debentures, by approximately $65 million.

The company's top 12 executives had salaries totaling $2,755,988 for the year. The top five salaries went to: Wilson C. Wearn, chairman, $373,620; Walter E. Bartlett, president and CEO, $445,525; Donald J. Barhyte, treasurer and president of Multimedia Newspaper Co., $345,620; Donald D. Sbarra, president, Multimedia Cablevision Co., $291,625; and Myron B. "Mike" Weinblatt, who was president of Multimedia Entertainment Co. until recently, $366,689.

New York Times Co.

Net revenues:	**$1,564,663,000**
Net income:	**132,227,000**
Net income per share:	**1.63**
Shareholders' equity:	**704,744,000**
CEO compensation:	**400,000**

TV stations: WREG-TV Memphis, KFSM-TV Ft. Smith, WQAD-TV Quad Cities, WNEP-TV Wilkes-Barre-Scranton, WHNT-TV Huntsville. Radio Stations: WQXR-AM-FM New York.

The five TV stations and single radio station owned by New York Times Co. forged ahead in 1986. In addition to publishing *The New York Times*, the company publishes 32 smaller newspapers and such magazines as *Family Circle* and *Golf Digest*. It also has cable TV and forestry interests.

The company's net income for 1986 showed a 14 per cent gain to $132.2 million, or $1.63 per share, from $116.3 million, or $1.45 per share. The 1986 results include a nonrecurring interest charge of $8.4 million, or 5 cents per share, relating to a June, 1986 court decision arising from the company's 1981 acquisition of two cable systems. Consolidated revenues advanced 12 per cent to $1.6 billion.

The broadcast/cable group improved revenues 36 per cent in 1986 to $93,053,000 from $68,615,000. Operating profit was up 30 per cent to $14,344,000 from $10,993,000. Three factors were stated as important in the gains for the unit: continuing subscriber increase in the company's sole cable system—NYT Cable TV, which serves southern New Jersey from Cherry Hill; the contribution of two TV stations acquired in 1985; and the performance of the stations despite industrywide declines in network and national spot advertising. The recently acquired stations are WQAD-TV Quad Cities, Illinois-Iowa, acquired Oct. 1, 1985, and WNEP-TV Wilkes-Barre-Scranton, acquired Dec. 31.

The operating profit of the group in 1986 was adversely affected by a third-quarter writedown of film and syndicated programming rights of $1.8 million. But the company says it reaped the rewards of investing in comprehensive news coverage at the stations. It claims WNEP-TV's early evening and late news programs have the largest audience penetrations among the top 50 markets with equal network facilities.

The company's sole radio operation, WQXR AM-FM, the company claims, "remains the foremost classical station in the nation and the leader in profitability. In 1986 we celebrated its 50th year on the air."

NYT Cable is known as a pioneer in pay-per-view, claiming the nation's most sophisticated two-way operation. It has Sprucer two-way addressable converters installed in more than 44,000 households. During 1986, it sold approximately 300,000 film "tickets" using the technology.

The cable system serves 56 clustered communities in southern New Jersey and ended 1986 with 140,000 basic subscribers, a 71.7 per cent gain over 130,000 a year early. The pay-to-basic ratio is 95 per cent.

The company's top 19 executives had salaries totaling $3,645,696. As for the top officers: Arthur Ochs Sulzberger, chairman, CEO and publisher of The New York Times, $400,000; Walter E. Mattson, president and COO, $320,000; Sydney Gruson, vice chairman (resigned Nov. 20, 1986), $290,000; John D. Pomfret, senior vice president, $340,000 and Benjamin Handelman, senior vice president, $237,500.

Olympic Broadcasting Corp.

Olympic, traded over-the-counter since Oct. 31, 1986, was formed in 1985 expressly for the purpose of acquiring underdeveloped radio stations in attractive markets and then managing them to increase their market share and cash flow. All of the Seattle-based company's eight FM and five AM stations are in the western U.S. and have been acquired by the company itself or by Olympic-owned subsidiaries since Sept. 1984. In the future, Olympic says it may consider acquisitions in other regions of the country or even in other segments of the communications industry.

Olympic formats its stations for underserved market niches and targets them at specific demographic groups, rather than overall 12+ ratings. It "believes that this emphasis can result in substantial improvement in broadcast cash flow by attracting advertisers interested in reaching those groups," according to the 1986 10-K statement. Olympic also strives to increase cash flow by controlling expenses and by sharing facilities, personnel, programming and research via ownership of AM-FM combinations.

Olympic generally does not pursue

stations which are on the open market, preferring to negotiate directly with owners after investigation of the stations it wants to acquire. One of Olympic's criteria for choosing potential properties, according to the 10-K, is "the minimum level of performance which the company estimates can be achieved within 12 to 24 months." Stations will be considered for divestiture when Olympic believes "the proceeds therefrom can be redeployed to make acquisitions it considers attractive...."

Olympic's strategy appears to be working, in Spokane and Las Vegas at least. KREM(FM) Spokane had an eclectic rock format and a 7.3 rating when an Olympic affiliate acquired it and KLHT Spokane for $1.2 million in Sept. 1984. The stations were renamed KZZU-AM-FM, programming was simulcast, the format was changed to CHR, and in fall, 1986, KZZU-AM-FM had a 17.2 rating and led the market both for its target age group (18–49) and overall. Similarly, KMZQ(FM) Las Vegas had a 3.9 rating prior to its $1.35 million purchase in 1984; in fall, 1986, it had a 10.8 rating, was number one in reaching its target audience (25–49) and number two overall.

The verdict at KKCY(FM) San Francisco is still not it. Before being acquired for $6.4 million in 1985, it was called KQAK(FM), had a new wave rock format and occasionally received ratings over 2.0. But Olympic, feeling its teen/"counterculture" audience was "unattractive to many advertisers," changed the format to appeal to yuppies. The overall ratings for the San Francisco metro has since increased from 0.4 to 1.3

In February 1986, Olympic acquired beautiful music KSRN-AM-FM Reno for $2.21 million. Olympic tried to retain the stations' 55+ audience and add 35–54 year-olds by switching to an MOR format. But ratings declined in the fall book, so in February, 1987, KSRN(FM) went modern country and became KIIQ(FM).

In April 1986, Olympic paid $2.2 million for KXA(AM) Seattle, which had been removed from the air by its previous owner. The station is now called KRPM(AM) and paired with KRPM(FM), which was bought by a company affiliate for $4 million in 1984. Increased revenues have been realized by programming and marketing KRPM(FM) to both Seattle and Tacoma rather than just Tacoma as had previously been the case.

In June 1986, Olympic spent $9.5 million for AM/FM combinations in Anchorage and Fairbanks, marking the first time it had acquired stations with positive cash flow. But Olympic says it will consider such acquisitions when "prices reflect lower than prevailing industry multiples...or that broadcast cash flow can be improved significantly...."

In December 1986, Olympic bought KMGX(FM) Fresno for $3 million. The station had been operating at breakeven cash flow, and although it was already second in the Fresno market, Olympic believes it can improve performance through "aggressive marketing and promotional programs, pro-

Net revenues:	$10,707,000
Net loss:	(10,870,000)
Net loss per share:	(6.52)
Shareholders' deficit:	(4,269,000)
President's compensation:	135,000

Radio stations: KZZU-AM-FM Spokane, KRPM-AM-FM Seattle, KMZQ(FM) Las Vegas, KKCY(FM) San Francisco, KSRN(AM)/KIIQ(FM) Reno; KYAK(AM)/KGOT(FM) Anchorage; KIAK(AM)/KQRZ(FM) Fairbanks; KMGX(FM) Fresno.

gramming enhancements and additional sales personnel."

Olympic's initial public offering involved 750,000 shares. High and low bids during the fourth quarter, 1986, were $5.875 and $4.50. As of March 26, 1987, there were 95 stockholders of record.

Ivan Braiker, Olympic's president and chief operating officer, was paid $135,000 in 1986. James Ireland III, Olympic's chairman and CEO, has been serving without compensation, but has received payments from Olympic as general partner of RRY Partners, a privately held banking firm, which has provided investment banking and other advisory services to Olympic ($275,000 worth in 1986); Ireland resigned from RRY as of March 31, 1987.

Park Communications

Net revenues:	$126,572,000
Net income:	14,923,000
Net income per share:	1.08
Shareholders' equity:	131,840,000
CEO compensation:	616,667

TV stations: WBMG-TV Birmingham, WUTR-TV Utica, WNCT-TV Greenville, WDEF-TV Chattanooga, WJHL-TV Johnson City, WTVR-TV Richmond, WSLS-TV Roanoke. Radio stations: KWLO(AM)/KFMW(FM) Waterloo, Iowa; KJJO-AM-FM Minneapolis; WPAT-AM-FM New York; WHEN (AM)/WRRB(FM) Syracuse; WNCT-AM-FM Greenville; KWJJ-AM-FM Portland, Ore.; WNAX(AM) Yankton, S.D.; WDEF-AM-FM Chattanooga; WTVR-AM-FM Richmond; KEZX-AM-FM Seattle.

Revenue, operating profit and cash flow for Park Communications in 1986 was the highest for any year in the company's 25-year history. At year-end, Park owned seven TV stations, 10 AM and nine FM radio stations, 33 daily newspapers, 15 Sunday newspapers, 25 non-daily newspapers and 35 non-daily controlled distribution publications. It operated in 22 states.

Compared with 1985, revenue was up 20 per cent to $136,938,000. Operating profit rose 25 per cent to $46,513,000. Operating cash flow increased 15 per cent to $25,888,000. Additional costs of depreciation, amortization and interest associated with recent acquisitions plus the retroactive elimination of the investment tax credit for 1986 resulted in net income of $14,923,000, or $1.08 per share, slightly down from $15,207,000, or $1.10 a share.

During the year, the company spent some $70 million on acquisitions—five radio stations, three daily newspapers, five non-dailies and three controlled distribution publications. The stations acquired were WPAT-AM-FM New York, a beautiful music station originally owned by Capital Cities Communications; KWLO(AM)/KFMW(FM) Waterloo, Iowa, which attained a 34 share in the most recent rating period; and KEZX-AM Seattle, with a call letter change to make it the sister station of KEZX-FM, owned by the company since 1975. The purchase of WPAT-AM-FM from Capital Cities/ABC was for $49 million.

In March, 1986, Park was the first company in the nation to issue convertible subordinated debentures at an interest rate below 7 per cent, with a $50 million offering at $6\frac{7}{8}$ per cent. Park states its unused $90 million line of credit through two leading banks, its strong balance sheet and its increasing cash flow all provide it with the financial strength to continue a program of aggressive acquisitions.

For 1986, the television division contributed $46.8 million in gross revenue and an operating income before depreciation and amortization of $19.5 million. The conversion ration (operating income before depreciation and amortization divided by gross revenue) in 1986 of 42 per cent was the same as 1985's.

The radio division had gross revenues of $22.4 million and contributed $6.8 million in operating income. The 30 per cent conversion ratio for radio was up from the 18 per cent ratio in 1985.

The newspaper division contributed $67.7 million in gross revenue and $20.2 million in operating income. The conversion ratio of 30 per cent was the same as that of the previous year.

Ten top executives had salaries totaling $1,364,187. Salaries of top officers were: Roy H. Park, chairman and CEO, $616,667; Wright M. Thomas, executive vice president and treasurer, $128,332; Robert J. Rossi, vice president—newspapers, $124,445; Richard Gilbert, president (resigned September, 1986), $112,917 and Gary Bolton, vice president—television (also resigned last September), $110,615.

Price Communications

Net revenues:	$87,180,096
Net loss:	(24,594,240)
Net loss per share:	(2.45)
Shareholders' equity:	(14,008,139)
CEO compensation:	273,500

TV stations: WEEK-TV Peoria, KRCG-TV Jefferson City-Columbia, WZZM-TV Grand Rapids, KSNF-TV Joplin-Pittsburg. Radio stations: WOWO(AM)/WIOE(FM) Fort Wayne, WIRK-AM-FM West Palm Beach, KIOI(FM) San Francisco, WTIX(AM) New Orleans, KOMA(AM)-KIMY(FM) Oklahoma City, WIBA-AM-FM Madison, WMTG(AM)-WNIC(FM) Detroit, WLAC-AM-FM Nashville, WWKB(AM)-WKSE(FM) Buffalo, KKOB-AM-FM Albuquerque.

A heavily acquisition-oriented company that evaluates its performance in terms of cash flow, Price Communications ended 1986 slightly ahead in net revenues and having substantially reduced its net loss from 1985. Net revenue for 1986 was $87,180,096 compared with $37,191,530. The net loss was $24,594,240 or $2.45 per share, nearly double the previous year's $12,341,329 or $1.61 per share.

Last October, Price acquired, through its wholly owned Empire State Broadcasting Corp. subsidiary, WKSE(FM) Buffalo for about $2.45 million in cash. Later that month, through its Southwest Radio Corp. subsidiary, it acquired KKOB-AM-FM Albuquerque for $16.5 million. In two stages, it also acquired a total of 91.3 per cent of the stock of Telemation, Inc., a publicly held video communications company, at an aggregate cost of some $10.8 million.

At the close of the year, Price owned 18 radio stations, four TV stations, two daily and one non-daily newspapers, a law book publishing company, a legal seminar and newsletter service and an outdoor advertising company. In 1987, it has sold seven of its radio stations to Fairfied Broadcasting for $120 million and two others to Lee Leicinger for $10.8 million. And it has announced acquisition of four TV stations from Clay Communication for $60 million.

Robert Price, president, continues to urge his shareholders to judge the company's performance in terms of "media cash flow." This consists of income before deductions for interest, amortization, depreciation, income taxes and certain one-time expenses. The company's 1986 broadcast/media cash flow was approximately $24.2 million.

Media cash flow per share was $2.19 in 1986, $1.07 in 1985, 85 cents in 1984, 38 cents in 1983 and 2 cents in 1982 after adjustments for all stock splits.

During this quarter, the company was expecting to complete acquisition of KSNF-TV Joplin, Mo.-Pittsburg, Kansas, an NBC affiliate, for approximately $11.8 million.

The company's top five executives collectively had salaries of $679,999. Individually, they are: Robert Price, president and CEO, $273,500; Richard F. Appleton, senior vice president—television, $140,000; John McSorley, senior vice president—radio, $140,000; Ellen Strahs Fader, vice president and secretary, $61,666 and Kim I. Meltzer, vice president and controller, $64,833.

Scripps-Howard Bcst.

Both net revenues—$210.5 million—and income from operations—$47 million—set records for Scripps Howard Broadcasting in 1986. Revenues were up 56 per cent, compared with a 14 per cent increase in 1985. But net income plummeted from $30.9 million in 1985 to $5.5 million, with net income per share falling from $3.00 to .53. Management said 1986 net income was affected by substantial increases in interest and amortization of goodwill and other assets caused by the $275 million acquisition of WXYZ-TV Detroit and WFTS(TV) Tampa from Capital Cities, while 1985 net income was affected by a $12.5 million gain from the sale of KMEO-AM-FM Phoenix and its Ann Arbor, Mich. cable system. At the start of 1987, Scripps Howard sold cable systems in Connecticut and California, resulting in another $20.7 million gain.

Broadcasting accounts for the bulk of Scripps Howard's revenues: $191.4 million in 1986 compared to cable's $19.2 million.

Broadcasting revenues increased 56 per cent in 1986, compared to a 15 per cent increase in 1985. Expenses rose 74 per cent, resulting in a 23 per cent increase in income from operations. Excluding results from the TV and radio stations bought and sold, broadcasting revenues increased 10 per cent and income from operations was unchanged.

Net revenues:	$210,548,000
Net income:	5,477,000
Net income per share:	.53
Shareholders' equity:	12,500.000
President's compensation:	129,656,000

TV stations: WCPO-TV Cincinnati, WEWS-TV Cleveland, WXYZ-TV Detroit, KSHB-TV Kansas City, WMC-TV Memphis, KNXV-TV Phoenix, WFTS-TV Tampa, KJRH-TV Tulsa, WPTV(TV) West Palm Beach, Fla. Radio stations: WESB(FM) Baltimore, WMC-AM-FM Memphis, KUPL-AM-FM Portland, Ore.

During 1986, Scripps Howard completed the first 1,000 miles of its 3,000-mile Sacramento cable system. Cable revenues increased 65 per cent in 1986, compared to 5 per cent in 1985.

Donald Perris, president of Scripps Howard Broadcasting, earned $287,127 in 1986, an increase of only some $5,000 over 1985. Jeanne Findlater, vice president and general manager of WXYZ-TV earned $252,178; Richard Janssen, vice president-administration, $210,000; James E. Smith, vice president-sales, $205,001; and William Brooks, vice president and general manager of WPTV(TV), $156,250. Altogether, 13 executive received $1,800,496.

Sun Group, Inc.

Net revenues:	$6,669,001
Net loss:	(1,604,534)
Net loss per share:	(.90)
Shareholders' equity:	3,865,802
CEO compensation:	148,846

Radio stations: WERC(AM)/WKXX(FM) Birmingham; KEAN-AM-FM Abilene; KYKX(FM) Longview; KAFE(AM)-KKSS(FM) Albuquerque-Santa Fe; KKQV(FM) Wichita Falls; KESY-AM-FM Omaha.

Sun Group owned and operated 10 radio stations at the close of 1986. It also had a defined option to purchase WPFM(FM) Panama City, Fla. and first rights of refusal to purchase WSLI-AM-FM Jackson, Miss. and KVEE(FM) Grand Junction, Colo. The company's goal is the acquisition of six additional FM stations, reaching the Federal Communications Commission's maximum of 12.

Comparison of 1986 and 1985 results is difficult because only two radio stations, WERC(AM)-WKXX(FM) were owned throughout both years. Total revenues before gain on sale of broadcast properties increased 20 per cent over 1985, and revenues from broadcast operations were up 17 per cent.

Net loss before gain on the sale of broadcast properties increased 25 per cent, principally due to a $100,000 contribution in late 1986 to the employee stock ownership plan and to developmental costs associated with the corporation's developmental efforts. Net loss after gain on sale of broadcast properties, taxes on income and extraordinary items was $1,604,534, compared with net income of $177,045 in 1985.

In January, 1986 Sun Group sold WBRY(AM) Woodbury, Tenn. for $110,000, resulting in a gain of $92,000. In June, 1986 it acquired KKQV(FM) Wichita Falls, Texas for $1,050,000. In July, 1986, it acquired KAFE(AM)/KKSS(FM) Albuquerque-Santa Fe for $2,220,000. And last December, Sun Group acquired KESY-AM-FM Omaha for $6,250,000.

All six executive officers as a group earned $428,220. The top salaries went to Frank A. Woods, president, $148,846; John A. Bomer, executive vice president, who resigned last Dec. 15, $83,500; Michael E. Flaherty, vice president—programming, $78,376 and John W. Biddinger, treasurer, $53,385.

Taft Broadcasting Co.

Taft, whose 1986 fiscal year ended way back on March 31, 1986, has lately found itself the focus of a fierce takeover battle. And, during the past year, it sold its five independent TV stations (KTXA-TV Dallas, KTXH-TV Houston, WCIX-TV Miami, WTAF-TV Philadelphia, WDCA-TV Washington) to TVX Broadcasting for $240 million. But, back in fiscal '86, Taft was busy touting its $760 million acquisition of five TV stations and seven radio stations from Gulf Broadcasting Co. Because of FCC cross-ownership rules, it assigned rights to purchase three of the Gulf radio stations (KTXQ(FM) Dallas-Ft. Worth, KLTR(FM) Houston and WLLT(FM) Washington) to CBS, Inc. and also sold two of its own radio stations (WSUN-AM/WYNF-FM Tampa-St. Petersburg) to CBS. Three of the TV stations whose markets overlapped with the sold radio stations have since been sold to TVX, however.

Net revenues:	$472,770,000
Net income:	19,418,000
Net income per share:	2.11
Shareholders' equity:	336,942,000
Chairman's compensation:	352,535

TV stations: WBRC-TV Birmingham, WKRC-TV Cincinnati, WTVN-TV Columbus, WGHP-TV High Point, WDAF-TV Kansas City, KTSP-TV Phoenix, WTSP-TV Tampa-St. Petersburg. Radio stations: WKLS-AM-FM Atlanta, WGR(AM)/WRLT(FM) Buffalo, WKRC(AM)/WKRQ(FM) Cincinnati, WTVN(AM)/WLVQ(FM) Columbus, WNDE(AM)/WFBQ(FM) Indianapolis, WDAF(AM)/KYYS(FM) Kansas City, WDVE(FM) Pittsburgh, KEX(AM)/KKRZ(FM) Portland, Ore.

Due to the Gulf purchase, Taft's long-term debt increased dramatically, from $110 million to some $770 million. Taft said that fiscal '86 earnings were reduced $22.6 million ($2.45 per share) by the Gulf transaction in Tampa/St. Petersburg and of a portion of Taft's investment in Kings Entertainment Co. brought a gain of $7.9 million (.86 per share).

Overall, in fiscal '86, net revenues were up 26 per cent, and net earnings down 60 per cent. While the soft TV advertising market adversely affected that sector, radio had its best year ever for Taft, cable became profitable a year ahead of schedule, program distribution was up, and live-action production hit an all-time high.

Broadcasting revenues in fiscal '86 were $283.4 million, up 49 per cent; TV accounted for $235.8 million of that, up 54 per cent. Excluding the Gulf properties, the increase was 5 per cent. Radio net revenues rose 31 per cent; excluding stations bought and sold, the increase was 24 per cent.

TV revenues were split as follows: local sales, $107.4 million, up 57 per cent; national and regional sales, $118.5 million, up 49 per cent; network compensation and other, $9.8 million, up 95 per cent. Radio revenues broke down to $35.1 million for local sales, up 31 per cent; $10.8 million for national and regional sales, up 32 per cent; and $1.7 million for network compensation and other, up 8 per cent.

Net revenues of Taft's Entertainment Group were $144.3 million in fiscal '86, up 3 per cent. Original productions, from Taft Entertainment Co., resulted in net revenues of $72.4 million, a decrease of 5 per cent from fiscal '85, largely attributed to a decrease in revenues from network animation.

During fiscal '86, Taft took a $8.8 million write-down on "older cartoon series, featuring less-known characters," which it felt have limited sales potential in today's syndication marketplace.

In March '86, Jack Sander, formerly vice president and general manager of KSTP-TV Phoenix, was appointed executive vice president-television, replacing Ro Grignon, who earned $198,704 during the year. Chairman Charles Mechem, Jr., pulled in the highest salary—$352,535, an increase of about $26,000 over the previous year. President Dudley Taft earned $252,285, a raise of about $20,000; George Catrucci, executive vice president of finance and corporate staff, earned $223,377, about $18,000 over fiscal '85; Carl Wagner, executive vice president of radio and cable, received $185,607. Altogether, 12 executives earned $1,587,317.

Times Mirror Co.

Net revenues:	$2,948,136,000
Net income:	408,085,000
Net income per share:	6.30
Shareholders' equity:	1,300,169,000
CEO compensation:	609,230

TV stations: KDFW-TV Dallas; KTVI St. Louis; KTBC-TV Austin, Tex.; WVTM-TV Birmingham, Ala.

The flat 1986 revenues of $2.95 billion for Times Mirror were primarily the result of disposition of businesses. If comparison were made only on the basis of business enterprises owned throughout both 1985 and 1986, though, revenues would be up 8 per cent.

Meanwhile net income was up dramatically to $408,085,000, or $6.31 per share, from $237,127,000, or $3.49 per share. This includes a $2.64 gain from sale of assets. The company states its performance would have been even more impressive except for the loss of certain investment tax credits under the new tax law and charges to earnings due to debt refinancing activities.

Along with its newspaper publishing, magazine, timber and cable television interests, Times Mirror operates four TV stations—CBS affiliates KDFW-TV Dallas and KTBC-TV Austin, NBC-affiliated WVTM-TV Birmingham and ABC-connected KTVI St. Louis. Stations sold since the 1985 fiscal year are WHTM-TV Harrisburg, WSTM-TV Syracuse and WETM-TV Elmira, showing an obvious concentration on larger markets.

Revenues from broadcast operations totaled $127.3 million in 1986, slightly less than the prior year's $128.8 million, reflecting the disposition of the three TV stations in June, 1986. Revenues of the remaining stations, however, increased 7 per cent, largely due to advertising revenue gains at the Dallas station and higher advertising rates in Birmingham.

Despite the group's lower revenues, operating profit of $70.8 million was 10 per cent above the prior year's $64.3 million. This improvement was largely due to higher revenues at the four continuing broadcast operations and lower operating and music licensing expenses. The group's operating profit margin of 55.7 per cent represented a significant improvement over the 49.9 per cent recorded in 1985.

Broadcast revenues for 1985 had increased 3 per cent over 1984's despite sluggishness in the local economies and increased competition. The group's operating profit in 1985, however, fell 2 per cent from the prior year, mainly as a result of higher costs for syndicated programming. In that year, the group also recorded increased costs for music license rights as a result of the broadcast industry's unsuccessful challenge of the music licensing system. Broadcast's operating margin of 49.9 per cent in '85 compared unfavorably with the 52.4 per cent posted in 1984.

In 1986, the company sold its microwave communications operation and its interest in a Las Vegas cable system.

The eight top executives of Times Mirror drew a salary total of $2,812,617. Top salaries were: Robert F. Erburu, chairman and CEO, $609,230; Phillip L. Williams, vice chairman, $372,886; W. Thomas Johnson, Jr., vice chairman and publishers, Los Angeles Times, $336,154; David A. Laventhol, president, $309,616 and Charles R. Redmond, senior vice president, finance and administration, $305,577.

TM Communications, Inc.

Not a typical station group operator, TM Communications, Inc. (TMCI) is involved in turning around troubled radio stations. Although it has done this on a fee basis in the past, more recently it has been acquiring the stations, and it reports some impressive results. TMCI's other business involves custom-producing audio-visual communications material for corporate and governmental clients; and creating, producing and marketing radio jingles and commercials, TV station identification signatures and production libraries.

For calendar 1986, revenues were up 47 per cent to $11.8 million not counting the $3.8 million for which the company sold virtually all of its programming assets. Net income rose to $1.69 million including a $1.48 million after-tax gain on the sale of the programming assets. This compares with net income

Net revenues:	$11,773,000
Net income:	1,691,000
Net income per share:	.22
Shareholders' equity:	6,300,000
CEO compensation:	194,520

Radio stations: KHAT-AM-FM Lincoln, Neb.; KNSS(FM) Reno-Carson City; WLPR(FM) Mobile-Pensacola.

of only $35,000 in 1985. Earnings per share totaled 22 cents, including about 19 cents from the asset sale, vs. 1 cent a year earlier. Stockholders' equity climbed by 42 per cent to $6.3 million from $4.4 million at the end of 1985.

In early 1986, TMCI purchased KHAT-AM-FM Lincoln, Neb. for $750,000 in cash and 92,000 shares of stock for a total purchase price of about $1 million. New engineering, a new format and new promotion were plugged in—the latter two from TMCI's in-house array of station aids, and within weeks the stations had risen from the middle of the pack to Number 1 in the market in the 25–54 demographic. On acquisition, the stations were doing $23,000 a month in revenues, and TMCI more than tripled this in less than six months to $90,000—well above break-even. The company asserts these properties are now worth at least twice what it paid for them.

For a combined purchase price of about $5 million, the company recently purchased KNSS(FM) Reno-Carson City and WLPR(FM), which now serves only the Mobile, Ala. market but which the company is powering up to serve the Pensacola, Fla. market as well. TMCI looks at both markets as good growth markets, noting Reno-area radio revenues more than doubled from $4.9 million in 1980 to an estimated $9.9 million in 1985. For Mobile-Pensacola, revenues reportedly went from $10.8 million to $16.9 million in that period.

While the Reno station reportedly had not kept pace with market growth, the Mobile station underwent a change of ownership that eventually led it into receivership. TMCI says few changes will be made in the Reno station's engineering and programming and that the major thrust there will be in marketing.

The top 14 executives of the company earned $908,615 in 1986. Salaries for key executives are: Patrick S. Shaughnessy, president and CEO, $194,520; James R. Kirk, senior vice president, creative director, $179,562; Michael A. Bothel, senior vice president, productions, $114,041; Steven E. Rutherford, vice president, chief financial officer, $70,961 and Robert L. May, vice president of marketing (resigned last August), $62,208.

Tribune Co.

Tribune Co., with a 5 per cent increase in operating revenues for 1986, had a net income gain of 136 per cent with nonrecurring items and 10 per cent without them. Nonrecurring gains were: $138.3 million ($88.7 million net of income tax) in the first quarter from the sale of The Los Angeles Daily News, $145 million ($88 million net of income tax) in the third quarter on the sale of all cable systems owned at 1985's year end and $5.6 million ($3.9 million net of income tax) from other income from the sale of land in Chicago in the first quarter and the sale of a California weekly shopper in the third.

With lesser nonrecurring losses also included, total net income was $292,870,000 or $7.26 per share, compared with $123,844,000, or $3.06 per share. Net income in 1986 before nonrecurring items was $132,548,000, or $3.29 per share.

The company historically has lumped together broadcast, entertainment and cable revenue. Revenues for the year in this category rose 21 per cent to $466 million. Excluding the cable revenues, broadcast and entertainment were 41 per cent above 1985, primarily due to revenues from KTLA(TV) Los Angeles, acquired in December, 1985. Excluding KTLA, revenues for broadcast and entertainment were 8 per cent ahead, primarily because of higher revenues at WPIX(TV) New York and WGN-TV and WGN(AM) Chicago and in the entertainment group.

No cable revenues are included for 1986, as cable's operating loss for that year is reflected in the recorded gain on the divestiture of all cable systems. Cable TV reported an operating loss of $14.3 million in 1985.

Operating profit for the entire group increased 43 per cent to $65.5 million, compared with $45.7 million in 1985. Operating profit for broadcast and entertainment was 9 per cent ahead of the previous year's $60 million for broadcast and entertainment. Excluding KTLA from the results, operating profit was 18 per cent below that of the previous year.

Newspaper publishing revenues for 1986 were $1.36 billion, unchanged from 1985.

Salaries for the top five executives were: Stanton R. Cook, president and CEO, $797,127; John W. Madigan, executive vice president, $552,591; Charles T. Brumback, president and CEO of Chicago Tribune Co., $490,219; James C. Dowdle, president and CEO of Tribune Broadcasting Co., $402,383 and John E. Houghton, president and CEO of The Ontario Paper Co. and Q.N.S. Paper Co., $300,246.

Operating revenues:	$2,029,813,000
Net income:	292,870,000
Net income per share:	7.26
Shareholders' equity:	1,101,274,000
CEO compensation:	797,127

TV stations: WGN-TV Chicago, WPIX New York, KWGN Denver, WGNO New Orleans, WGNX Atlanta, KTLA New York. Radio stations: WGN(AM) Chicago, WPIX-FM New York, WICC(AM) Bridgeport, KGNR(AM)/KCTC(FM) Sacramento.

TVX Broadcast Group

Net revenues:	$22,950,000
Net loss:	(6,112,000)
Net loss per share:	(1.03)
Shareholders' equity:	12,946,000
CEO compensation (1985):	199,270

TV stations: WTVZ(TV) Norfolk-Virginia Beach, WMKW-TV Memphis, WCAY-TV Nashville, WLFL-TV Raleigh-Durham, WNOL-TV New Orleans, KRRT-TV San Antonio, KJTM-TV Little Rock, WNYB-TV Buffalo, WTAF-TV Philadelphia, WDCA-TV Washington, WCIX-TV Miami, KTXH-TV Houston, KTXA-TV Dallas.

With its $240 million purchase of five major market independent stations from Taft Broadcasting, TVX now owns more independent TV stations than anyone else—13 (including under-construction WNYB-TV Buffalo which it bought for $750,000 in 1986 and plans to sell this year)—and is one of the top ten broadcasters in terms of households served. The Taft deal was announced in November 1986 and completed four months later.

Also in 1986, TVX exercised its option to gain a majority stake in KRRT-TV San Antonio (for $0.5 million), completed its acquisitions of WNOL-TV New Orleans (for about $15 million) and WLFL-TV Raleigh-Durham (for $14.5 million), and launched KJTM-TV Little Rock. Management said that operation of these stations—all start-up or turn-around situations—contributed $6.9 million towards the company's net loss. Without this $6.9 million loss and with a $6.6 million gain TVX received by selling WNRW-TV Greensboro-Winston Salem-High Point, there would have been a net income of $0.8 million.

TVX said that it generated $1.7 million of its revenues through cash expenditures saved by bartering ad time for programming—and another $1.6 million through expenditures saved from bartering ad time for equipment, merchandise and services.

The Taft stations bought by TVX had net revenues of $96,055,000 and a net loss of $2,654,000 during the last nine months of 1986. A pro forma statement combined as adjusted for TVX and the Taft stations shows that combined operation during the full year of 1986 resulting net revenues of $148.0 million, a net loss of $68.2 million, and a net loss per share of $12.17.

Viacom International

Last week, Viacom International was expected to cement its merger with National Amusements, Inc. at a special shareholders' meeting. This follows months of speculation about the future ownership of the company. It's expected that the merger will significantly alter the liquidity and capital resources of the continuing entity. The new company's debt will be much greater than it had been, and it's believed that acquisition and expansion activities could be curtailed.

The pace of activity during 1986 makes it difficult to compare results with 1985. Revenues and earnings from operations are significantly higher in the recent year mainly due to acquisition of a remaining 50 per cent interest in Showtime/The Movie Channel along with a remaining 66 per cent of MTV Networks. Additionally the company acquired KMOV-TV (formerly KMOX-TV) St. Louis from CBS and Cable TV Puget Sound Inc. In the second quarter of '86, the company repurchased common shares from the Icahn Group, resulting in a one-time charge that caused a net loss for 1986.

All that said, revenues went up 107 per cent in 1986 to $919,154,000 from $444,112,000. Net earnings suffered a 127 per cent decline to a loss of $9,856,000 from plus earnings of $37,049,000. Operating cash flow (earnings from operations plus depreciation and amortization) improved 41 per cent to $198,936,000 from $140,691,000.

Viacom's broadcast operations were the third largest producer of revenues in 1986, with the now fully owned cable networks topping the list with $510.4 million, followed by cable TV, with $232.8 million. Broadcast's $111.3 million was ahead of $5 million for Viacom Entertainment. But broadcast was second in earnings from operations, with $37.1 million. Cable TV earned $46.4 million, networks $37 million and Entertainment $21.7 million.

The radio division went ahead 17 per cent in revenues to $42,456,000 from $36,203,000. Its earnings from operations gained 48 per cent to $18,027,000 from $12,184,000 and operating cash flow increased 46 per cent to $18,709,000 from $12,833,000.

The television division showed a 45 per cent gain in revenues to $68,884,000 from $47,530,000. Earnings from operations increased 45 per cent to $24,682,000 from $17,055,000 while operating cash flow gained 43 per cent to $27,907,000 from $19,493,000.

Overall broadcast revenues increased 33 per cent, reflecting the ac-

Net revenues:	$919,154,000
Net loss:	(9,856,000)
Net loss per share:	(.26)
Shareholders' equity:	420,528,000
CEO compensation:	650,500

TV stations: WVIT Hartford-New Haven-New Britain-Waterbury, WNYT Albany-Schenectady-Troy, KSLA-TV Shreveport, WHEC-TV Rochester, KMOV-TV St. Louis. Radio stations: KIKK-AM-FM Houston, WMZQ-AM-FM Washington, WRVR-AM-FM Memphis, WLTV(FM) New York, WLAK(FM) Chicago.

quisition of KMOV-TV along with increased sales and higher rates.

Salaries of $3,033,241 went to all executive officers as a group. This amounts to 11 persons including two for whom information is included only for the portion of the year in which they served as executive officers. Salaries for the top five officers were: Ralph M. Baruch, chairman, $499,923; Terrence A. Elkes, president and CEO, $650,500; Kenneth F. Gorman, executive vice president, chairman Viacom Networks Group, $474,827; John W. Goddard, senior vice president, president Viacom Cable Television Division, $325,000 and Ronald Lightstone, senior vice president, corporate and legal affairs, $225,664.

Washington Post Co.

Operating four network-affiliated TV stations and more recently 53 cable systems acquired from Capital Cities/ABC in addition to its publishing interests, Washington Post Co. had net income of $100.2 million in 1986, compared with pro forma net income of $102 million in 1985. Excluded from 1985 pro forma earnings are gains of $12.3 million from the sale of cellular telephone and SportsChannel interests. Per share equivalents were $7.80 in 1986, with fewer shares outstanding, and $7.73 in 1985.

The 1986 earnings were achieved after absorbing dilution of $14.6 million, or $1.14 per share, resulting from the acquisition of the cable division. Revenue for 1986 totaled $1.2 billion, a 13 per cent increase over revenue of $1.1 billion in 1985. Revenue from the cable division accounted for 62 per cent of the increase. Total return on average shareholders' equity was 25.5 per cent.

For the broadcast division, operating income rose 21 per cent to $70 million from $57.9 million. Division revenue increased 8 per cent to $167.1 million from $154.5 million the prior year. TV stations' operating margins before corporate charges rose to 43 per cent from 41 per cent.

All four Post-Newsweek stations—two CBS affiliates, one ABC and one NBC—reportedly ranked Number 1 in their markets sign-on to sign-off, according to November, 1986 ratings.

The purchase of the 53 cable systems in January, 1986 was the largest acquisition in the history of the company, costing approximately $350 million. Revenue in 1986 for what is now called Post-Newsweek Cable totaled $84.9 million. Operating income was $11.8 million, and cable cash flow was $33.7 million—12.5 per cent greater than the cash flow realized by these systems in 1985.

The company's nine top executives had salaries totaling $2,072,357. Individual salaries of the five toppers were: Katherine Graham, chairman and CEO, $368,750; Richard D. Simmons, president and COO, $341,250; Joel Chaseman, president, broadcast division, $278,107; Howard E. Wall, president, Post-Newsweek Cable, $235,339 and Martin Cohen, vice president, finance, $233,333.

Operating revenues:	$1,215,064,000
Net income:	100,173,000
Net income per share:	7.80
Shareholders' equity:	463,590,000
CEO compensation:	368,750

TV stations: WDIV Detroit, WPLG Miami, WFSB Hartford, WJXT Jacksonville.

Westinghouse Electric

Westinghouse Broadcasting Co. represented 7.8 per cent of Westinghouse Electric's revenues in 1986, down from 19 per cent a year earlier, when the company was known as Westinghouse Broadcasting and Cable. Selling off its considerable cable interests brought Westinghouse proceeds of $1.7 billion, resulting in a pretax gain of $651 million.

While the absence of six months of revenues from the cable TV business decreased Westinghouse Broadcasting Co. revenues to $839 million from $1.069 billion, operating profit from the unit still forged ahead to $149.9 million from $138.7 million in 1985.

The company's TV stations held Number 1 ratings positions in four of the company's five markets, while KYW-TV Philadelphia was reported continuing its strong improvement, solidifying its Number 2 position and significantly improving sales and earnings.

The company does not break down sales and earnings beyond group level. It reports Group W Radio achieved nominal sales growth. The FM group introduced a successful new music format at KQZY Dallas-Fort Worth and continued its broadcasts of Houston Oiler games on KODA Houston. Group W Radio completed the sale of Muzak, its environmental music subsidiary, and acquired KEZW(AM) Denver, where the company already has a successful FM station.

At Group W Productions, made-for-TV movie *Mafia Princess* scored NBC Television Network's third highest-rated movie of the season and as the ninth highest-rated movie on all networks. *Hour Magazine* is now carried by more than 130 stations covering 88 per cent of the country. Group W Productions' Filmation division developed two new animated series, *Ghostbusters* and *BraveStarr*, both of which achieved more than 80 per cent U.S. coverage.

Group W Satellite Communications became the nation's largest satellite distributor of video programming, providing more than 3,600 hours per week of transmission services to broadcast and cable networks. GWSC signed a multimillion-dollar agreement to provide transmission services for a new travel programming cable network.

In cable programming, GWSC continues to market and distribute The Nashville Network, and its Home Team Sports regional service grew to more than 500,000 customers in the Baltimore-Washington area. Home Theater Network, a family-oriented pay-cable service, closed shop at the beginning of this year.

Ten top executives of Westinghouse Electric collectively had salaries of $6,294,615. There were four higher salaries than that of Daniel L. Ritchie, who recently resigned as president of Westinghouse Broadcasting Co. with a salary of $688,328. The top earners were: Douglas D. Danforth, chairman and CEO, $1,244,992; John C. Marous, Jr., president, Industries and International Group, $774,996; Thomas J. Murrin, president, Energy and Advanced Technology Group, $754,999 and Leo W. Yochum, senior executive vice president—finance, $689,992. □

Operating revenues:	$10,731,000,000
Net income:	670,800,000
Net income per share:	4.42
Shareholders' equity:	3,009,600,000
CEO compensation:	1,244,992

TV stations: WJZ-TV Baltimore, WBZ-TV Boston, KYW-TV Philadelphia, KDKA-TV Pittsburgh, KPIX San Francisco. Radio stations: KEZW(AM)-KOSI(FM) Denver, WBZ-AM-FM Boston, KQZY(FM) Dallas, KODA(FM) Houston, KFWB(AM) Los Angeles, WINS(AM) New York, KYW(AM) Philadelphia, KMEO-AM-FM Phoenix, KDKA(AM) Pittsburgh, KQXT(FM) San Antonio, KJQY(FM) San Diego.

High-definition *(from page 51)*

for an NOI on high definition and other advanced technologies. Deadline for comments is June 10 with reply comments due by June 30.

The broadcasters were "saved," says Crutchfield by a showing that HDTV was advanced enough to be considered seriously, that land mobile interests did not need any near-term additional spectrum—indicated by a study not included in the commission record—and by pressure from the Hill. Many observers believe the latter was the most persuasive.

The importance of the NAB HDTV Task Force is indicated by the level of personnel named. The group is chaired by Daniel Gold, president, Knight-Ridder Broadcasting, and includes Joel Chaseman, president, Post-Newsweek Stations; A. James Ebel, broadcast consultant and industry representative for the Gillett Group (and the TV industry's top satellite spokesman for two decades); Joseph Flaherty, vice president, engineering and development, CBS Broadcast Group; Otis Freeman, director of engineering, Tribune Broadcasting Co. and WPIX(TV) New York; William Moll, president, broadcasting and entertainment, Harte-Hanks Communications; Leavitt Pope, president, WPIX, Inc., Harold Protter, vice president and general manager of Gaylord's WVTV(TV) Milwaukee; Warren Williamson, III, president, WKBN-TV Youngstown, and Tom Paro, president, Association of Maximum Service Telecasters (ex-officio).

Protter noted late in May when the task force was just getting organized that among its goals was the fact that "We're sending a message that [the broadcasters] want to be in the game with a reasonably compatible system." The MUSE bandwidth reduction transmissions, which are used to transmit the 1,125-line signal on an 8.1 MHz channel, are not acceptable, since they are not compatible, according to Protter. But he points out that the Americans have no problem with the 1,125-line system for television *production* purposes.

While the MUSE transmission method may turn out to be an issue, the Japanese may use it in recording on tape or disc for the home. Sanyo has already shown a prototype video disc recorder using the MUSE system. While Sony demonstrated a full-bandwidth laser disc recorder at the '85 NAB exhibition it only recorded 10 minutes per disc. Protter says that the presumed specifications for a home HDTV system would include "subjective" picture quality equivalent to a MUSE picture. □

ABC affils *(from page 55)*

same audience flow problems as the networks. It's difficult to come into the middle of Johnny Carson or CBS' long-form programming and start something."

Similarly to NBC's affiliate board chairman James T. Lynagh, Hooten looks at the possibility of more affiliate time on weekend afternoons (see story, TV/RADIO AGE, May 25). In his case, he's looking at ABC's cost-saving attempts in terms of the high cost it pays for weekend sports rights during a time affiliates would be glad to take over.

It wasn't that long ago that NBC affiliates were defecting to ABC, and Hooten says of the possible reversal of this, "there will always be a few that swing with the pendulum, but these things are cyclical in nature. Many of those who made the change found that it was not in their best interest. Some viewing habits are not easily changed—especially in news and soap operas."

Even though ABC has been at the bottom of the heap in Saturday morning children's programming—a heap that's been piled upon by the more knock-'em-sock-'em syndicated product—and there are trade rumblings of ABC abdicating Saturday mornings—Hooten stands behind what his network is doing: "In quality, ABC has probably performed better than the others. The after school specials are excellent projects and deserve continuation—and on Saturday morning, I don't see ABC backing off but probably remaining competitive. That's a part of quality programming that probably goes unrecognized."

The industry's position vs. erosion of network ratings due to cable and barter "is like the industry hitting a brick wall while, coincidentally, the three networks have either changed their ownership or structure—with demands to service a debt. We have all been looking at the way we do our business. It's not possible every year to have 10–12 per cent expense increases while revenues are down everywhere in very low single digits. It's not only the network. The stations too, still subscribe to the theory that you have to compete and not cut expenses.

"Once again I subscribe to the theory that you create the very best programming you can—not the cheapest. We've got to stop the share erosion from network television and create good network programs, just as you do in the local marketplace. I think that you can better utilize that money that you do spend, and I certainly think a lot of the stations, and the networks, are certainly attempting to do that. But the production community and the syndicators at some point have to understand that these escalated prices have to level off."

Commitment to news

Hooten doesn't criticize the network for reducing news budgets: "I don't think they're reducing their commitment to news. They're learning to utilize their resources better." As for flagship station WABC-TV New York starting the news a half-hour earlier and running a popular game show against the other two networks' newscasts, he says, "That's nothing new once you get out of the New York environment. According to the last numbers I saw, they're winning their time period and getting a higher rating at 6:30 [when the news runs]. They're very strong from 4–8 p.m. now. I don't know that all the national newscasts have to be on at the same time. It's certainly not hurt ABC or ABC News—and not the stations."

Speaking of what ABC calls its affiliate newsgathering community—NewsOne—Hooten says, "It's greatly improved. To a degree, I had something to do with that years ago. It used to be called DEF [Daily Electronic Feed]. Affiliates had been disgruntled with that system that had been in effect for some time. They wanted a better system of delivering news—interconnected with greater ease. It was not a competitive, viable source of news—not well coordinated—a lot of useless material to the majority of the affiliates. The technology drove it."

The current regional news resources are "of course available to the network. Instead of about seven or eight bureaus, they'll have 200."

Satellite newsgathering, with the help of the affiliates, meanwhile, is no panacea: "There's a tendency of some to think that because of our NewsOnes and our ABSATS, that affiliates can become a major source of news programming for the network. If there is a granary fire in Sioux City, Iowa, there's no reason to think the station in that area can't provide coverage, but if you get into bank closings and farm foreclosures, and you need in-depth reporting, the affiliates don't have the manpower and the time to cover it in timely fashion and send it to the nation. Freelancers can't cover Iran. You need reporters and producers that are responsible to you. There are those in the network who think there's so much redundancy in what we all do [in newsgathering]."

But he concludes, "Entertainment programming comes and goes, but newsprogramming is the face of the network." □

First-run *(from page 42)*

are stations that go to the mat for our shows, but there are also stations that do not place the same level of importance on them that we do. On balance, we don't feel a whole lot of dissatisfaction."

Contest cooperation

Orion also cooperates with stations that want to sponsor contests, giving winners a chance to come to Los Angeles to possibly be a contestant, but makes no promise that they will actually appear. Oswaks points out that *High Rollers* has been a successful lead-in to *Wheel of Fortune* and *Jeopardy*.

At MGM, Donna Landau, manager of advertising, sales and promotions, says it will be promoting the new *Sea Hunt* and *We Got It Made* in first-run but adds that precise strategies have not yet been nailed down.

King Features is looking to BPME as a search mission, including the seminars, which, according to Maureen Smith, promotion manager, are "interesting and furnish the company with good ideas, and what should be incorporated in promotional pieces." The director of advertising and public relations at KF, Homer Jolly, adds that he will canvas stations on what promotion material they will need for the company's first-run weekly half-hour series, *Fight Back! With David Horowitz*, which gets a new try in syndication for the fall.

Jolly says that KF took "a stab in the dark" in promoting *Ask Dr. Ruth* because the syndicator did not have any marketing input from stations when it launched the program in January. *Ruth* itself presented a problem not only as KF's first live-action, first-run program but also because of the program's subject matter. "We had to do three or four different types of spots to accommodate a particular station's policy on *Ruth's* promotions. Some markets were willing to be more risque and to let us show how direct *Ruth* is with a sexual topic.

"On the other hand, some markets, especially those in the south, were afraid and wouldn't air those spots in the daytime dayparts. So we had to form our spots around each demographic area, which in turn meant more work and more money than is required for other programs."

While KF will come to the BPME with only one new fall program, Orbis Communications will show promotions on at least four first-run shows at the roundtable. Ed Neuert, director of promotion, says that Orbis "will bring every promotional kit that is currently active, including both first-run product that has been renewed and upcoming shows." Where kits are not finished, the company will have parts of them and inform stations on what they will get in promotion for the fall, he notes. First-run shows include *Matchmaker*, half-hour game show, *Sprial Zone*, *Kids' Song* and *Force Three*. The last two are weekly shows.

Spiral Zone kits will include ad slicks, photos, a color logo slide and on-air spots of 30 seconds and 15 seconds. At this point 20-second spots are being considered, as are radio spots. Also being weighed are cross-promotional material for all the new programs. In the case of *Matchmaker*, which Neuert calls an unusual show, promotion plans are still being formulated. "A show like that lends itself to doing good, wild stuff, but we haven't settled on anything as yet."

Regarding the on-air spots, Neuert says he's planning to make them more extensive than in the past. For example, if Orbis produces four 30s, they will be done with two different voiceovers. "One type of voiceover will be on one track and a different voiceover on the other." Also being supplied will be unmixed tracks so the station can put in its own voiceover. "In effect, they are getting four spots, which can be utilized in many different ways.

Paramount Television has created a prototype for the BPME of an unusual advertising campaign for *Friday the 13th*, its new first-run series based on the thrill-chill feature.

"We have an ad with the show's logo and a tombstone, and the header is, 'We're dying to tell you a story,' " says Meryl Cohen, vice president of advertising and promotion.

In addition, Paramounts first-run roster includes *Star Trek: The Next Generation* and *Marblehead Manor*. *Manor* will be promoted with a "fun, lighter approach," Cohen adds. "We might not use photos of the actors—we might end up going with caricatures [in the print campaign]."

Star Trek, of course, will have a "major promotional campaign," currently underwraps, and for *Friday the 13th*, Cohen says, "We're looking for a new audience distinguished from the movies. "We're promoting it as good, entertaining late-night television, rather than as something horrible and bloody, although people will die. . . And we're going to support it with radio spots, using special sound effects like screeching doors or breaking glass."

Old and the new

Doug Gervais, promotion manager at KMSB-TV Tucson, says the station will be making an unusually strong push in connection with the launch of *Star Trek: The Next Generation*. "We've been running the old *Star Trek*, and we're considering the possibility of using the old show to lead in to the new one, but no decision has yet been reached," he says.

"We're also going to have contests," he adds. "We're going to stay away from trivia because those Trekkies are sticklers for details and will kill you with phone calls if you get anything the slightest bit off. But we'll have things like the "Trek Tune of the Day," a cross-promotion with a local radio station, where winners can get anything from satin *Star Trek* jackets and cassettes of the movies to trips to L.A. and dinner with some of the cast members."

King World's Michael Mischler vice president, creative services, is in the enviable position of coming to BPME to promote three first-run winners, *Wheel of Fortune*, *Jeopardy!* and *The Oprah Winfrey Show*, plus the new George Schlatter-produced *The Laugh Machine*.

Mischler says King World has not allowed marketplace exigencies to affect its traditional building block approach of capitalizing on stations' strengths, helping them to overcome weaknesses, aiding them to make effective use of research and giving them assistance with co-op advertising.

"Vanna White will be promoting the show in some markets," he says. "She's currently out on the road with her book. And stations such as WCBS-TV in New York took a suggestion of ours and did a promotion spot with Jack Clark, the *Wheel of Fortune* announcer, which is another way to extend the marketability of the program. Mischler was reluctant to disclose specific marketing/promotion strategies for competitive reasons.

Owen Simon, vice president of creative services for Group W Productions, says the company plans a six-figure campaign that will mark the "most extensive and expensive promotion we've ever undertaken" to launch *The Wil Shriner Show* for the fall, which it hopes will take up the post-Merv Griffin/Mike Douglas talk-show vacuum.

"We think *Shriner* will appeal to younger audiences than Griffin or Douglas, though, and will have less music," says Simon, who adds that Shriner's midwestern humor is not as sarcastic as David Letterman's.

Shriner's television promotion spots will be shot by Spotwise, a Boston firm that has previously worked on promos for *The Siskel & Ebert Show* and *Donahue*, according to Simon.

MAJOR BROADCAST MEETINGS, SEMINARS AND CONVENTIONS

1987

June 10–14	BPME Convention, Peachtree Plaza, Atlanta June 8, 1987 Issue
September 1–4	RTNDA Conference, Orange County Civic Center, Orlando, Florida August 31, 1987 Issue
September 9–12	NAB Radio '87, Anaheim Convention Center August 31, 1987 Issue
October 15–19	MIPCOM, Cannes Television/Radio Age International, October Issue
November 11–13	Television Bureau of Advertising Annual Meeting, Atlanta Marriott November 9, 1987 Issue

1988

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

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

Worldvision Enterprises' plans have not yet been formalized for the BPME but WE will repeat its promotion program of last year, according to Rita Scarfone, vice president, advertising and promotion. Its *Throb* series is being pushed via personalized and episodic promos and tours to the top 50 markets by the show's stars. "We have advised the stations that the stars are available for sales parties and on-air appearances."

WE's *Fantastic World of Hanna-Barbera* is being supported by backpack giveaways and toys, to be used by the stations in running contests. In addition, WE ran a station contest for promotion managers, who received prizes, according to Scarfone. Whether this promotion will be repeated has not yet been decided, she says.

Blair Entertainment has two new shows coming up for the fall and has just begun to put its promotion plans together on *Strictly Confidential* and *Fan Club*, so it was unable to furnish details as of presstime. At last year's BPME, Blair was an exhibitor but will not return to the floor this year, notes Leslie Lillien, who was director of creative services and left the company a few weeks ago. BE, however, will hold a workshop which will concentrate on *Divorce Court*.

Buena Vista's first-run thrust at the BPME will revolve around *Win, Lose or Draw*, half-hour series, and *Duck Tales*, animation show, notes Michael Tanner, vice president, creative services, Promotion on *Draw*, a celebrity-driven program, will focus on the stars that will take part in the show, "the kind of antics they will be getting into, and to use those kinds of situations to display what the show is all about." These spots will be produced in different lengths, he continues, and will be made at least weekly or even daily.

Tales is an entirely different promotion ballgame, Tanner says. Pitched exclusively to children, promotion generally is more difficult than it is for adults. Because advertising in print is used only minimally, the reliance on on-air spots is strong, "and so we will spend more time and more effort trying to figure out what will capture the stations' imagination." Also, customized promos are difficult to produce and expensive when it comes to marketing animation, but BV is considering the promos for *Duck Tales*.

While ad-support material for *Tales* will not be extensive, they will include a certain amount of print ideas from which print material can be constructed by the station.

With kid viewership declining across the country, syndicators report that it's becoming increasingly difficult to get promos for kids' programs aired. Nevertheless, marketing of kids' programs will be one of the highlights of the BPME.

Phil Press, vice president of first-run sales and marketing for Coca-Cola Telecommunications, says the studio is touting *Dinosaucers*, its new show, capitalizing on the dinosaur toy phenomenon.

"In a very tough, competitive children's marketplace, high-tech approaches are losing their luster, and we're seeing the attractiveness of softer forms," says Press, pointing to *Dinosaucers* as an example of the latter. Press says dinosaur products sell an estimated half a billion in the $20 billion toy market and are natural spinoffs for kiddie programming, with "the right time and the right show."

Coca-Cola Telecommunications will be combing a print ad campaign, toy company tie-ins and advertising at the station level, including 10-, 20- and 30-second spots to get its message across to the public, Press says. He adds that the studio hopes for a tie-in with a national retail unit, if ongoing negotiations are concluded by the time the show is launched.

Coke is also pushing *Karate Kid*, 65 episodes of the half-hour strip based on the two hit movies, which also have a toy tie-in and "tremendous name recognition" because of the successful films, Press says. It is also selling 44 off-net and 44 new episodes of *Punky Brewster*, with promotional appearances by Soleil Moon Frye, and *DIC Hollywood Theater*, four animated hours.

Moloshok at Lorimar Telepictures says the company is sponsoring a live touring show to promote kiddie products *ThunderCats* and *SilverHawks*, starting in September and including stars from *Gumby* and *The Comic Strip* as well.

"We'll be cross-promoting with the stations in each market," Moloshok says, adding that the cast will come into the city before the performance and make stops at children's hospitals and charitable institutions as a public service.

In the animation field, Group W is working on a number of contests and promotions tying in its successful kiddie show *BraveStarr* with the release of the movie, *The Legend of BraveStarr*, this August by TransWorld Entertainment, and is also working closely with Mattel on a toy connection.

Some stations are giving kids' promotion some special effort. At WXIX-TV Cincinnati, a special promotion is being launched centering on a "19 Street" theme, reflecting its TV channel number. One spot being introduced, according to promotion manager Brown, opens with The Kid Bit, a segment of a one-minute spot, which offers tips to kids on such things as camping, horseback riding, stargazing and how to get to sleep at night. The second portion of the spot is a community calendar of events for kids.

The third part of the spot involves a kid contest, in which children are put on camera at shopping malls and win a Toys R Us gift certificate if they see themselves later on the station's taped version. Brown notes that, although only about 2,000 kids have been taped, the rate on kids picking up gifts has been close to 100 per cent. The spots generally run from 6–9 a.m. and from 2:30–5:30 p.m. One spot runs in the morning and one in the afternoon, without a specific time slot designation. She notes that if the spots go well, the promotion may be expanded to two minutes "as sort of a mini-program."

Placing the spots on an at-random basis forces kids to watch the station's kid programming during the kids' block, says Brown. "A child has to watch to win a gift certificate because the viewer has to call the station by 5:30 that day."

Contests also play an important role at UFTS in grabbing kids, and normally run in the 7–9 a.m., 3–6 p.m. kid programming block, says Logsdon. In several cases, contests involve phone-ins, with the winner receiving toys, tickets or cash. One contest that was successful entailed a cash giveaway for the name to be given to a character created by the station as host of the kids' block.

Off-network shows

Keeping promotion fresh on an off-network show which is entering its 10th syndication year requires special treatment, as is the case of *M*A*S*H*. And, according to John Garofolo, director of creative services at Twentieth Century Fox, distributor of the unique war spoof series, the company is planning an agressive marketing stance on the show. With the help of idea-swapping with *M*A*S*H* stations at the BPME, Fox expects to develop comprehensive suggestions on ways to repackage the series and to focus on theme week marketing, points out Garofolo.

Also significant on a news push on *M*A*S*H* is that there are a large audience of 12–24 age viewers who did not grow up with *M*A*S*H*. "Therefore, I want to develop a campaign directed at these younger viewers," says Garofolo. "Also, it makes sense for us to do a study guide directed at junior high and high school students. There is a certain awareness of war and its issues, as reflected by the success of *Platoon*, which at least gives 20th Fox a rationale for trying to attract a movie-going audience which has similar demos. Even though *M*A*S*H* was set in Korea, its theme can be applied toward any war, according to Garofolo.

Generally, Garofolo is planning to provide new *M*A*S*H* photos, new bumper slides, developing a new generic campaign, highlighting both the serious and comedy aspects, and promos targeted to 12–24 year olds.

Meanwhile, some major syndicators attending BPME are not focusing on first-run product but nonetheless expect to put on a heavy promotion showing at the convention. Viacom Enterprises will meet with stations carrying its library of product, as it has at previous BPME outings, says Lisa Merians, director of creative services, and updating promotion kits and offering new on-air promos. New promos are being made for *The Honeymooners* and *I Love Lucy*, among other shows, she notes. Next year, VE will have an extensive promotion showing at the BPME on *The Cosby Show*, says Merians.

ITC Entertainment will feature promotion on its Entertainment Volume 6 package, which totals 16 films, including *Not My Kid*, *Deadly Encounter*, *Amos* and *Matice in Wonderland*, according to Murray Horowitz, executive vice president, advertising/promotion at ITC.

As other syndicators try to prepare the best presentations for their first-run offerings, Columbia/Embassy Television is taking the bull of off-net hour shows by the horns through a *T. J. Hooker* marketing campaign that directly confronts stations about their decisionmaking.

Riding high from the recent record sales of *Who's The Boss* in New York, Los Angeles and San Francisco, and unfazed by the publicity about the problems faced by such hour shows as *Miami Vice* in syndication (and the potential problems, many industry observers agree, of *St. Elsewhere* and other shows), Columbia/Embassy syndication president Barry Thurston has orchestrated a *Hooker* marketing campaign that attempts to differentiate the show from some of its competitors.

Thurston stresses the importance of not lumping everything together when deciding whether or not to buy hour shows, emphasizing that eight o'clock hour shows rely more on "strong relationships" than "car chases, stunts and the like."

The campaign also stresses *Hooker's* potential ability to deliver the right demographics, handle strong competition, and the claim that, unlike nine or ten o'clock shows, an hour-long *Hooker* episode at eight o'clock does not need to rely on "adult themes."

"To begin with, *T. J. Hooker* has strong character relationships as its foundation and strong story lines to propel these relationships, as opposed to car chases and 'shoot-em-ups' every few minutes," according to Thurston. "The program was designed for the 8 p.m. family hour and, therefore, matches up with early fringe demographic profile."

Columbia/Embassy argues that the recognizability of *Hooker* star William Shatner, the show's ability to face competing comedies and win, and its proven flexibility in both primetime and late night (it was cancelled in ABC primetime, and new episodes were subsequently produced for CBS late night), means that stations buying the show in syndication will get ratings and demographic return for their investment.

Whether the argument of Thurston's team is proven right remains to be seen in the marketplace. But the very directness with which Columbia/Embassy has chosen to address the fears of stations underscores a contemporary climate in which hours shows, far from dominating a seller's market, are now willing to take extraordinary steps to prove their case to the buyer. □

WTVF(TV) Nashville: Summer Lights Festival

Tv stations *(from page 54)*

with the colorful visuals." Guests on the station's locally produced morning show include fashion experts from Triad department stores (the Triad including Winston-Salem and High point as well as Greenboro). Viewers are invited to visit participating stores and sign up for a drawing for a trip to London, which builds more traffic for the stores.

Pravden says that every Friday during August, the station airs a locally produced fashion show, and even the station's three second IDs during August say "Fall Fashion Month on WFMY."

In Chattanooga, the Tennessee National Guard set up a field hospital that WDSI-TV turned into a replica of the original *M*A*S*H* set, where local medical personnel gave free health examinations and where such charities as March of Dimes, the Disabled American Veterans and the Children's Miracle Network raised thousands of dollars. Barrels were also set up for donations to the Muscular Distrophy Association, and the proceeds were presented to local representatives of the Jerry Lewis Telethon by *M*A*S*H* stars flown in from Hollywood.

The stars, McLean Stevenson, Jamie Farr and Larry Linville, also signed autographs at retail outlets of participating advertisers, who were also given display space at the *M*A*S*H* field hospital site to display, sell or sample their product.

Starr says that WDSI "blankets the market with hundreds of *M*A*S*H* posters with the tie in advertisers' names and our call letters all over them." There were *M*A*S*H* T-shirts with advertisers' names on the back, and among other events, a Cpl. Klinger look-alike contest with a VCR, courtesy of R&R TV & Appliance, going to the male wearing the best Section 8 drag costume.

Children's activities

Many stations across the country are climbing aboard Group W's *For Kids' Sake* public service and programming campaign to promote positive communications between parents and their children to make the most of the time families spend together. Participating stations include, among over 100 others. KYTV(TV) Springfield, Mo., Fox Television's WTTG(TV) Washington and WNYW-TV New York, WBZ-TV Boston, KYW-TV Philadelphia and WPRI-TV Providence, R.I.

One participating advertiser, Jim Kates, owner of two True Value Stores, says, "I think for dollars spent on advertising, you couldn't find a more positive way to enhance your image of where you're coming from, who you are, what you want to do, and what your priorities are."

WPRI-TV Providence is building on its existing locally produced *Kids' Quiz* by adding *For Kids' Sake* and a second local show, *Kids Are People, Too*, still on the drawing board, to create an ongoing campaign of service to children. General sales manager Archie Goodbee, Jr. says participating advertisers "will be in a position to build additional good will" by their representation on and participation in the station's *For Kids' Sake* Advisory Board. Other board members will be educators, leaders of local boys' and girls' clubs, YMCA leaders, United Way leaders, leaders of substance abuse prevention programs, and school health and physical ed specialists—"anybody involved in and concerned with service to children. And, perhaps most important, parents concerned with development of their own children, mentally, physically, and emotionally, in these turbulent times."

Among other things, says Goodbee, the Advisory Board will decide on and recommend what kinds of local activities the station's *For Kids Sake* campaign should get behind and promote. The effort is scheduled to start here in September, he says, "and the kinds of activities we're likely to get behind and cover, or build programs around, could include telethons or documentaries covering our local special Olympics, Black History Month, a telethon to raise money for Bradley Hospital, a Muscular Dystrophy telethon, a Meeting Street School Telethon, and programs for handicapped kids."

Throughout the year, members of the Advisory Board will be among guests on the station's local talk shows, and Goodbee adds that, "when something newsworthy happens that affects children—maybe a new program introduced by the school system, or one of the youth groups, it could be a story on our local news. *For Kids' Sake* will involve the whole community and every department of the station."

At KSAS-TV Wichita-Hutchinson, Kansas vice president, general manager Harlan Reams describes how his station uses the pulling power of kid personality Major Astro among his young fans "to build excitement for a number of our advertiser-sponsored promotions."

Major Astro is the host of the station's afternoon children's animation block, and the control room, with all its little red lights, switches, dials, and other gadgetry serves as the Major's "Space Center" and command module.

Reams describes him as "a natural spokesman for our tie-in to the visit of the He-Man Tour—a live road show that travels the country with He-Man and She-Ra, with the syndicator picking up the tab for printing and mailing of the posters promoting the show and

WWBT(TV) Richmond: Labor Day Balloon Classic

In the Picture

Roger G. Pisani

New head of Publicidad Siboney/New York points to the need for "more accurate media numbers" on Hispanic audiences, "particularly in terms of a better fix on the influence of general market media on the more assimilated Hispanics who have been in this country for awhile."

Says Spanish language agencies and media must move clients' products

Roger G. Pisani, new executive vice president and managing director of Publicidad Siboney/New York, the U.S. Hispanic agency of Foote, Cone & Belding, doesn't talk about the "potential growth" of the Hispanic market in this country any more. "Potential," he points out, "implies something that hasn't happened yet. That's no longer the case. This market has arrived, and advertisers no longer look at it as an afterthought, but as a necessity."

Pisani believes that while the new immigration law may slow down the tremendous growth seen in the Hispanic market temporarily, he doesn't see it creating a permanent slowdown. Over the long term, he says, "I think the influx of newcomers will continue. And for the great majority of these new arrivals, their only language when they first come here is Spanish. Add to that the higher birthrates of these newcomers, and these two factors alone assure continued growing audiences for Spanish language broadcasters here."

Then, turning to Hispanics who have been in the U.S. long enough to become bilingual, Pisani points to a study among this group in Los Angeles that showed two versions of the same commercial, one with an English voice-over and the other with a Spanish announcer. Brand awareness, says Pisani "was 75 per cent higher among these bilingual people after hearing the Spanish version, and copy point recall was two-and-a-half times what it was following exposure to the English version. This comes on top of an earlier survey by Strategy Research Corp. that found that 68 per cent of U.S. Hispanics speak Spanish at home."

Much to be done

But Pisani notes that while SRC and a few other research firms have done much fine work, "There's still much in the research area that remains to be done." He observes that there's more research available on U.S. Hispanics today because "More sophisticated advertisers have entered the market—companies that are accustomed to working with solid information on their customers, as opposed to settling for pure intuition."

He adds, "As Spanish language media in this country have developed professionally, they've come to recognize that their continued success depends on providing good audience information. For instance, I think that the growing competition Telemundo represents to Univision will spur production of still more useful information."

As for what remains to be done, Pisani cites the need for more accurate media numbers: "We particularly need a better fix on the influence of general market English language media on the more assimilated and upwardly mobile segment of second, third, and fourth generation Hispanics. This is a group that continues to grow in absolute terms."

Second, says Pisani, "We need more information at point of sale, so companies can measure the effects of their marketing efforts. There are currently two food chains—one in Los Angeles and the other in Miami—who have split their stores by neighborhood location, English speaking and Spanish, so we can get a reading on brand movement in the two groups, as tracked by UPC readers at the checkout counter. It's a fine start. But this is still only in two markets."

Need to move product

"Spanish-language agencies are in much the same position as Spanish language media," emphasizes Pisani: "We must justify our existence by moving product—not by relying on goodwill. Goodwill is important, but product movement has to be an even higher priority."

He says the same applies to the special division Siboney maintains "to involve our clients in community events. Their charter is to 'Look for the plus.' "

This, he explains, "means, for instance, that if we have a Colgate-Palmolive float in the Puerto Rican Day Parade, we want to do more than merely be seen. We ask ourselves if we can get the star from our television commercial to ride on the float to remind the crowd of our commercial message. And whatever it is that draws the crowd, can we use the event to sample a new product? Can we use it for research activity to add to our data bank? Can we use it to help build better relations with the retail trade?

"Community involvement has traditionally been important in helping clients gain visibility among the Spanish speaking population, and in our judgment it will continue to be a major factor."

Observing that most people concentrate on the differences between selling to English speaking and Spanish speaking consumers, Pisani asserts that there's one thing that "all of us, whoever we're selling to, have to keep reminding ourselves of, no matter who your customers are and what language they think in: That's that we still have to talk to our audiences one-on-one. We must never forget that it's not 10 million 'women 18 to 49' we're 'reaching' for. What we have to do is to talk personally to each of those 10 million separate individuals."

One of the new agency's new business target categories will be "some of the many ready-to-wear apparel manufacturers based in California" now that it has the D/H/B offices there.

ion marketing, Jerry Bess has long been interested in experimentation in areas beyond copywriting and creation of artwork and film.

Sawdon & Bess was the first agency to use a fiber optic flexible lens to film a television commercial. Producer Jeff Farias, art director Alido Pavan and copywriter Keith Harmeyer commissioned director Burt Greenberg to film "from the driver's point of view," inside a Matchbox car to shoot the car through a 360 degree loop. Greenberg solved the problem with a wide angle lens at the end of a fiber optic tube and set the other end for 35mm format.

Sawdon & Bess was also the first agency to sign with Telescan, a computerized television monitoring service that uses realtime technology to verify when, where and how a commercial was aired. The system uses ISCI code, similar to the UPC bar code used at supermarket checkout counters to track brand sales, just as ISCI tracks information on commercial airplay. Though currently on hold pending further financial backing, Greenberg says the system, on which he holds three patents, "works and works well. But don't take my word for it," he adds, pointing to a report last year by the American Media Council that calls Telescan "clearly the front runner in the ancil-

the marketplace

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lary signal system side of competitive commercial monitoring."

Sufficient creative talent

At AC&R, Rose points to the expanded creative department of his new agency entity. "Between our three agencies, we have 80 people in our creative operation, so I don't expect to have to go out and raid anyone else for talent.'

He adds, "What we can now also make available to all of our clients for the first time is our own direct marketing agency, and direct marketing is one of the fastest growth industries within the advertising/marketing industry. We also field our own public relations division, our own audio-visual facility with television commercial production capability, and our own in-house type shop, which is quite swift. And it provides a price break for clients. All these are parts of AC&R that are now available to clients of DHB and Sawdon & Bess, as well as to the new clients we expect to be joining us."

Rose adds that the activities of the direct marketing operation include telemarketing, catalog preparation and coupon-driven print advertising, as well as 800-number broadcast advertising. Most of the latter is via television, but the agency uses direct response radio spots for Air Jamaica and TAP, the airline of Portugal.

And he says the back end handling of response via telephone "provides the opportunity to probe for a cornucopia

Expanded creative services are available to all clients now.

of useful socio-economic and lifestyle information on every customer. This information also becomes part of our constantly growing data base of consumer buying habits and other marketing information that goes into our electronic library of buying indices by DMA."

Asked about such other usual merger fallout as thinning out of personnel, Rose concedes, "Eventually there may utility?" After all, they'd say, the First Amendment right to speak would be unaffected.

The real "bottom line" is quite simply this: If cable operators abound on their fight to obtain full First Amendment rights to serve their short-term interests, the whole cable industry could suffer dramatically in the long run. Without First Amendment protection, there would exist no constitutional impediment to various types of content and access regulations. The First Amendment affords great freedom, but it requires a consistent and vigorous defense of its principles. Cable operators cannot invoke it to resist those infringements it opposes, while compromising its terms to accommodate those regulations it favors.

The exclusivity issue

Cable must also retain free and fair competition. As the FCC explores compulsory copyright, cable operators should ask whether negotiated copyright liability might not be a better, or at least a liveable, alternative. By negotiating for the carriage of basic, pay and pay-per-view services, operators are already dealing in a full-liability marketplace for the majority of their programming. Why shouldn't broadcast services be treated like these other program sources?

Some broadcast services may well be less expensive for cable operators in the absence of a compulsory license. For instance, if you're an operator selling a $10 basic service to subscribers and you want to add a non-permitted distant signal, say, WTBS, you will pay as much as 37½ cents for each subscriber—and for common carrier charges on top of that. I doubt many pay this much for any basic services. Other signals may become more expensive.

In the interim, we will examine syndicated exclusivity. The cable industry has recognized the value of cable-unique, exclusive programming. Why shouldn't broadcasters be permitted to obtain similar exclusivity? Remember, the issue is not whether broadcasters will survive without a syndicated exclusivity rule, but whether the public benefit of such a rule outweighs the cost of its imposition.

There's no question that exclusivity rights play an important role in promoting competition by creating proper incentives to create, distribute and promote programming in a way that maximizes consumer welfare effectively. Exclusivity *is* important to cable. It serves cable's interests and the public interest. But how long do cable operators think they can sustain the position that exclusivity is good for cable but wrong for broadcasters? And worse yet, if cable manages to establish that principle—that government should by a certain regulatory regime accept a competitive advantage for one player that it effectively denies another—how long before that principle is applied against cable? How long will it be before a variation of compulsory license guarantees others access to *cable* product—against operators' will and at a price set by the government?

Some cable operators refer to freedom of contract as "the blackout rule." Of course, syndicated exclusivity protection would not be triggered unless a local broadcaster has purchased exclusive rights to the program. Therefore, the program is available to viewers. Second, cable customers will see a "blackout" only if the cable operator does not provide substitute programming. In practice, syndex may be a diversity enhancing tool that brings viewers even greater variety. And of course, the commission must focus on these broader public interest goals.

'Rule of Reruns'

Right now, with the combination of compulsory copyright and a lack of syndicated exclusivity, we are living under what is better called "the rule of reruns." The same program may and often does appear literally dozens of times on different channels during the same week. Not only does "the rule of reruns" injure the local broadcaster's ability to attract viewers—reruns also downgrade the value of cable service. Remember the lesson of HBO and Showtime: for all the purported convenience of time-shifting, viewers simply don't watch substantially duplicated programming. It may be time to abandon "the rule of reruns." A unique broadcast signal will undoubtedly prove to be a more valuable program source.

There are a whole range of issues of great importance to the cable industry that are intimately linked: scrambling, compulsory license, syndicated exclusivity and, more generally, cable's right to protect programming from competitors who today, and in the future, will claim some right or need to access the property on terms set by government.

The issues are linked by the simple concept of property rights. The notion is that the party who develops or purchases programming should have the right to control its distribution. I believe that, in general, a system that recognizes these property rights will best serve the public interest by creating the optimal incentives to produce and distribute.

Shifting interests

As cable passes from its initial plant capitalization phase into its mature stage, and as emphasis shifts to realizing its full potential by and through diverse programming, cable's interests with respect to these policy issues shifts as well; it may be in the best interest of cable to endorse, consistently, that same system of full, free and fair property rights.

Fair play is the best play because it lets competitors bring out the best in themselves. As "The Gambler" said about card playing, "You've got to know when to hold 'em, know when to fold 'em, and know when to walk away."

Cable must hold on to its aces—First Amendment rights and free market competition. As for the "jokers"—those short-term cards of protectionism and regulation that slant cable's way—operators must fold 'em and walk away. In the long run, they aren't needed. If held on to too long—well, a marked deck will always come back to haunt you.

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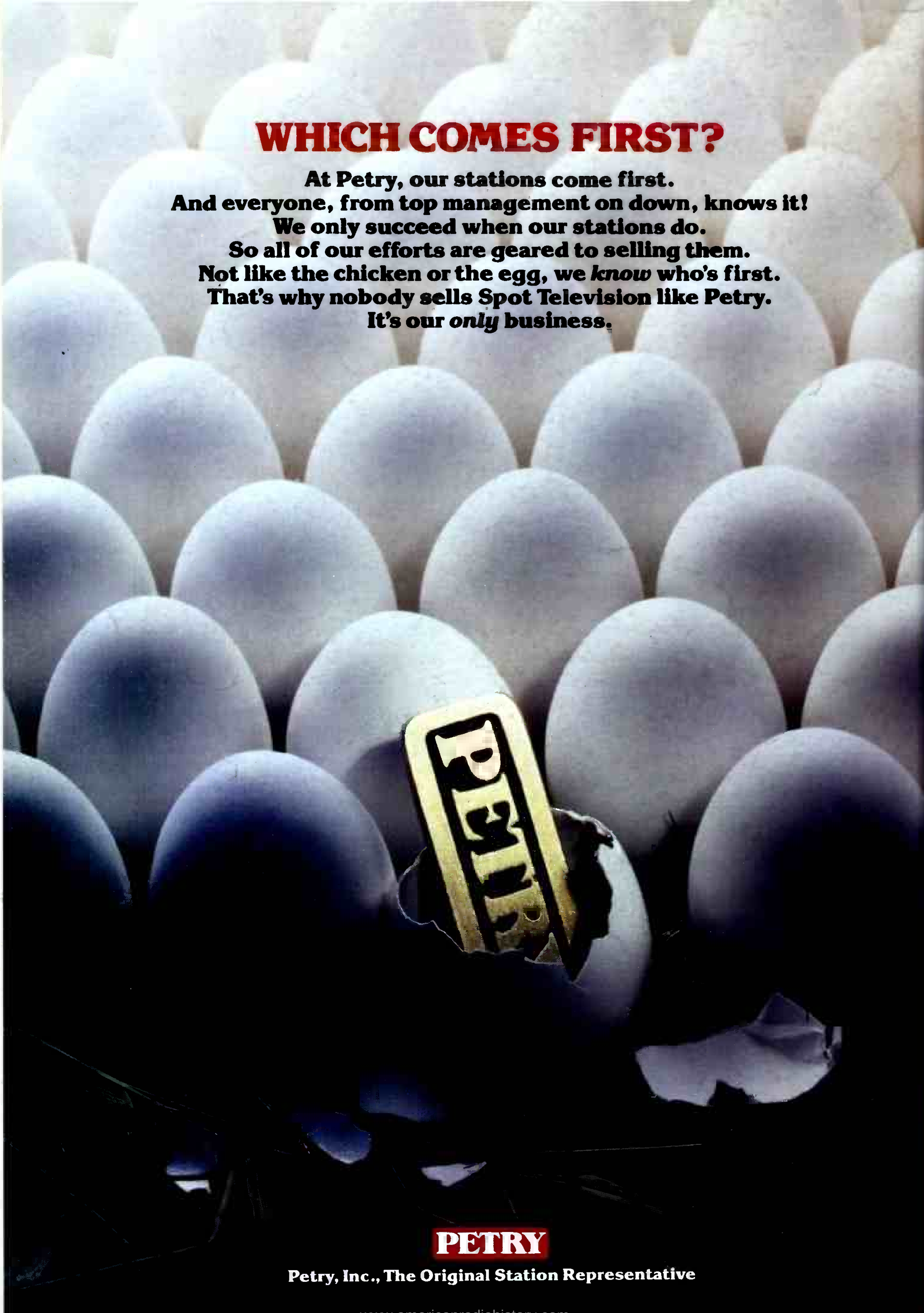
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