

**Gannaway's Genesis: Heavenly Timing**  
**IN FOCUS: Cable's Promotion Puzzle**

# CHANNELS

SEPTEMBER

THE BUSINESS OF COMMUNICATIONS

1989

# TOUGH TIMES IN LOCAL NEWS

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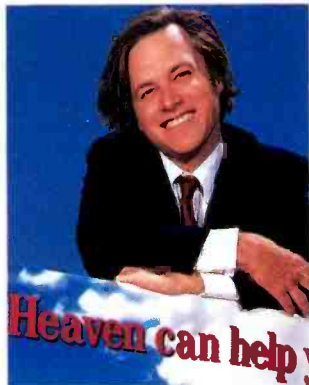
Pay TV's #1 Twosome

# CHANNELS

THE BUSINESS OF COMMUNICATIONS

VOL. 9, NO. 9

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Top: WECT Wilmington, N.C., photograph by Tony Pearce.  
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Bottom: KGO San Francisco, photograph by Michael Llewellyn.



Nobody understands them...



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Except the cable operator smart enough to give them MTV.



# Her Grades We're Lettin' Five Night





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STUDENT: Evie Garland  
REPORT PERIOD: Oct '88 - Feb '89

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COMMENTS Very Competitive!

## EDITOR'S NOTE

# Forward Progress

With anticipation for fall 1989 peaking, welcome back from a summer hiatus to the September issue of *Channels*, an exciting issue published at an important, news-making time in our history. Over the last few months, we've strengthened *Channels*' staff, launched and acquired new, vital media industry publications, enhanced our design and planned for a dynamic 1989-90.

For starters, we're happy to announce a significant staff change. I'm taking on the title of editor-in-chief, while *Channels* managing editor John Flinn becomes the magazine's editor. John's background—as managing editor of *View* before joining *Channels* exactly two years ago—his expertise in TV programming and syndication and his strong experience in magazine management make him an ideal choice to assume day-to-day responsibility for *Channels*' operations. This move is designed to encourage all of us to keep our eye on expanding *Channels*' editorial franchise as the monthly business magazine for television professionals—while allowing me to devote increasing attention to the other activities of the Act III Publishing Television Group. The group now includes our directories—*The Television Programming Source Books*—our newsletter division and our plans for a series of additional new ventures. Also on the personnel front, we've brought Janet Stilson on board as a *Channels* senior editor. In her previous work at *Electronic Media*, Stilson covered cable television and other facets of the TV industry, and her aggressiveness, style and smarts will be gracing *Channels*' pages for years to come.

Several months ago, under the *Channels* umbrella, we launched *Market Shares*, a vital newsletter about the increasingly complex science of selling local television time. Under the leadership of *Channels* executive editor Jack Loftus, who is the editor of our newsletter group, *Market Shares* got started with a bang, getting substantial attention for an exclusive and riveting—and ongoing—story revealing the expanding number of TV advertisers issuing “hit lists,” compilations of shows advertisers intend to avoid. The story was picked up by dozens of national print, TV and radio outlets and is just the initial demonstration of the critical information about TV advertising trends that we intend to share with our readers via the twice-monthly publication of *Market Shares*. Also on the newsletter front, we've acquired *Show Biz News*, an important Hollywood-based publication edited by longtime West Coast journalist Alex Ben Block, who is also a *Channels* contributing editor.

That's not all. This issue of *Channels* unveils a redesign of our departments. Art director Sue Ng's revamping of these vital service features is designed to make them more accessible, easier to read and, from a graphic point of view, in sync with *Channels*' feature look.

Finally, this issue highlights the vibrant field of cable marketing and offers one of our most important cover pieces of the year, J. Max Robins' broad and incisive look at the state of local TV news. Robins spent a week in each of three unique markets—San Francisco, Toledo, Ohio, and Wilmington, N.C.—and came back with a vivid account of the pressures facing news departments going into the '90s. The effort was more than worthwhile. It is a vital strategic document that readers cannot ignore. Like the best of what *Channels* editors do, Robins' piece informs and entertains, and most importantly, it helps industry professionals cope with an increasingly complex TV environment.



## CHANNELS

THE BUSINESS OF COMMUNICATIONS

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MERRILL BROWN

Editor

JOHN FLINN

Executive Editors

PETER AINSLIE, JACK LOFTUS

Senior Editors

NEAL KOCH (West Coast), J. MAX ROBINS

CHUCK REECE, JANET STILSON

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Art Director

SUE NG

Photo Research

LAURIE WINFREY/CAROUSEL, INC.

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Advertising Sales Director

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Circulation Manager

JOE SCHILLMOELLER

Production Manager

RACHEL COHEN

Advertising Sales Offices

New York: 401 Park Avenue South, New York, NY

10016, 212-545-5100; Fax 212-696-4215 West Coast: 1800

Century Park East, Suite 200 Los Angeles, CA 90067

213-556-1174; Fax 213-553-3928

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A bright sun is centered in the upper half of the image, casting rays of light across a deep red sky. The sun is a glowing white circle with a yellow-orange aura. The rays are horizontal and spread out from the sun. The overall color palette is dominated by reds and oranges, with the white and yellow of the sun providing a focal point.

A GREAT MOVIE  
TRADITION

CONTINUES...



VOLU

The Best Has I



ME 28

---

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## Hailing the Halo

Compliments to David Bollier for his meaty article regarding public service television, "Raise the Halo High," [April].

One factual note. My company was credited with "hatching" *A World of Difference* in collaboration with the Anti-Defamation League and WCVB-TV of Boston. I would like to point out that WCVB-TV and its parent Hearst Broadcasting provided the immeasurable creative and financial resources that made the campaign as powerful as it was in Boston, and then selflessly donated programming and support to the Anti-Defamation League so that it could be distributed free to other broadcasters. WCVB and Hearst deserve an enormous amount of respect.

**Jerry Wishnow**  
President, *Wishnow Group, Inc.*  
Marblehead, Mass.

## Unwired Origins

I've been reading with interest the recent stories on unwired television networks [April, "The Gutting and Rewiring of Television Sales"].

# LETTERS

Actually, the very first unwired television network was put together in May 1978, with a million dollar sale to Safeco Insurance Company.

At the time, we were frustrated by the fact that Safeco, one of the largest advertisers in the Pacific Northwest, was using network TV, but didn't have total distribution throughout the United States.

To fit their geographic distribution pattern, we constructed a one-order, one-invoice, one-check unwired TV news network, and through Terri Kirkland of Safeco's agency, Cole & Weber, sold the idea.

The difference between our network and the current networks is that I arranged to have the competing reps commissioned for the time used on their respective stations.

Shortly after the Safeco sale, we made another unwired national network sale to Z Brick for \$650,000.

At the time I was manager of Katz's Seattle office. When the home office found out about the unwired networks, all hell broke loose and I almost got fired. The home office didn't condone the idea of an unwired network and I was told they never wanted to hear "unwired television network" again.

Katz's Seattle office had an unusual arrangement that made an unwired network practical. Through an inherited contract with Bud Hirsch, only the Seattle and Portland offices of Katz represented NBC O&Os. At that time no other national rep represented major network stations in the top five markets.

You have a great magazine!

**Earl Reilly**  
*Earl Reilly Enterprises*  
Seattle, Wash.

Your article on unwired networks had some inaccuracies and omissions.

National television vehicles, whether network, syndication, cable or unwired network, rarely usurp spot TV dollars. There are marketing reasons for national advertisers utilizing spot TV. Spot TV is used to support high BDI or CDI markets, rarely more than 30 percent of the U.S., or for a brand with less than national distribution. *Regional* network is the largest threat to spot TV.

Unwired networks have become an attractive vehicle for many advertisers since they offer broader reach than a single program buy. However, no advertiser purchases unwired networks alone.

In your listing of available unwired networks, you failed to mention one of the largest players in the field, TV Horizons.

TV Horizons, the ad sales arm of LBS, is one of the only companies offering specific programs as well as unwired networks in fringe, prime access and in children's time periods. Total sales in these three networks account for over \$30 million, approximately 25 percent of our annual billings.

We have also established the highest standards in affidavit retrieval. All affidavits for our unwired networks are verified by AIS, the independent, agency-owned auditing service.

**Michael Weiden**  
President, *TV Horizons*  
New York, N.Y.

Channels welcomes readers' comments. Address letters to the editor to Channels, 401 Park Avenue South, New York, N.Y. 10016. Letters may be edited for purposes of clarity or space.

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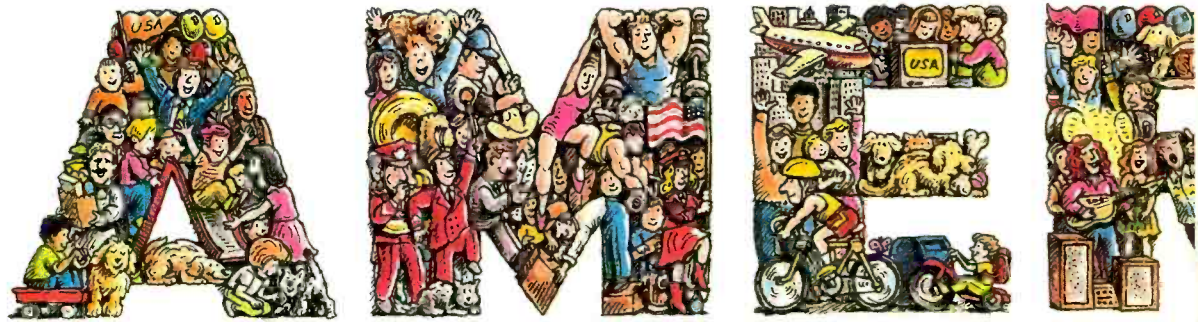
*McLaughlin* is just part of a potent prime time line-up on CNBC—The Consumer News and Business Channel—new from NBC. Stay tuned.



Consumer News & Business Channel

For information contact: 201-585-CNBC East Coast; 818-840-3333 West Coast.  
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# FOUR VERY IMPORTANT WORD

When it comes to subscriber acquisition, the smartest approach is the most direct:

Offer people programming they want to watch. And the basic cable programming people watch most is on USA.

In fact, USA has drawn the largest household audience in basic cable for five straight years. And the very same programming that's keeping your current subscribers satisfied

SOURCE: Nielsen Cable Activity Report, 1st Quarter 1985-1989. Superstations not included.

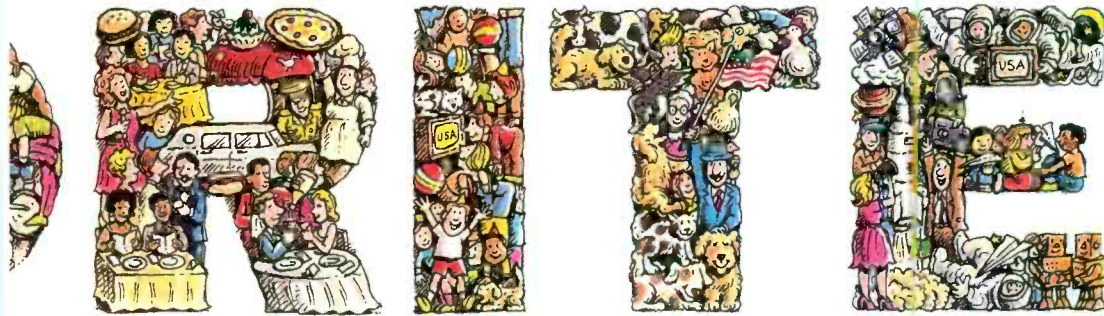
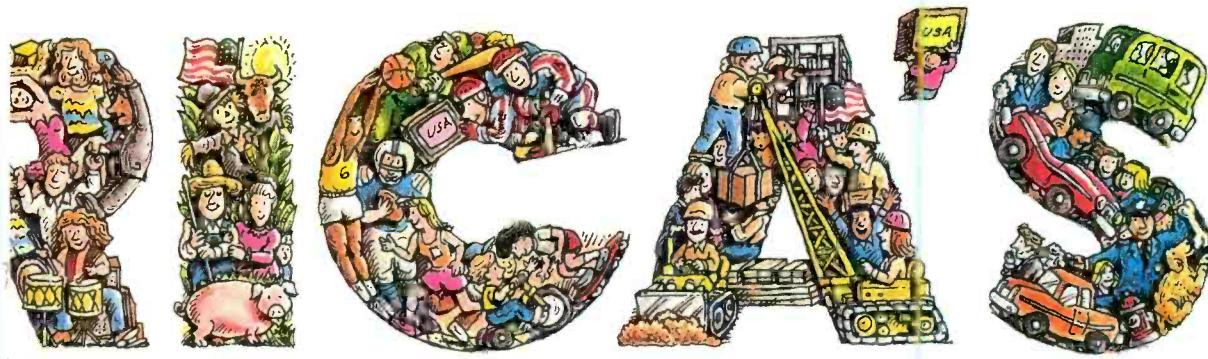
is an equally compelling attraction to new ones.

USA offers the most exciting selection of high-powered favorites on cable.

Daily favorites like *Murder, She Wrote* and *Miami Vice*. Original weekly favorites like *The Hitchhiker*, *Diamonds*, *Ray Bradbury Theater* and *Alfred Hitchcock Presents*. And more than 50 movie favorites each month including dozens

A M E R I C A ' S F A V O R I T





# S IN SUBSCRIBER ACQUISITION.

of all-new USA World Premiere Movies.

USA also offers some of the hottest teen and kid shows around, like *American Bandstand*, *Dance Party USA* and *USA Cartoon Express*.

For sports fans, USA offers exclusive coverage of prestigious events like the U.S. Open, The Masters® and the Ryder Cup.

It adds up to a lineup that has made USA the cornerstone of basic cable service, and America's Favorite Cable Network from coast to coast.

So remember those four important words in your next acquisition drive.

Because our favorites make you pretty popular, too.



E C A B L E N E T W O R K





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CITY COUNCILS.  
PARENTS.  
EVEN KIDS.

**EVERYONE'S TALKING.**



CAREER.  
BUSINESS.  
HOW-TO.  
COLLEGE PREP.

**GIVE THEM WHAT THEY WANT.**



**GIVE THEM WHAT THEY NEED.**

**The Learning Channel**





## Piano's Latest Tune: Sports News Network

Can the CNN concept work for sports?

Vincent Piano, the chairman and CEO of Mizlou Communications, has cut a self-styled dapper figure in the syndication business for decades. Now he intends to make his mark in cable television.

This November, Piano

plans to launch the Sports News Network, a sort of all-sports CNN. Piano's service will have a continuous, half-hour "news wheel" format, with special segments promoting upcoming sports events on cable. Piano predicts instant success for SNN, making the bullish claim that it will break even at launch. He says he'll have the magic break-even number of between 5 and 8 million subscribers on line at the



Syndication veteran Vincent Piano looks dressed to score with SNN.

channel's debut. A ballroom dance instructor in his earlier years, Piano became an innovator in selling live sports programming directly to TV sta-

tions during the early 1960s.

His Mizlou TV Sports, the cornerstone of his company, found a niche producing and distributing college football bowl games. Along the way, Mizlou accumulated a library of 3,000 hours of sports programming over the last 27 years.

Piano says his program library will be a much utilized money-saving resource for Sports News Network. And because most of the service will be news-oriented highlight programming, SNN won't be saddled with huge sports rights fees, he explains.

The SNN concept sounds like a natural sister service for ESPN. But that network's president and chief executive, Roger Werner, says ESPN dropped that ball a few years back because "[ESPN] didn't see any market for it."

"Two or three years ago, you couldn't do this kind of service," counters Piano. But because of the increased sports fare on cable, he says, Sports News Network's time has come.

Piano finds one indication of the service's viability in the unsolicited calls he's received from "major broadcast companies" interested in investing in SNN. Which ones? That's a question he'd rather just waltz around.

JANET STILSON

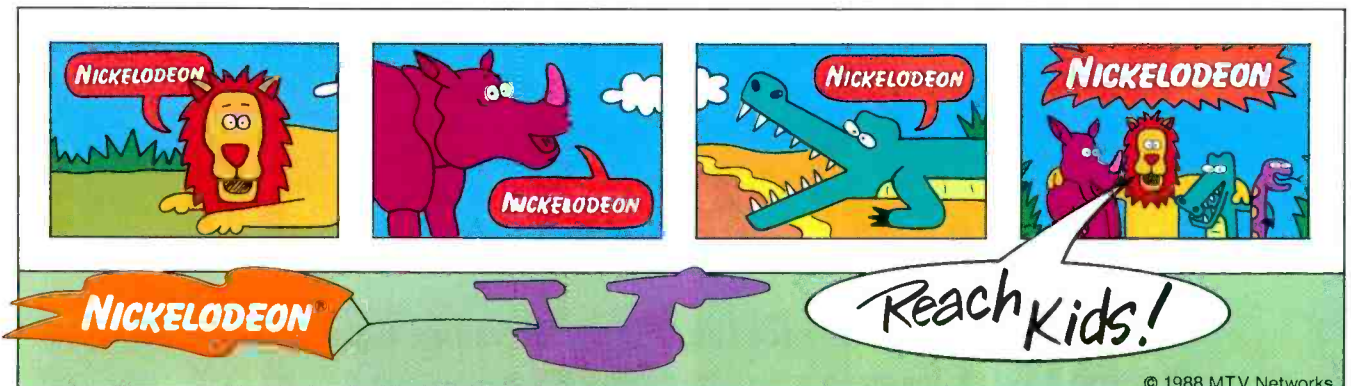
## CNBC: Homeless in Los Angeles

Since its April 15 debut, General Electric's new cable service, the Consumer News and Business Channel (CNBC), has managed to set up news operations in London, Tokyo and Washington, D.C.—but has been unable to secure offices for its Los Angeles news bureau, leaving a corre-



spondent, a producer and a bureau chief to cover the nation's second-largest city by working out of their homes. In fact, bureau chief Dave Berg lives two area codes and 28 miles away from L.A.'s downtown, the city's main financial center. How effective can CNBC be with such an operation?

Quite effective, says CNBC executive producer Bob Davis. "The reason there's been no pressure to get the deal [on offices] completed," he says, "is because Dave and the L.A. crew are getting the job done."



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Davis insists negotiations for office space are under way but declines to offer specifics, saying only that the crew will definitely have offices sometime this fall, if not sooner. The crew now rents editing time at a facility in the San Fernando Valley.

CNBC has had no trouble housing its L.A. sales and affiliate relations staff, who had office space for "months" before last April's start-up, says Davis. He acknowledges that non-union CNBC has

avoided setting up shop at NBC's West Coast headquarters in Burbank because those facilities are covered by the National Association of Broadcast Employees and Technicians Local 53.

But Davis denies that leaving his L.A. news crew homeless has anything to do with costs. Yet, if CNBC has been able to find space half a world away in London and pricey Tokyo, why not in L.A.? "I can't answer that," Davis says. **NEAL KOCH**

World Council of Churches and the Anti-Defamation League—asking about telco and cable-related issues. The responses showed:

- The leaders believe telcos should have the right to own or originate a limited, albeit unspecified, number of program networks.

- They do not favor cable companies excluding from their systems programs or services they do not own.

bying efforts on Capitol Hill. "We think it's a valuable study," explains Larry Plumb, a spokesman for Bell Atlantic. "But it's not really appropriate for us to use it."

Parker, however, has distributed it in Congress, offering up himself to testify in any hearings relating to the survey's topics.

Some Washington insiders say the study is but one paper in a sea of opinions on

## A Telco-Cable Survey Sparks Controversy

Cable miffed with pro-telco results.

After years out of the spotlight, Everett C. Parker, one of television's best known activists, has resurfaced with a controversial survey about the telephone companies and cable. At issue in the study: Parker's findings are mostly pro-telco, and his primary funding came from Bell Atlantic. Not surprisingly, cable executives say the report—now circulating through Washington corridors—is filled with "misconceptions."

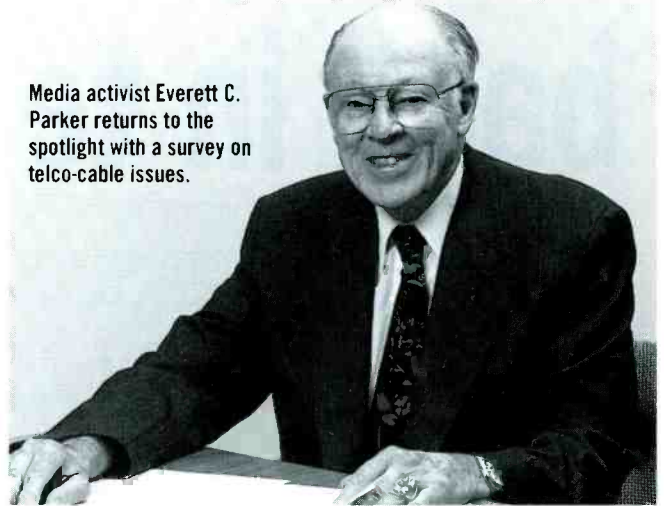
Parker is no stranger to controversy. It was the fight he led against racial discrimination, as director of the

United Church of Christ's Office of Communication, that resulted in a landmark court decision in the 1960s revoking the license of WLBT-TV in Jackson, Miss.

Now, instead of disenfranchised minority groups it's the telcos that are singing Parker's praises. But Parker says Bell Atlantic had no hand in formulating the survey. The largely pro-telco response from those questioned came as a surprise to him, he adds.

Parker sent surveys to leaders of various community-service organizations—such as the

Media activist Everett C. Parker returns to the spotlight with a survey on telco-cable issues.



- An overwhelming majority believe fiber optics should be available to all consumers.

- Some feel end users of fiber optics should pay the freight of fiber-optic installation, while others say the cost should be shared by users and the telcos.

The survey has not been a part of Bell Atlantic's lob-

bying efforts on Capitol Hill. Still, cable industry executives are concerned about the way in which the survey was conducted. Insufficient background information was supplied to respondents, they charge. For instance, there was no mention that cable

**NICKELODEON**

Reach Kids!

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# This summer P.O.V. puts the vision back in television.

"A REFRESHING JOLT" • "A BOLD STEP"  
*Daniel Ruth, Chicago Sun-Times*      *Robert Goldberg, Wall Street Journal*

"ON TARGET" • "BRIGHT AND UNUSUAL"  
*John J. O'Connor, New York Times*      *Monica Collins, U. S. A. Today*

"THE BEST NEW SHOW OF THE SEASON"  
*Bill Morrison, Raleigh News & Observer*

"RELIEF FROM THE SUMMER RERUN DOLDRUMS"  
*Tom Dorsey, Louisville Courier Journal*

"A VERY PROBABLE TUESDAY NIGHT HABIT"  
*David Bianculli, Philadelphia Inquirer*

This summer the critically-acclaimed independent film series P.O.V. returns to PBS for another eleven weeks of television like you've never seen before:

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systems must pay for all the programming services they provide, and in turn pass on the cost to consumers. Also missing was any mention of the telcos' cost of installing fiber optics—estimated at between \$200 million and \$1 trillion—or the resulting cost that will be passed on to consumers, notes Jim Chiddix, senior vice president of engi-

neering and technology at American Television & Communications.

But Parker stands by his survey as a helpful guide for proper implementation of new cable technology. As for that little cost factor, "Nobody has an accurate estimate of what it would cost to put [fiber] in the home," he says. **JANET STILSON**

whites who run the company he leases his channel from, Cable Oakland, resent his success and are trying to push him off TV by raising the rates they charge him. "They thought a black man would use the channel to be God, or run into a problem of women, drinking or drugs," he says.

Cable Oakland general manager J. Patrick O'Connor responds, "I think the guy's out of his mind."

To hear Johnson tell it, Soulbeat has defied the usual laws of TV ownership. "I have no investors, no partners," he says. "I figure down the line somebody will recognize my effort as the pioneer and come make me an offer."

"He has really pulled off a unique thing," concedes Cable Oakland's O'Connor.

"He's the only person in Oakland other than the cable operator who makes a living out of cable TV."

But O'Connor is still irked by Johnson. "He thinks the whole world is against him," he says. "He can be as obnoxious as you can imagine."

The two men have been at odds because Johnson thinks he's being charged excessive leasing fees. Cable Oakland recently increased Johnson's cable charge from \$6,934 to \$7,856 a month, and his bill is likely to go up again when the present contract expires in mid-1990. Johnson threatens that if he doesn't get his rates lowered, he'll take Soulbeat off Cable Oakland. Would the community stand for losing its network? Says Johnson, "That's my only leverage."

**WILLIAM J. DRUMMOND**

## Soulbeat Mines Inner-City Gold

Local cabler is less popular with management.

Depending on whom you listen to, Chuck Johnson is either a visionary who has used cable television to reach the black urban masses of Oakland, Calif., or a self-promoter who is quick to use accusations of racism for his own advantage.

What is certain is that Johnson, 50, has been running a successful local cable channel in Oakland for 11 years. His Soulbeat Entertainment Network has proved there is unmined gold in the TV advertising niche of the inner city.

By Johnson's account, he takes home \$250,000 annually after expenses, using a simple formula. He leases channel space from Cable Oakland, sells ads to local

merchants and programs 24 hours a day of music videos aimed primarily at black teenagers and young adults.

Soulbeat's revenue comes primarily from ads placed by local businesses in Oakland's black neighborhoods. Johnson's attraction for advertisers is low rates: \$1,000 a month for three 30 second spots per day. There's also a \$500 charge for commercial production.

Johnson claims credit for helping build an audience for Cable Oakland, which has doubled its subscribers in the last ten years. "The majority are not getting cable to watch The Movie Channel. They want to watch Soulbeat," says Johnson.

Johnson charges that the



Chuck Johnson: His music-video channel is a hit with advertisers and viewers.

PHOTOGRAPH BY BILL KNOWLAND/OAKLAND TRIBUNE

June 29, 1989

# **Hauser Communications, Inc.**

has sold the assets of its affiliate

## **Suburban Cablevision Company Limited Partnership**

to

## **King Videocable Company**

a subsidiary of

## **King Broadcasting Company**

The undersigned acted as financial advisor to  
Hauser Communications, Inc. and assisted  
in the negotiations.

---

**Salomon Brothers Inc**

---

One New York Plaza, New York, New York 10004  
Atlanta, Boston, Chicago, Dallas, Los Angeles, San Francisco, Singapore (Representative Office), Zurich.  
Affiliates: Frankfurt, Hong Kong, London, Sydney, Tokyo.  
Member of Major Securities and Commodities Exchanges.

This announcement appears as a matter of record only.

June 30, 1989

**\$62,000,000**

# Vista Communications Limited Partnership III

The undersigned acted as agent for the private placement  
of debt and equity securities and through an affiliate  
has acquired Limited Partnership Interests in  
Vista Communications Limited Partnership III.

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**Salomon Brothers Inc**

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One New York Plaza, New York, New York 10004  
Atlanta, Boston, Chicago, Dallas, Los Angeles, San Francisco, Singapore (Representative Office), Zurich.  
Affiliates: Frankfurt, Hong Kong, London, Sydney, Tokyo.  
Member of Major Securities and Commodities Exchanges.



## Going Once, Going Twice, Sold!

BY RICHARD KATZ

**SEPTEMBER 13-16:** The **Radio-Television News Directors Association's** 44th annual **International Conference and Exhibition** struts its stuff in Kansas City, Missouri (the "show me" state). "News Center '89" kicks off with keynote speaker **Andrea Mitchell**, chief congressional correspondent for **NBC News** in Washington, D.C., and features concurrent workshops such as "I Survived the 1988 Campaign . . . But Did I Learn Anything?" and "Newsroom Computers: Security and the Future." Capping off the conference is the RTNDA's auction, which benefits the RTNDA Foundation; bids will be taken on vacation get-aways, ski packages and a variety of "unusual" items.

**SEPTEMBER 16-20:** The **International Teleproduction Society**, an association of video production and postproduction facilities, holds the second **ITS Annual Forum** at the Century Plaza Hotel in Los Angeles. The forum includes the 1989 International Monitor Awards Presentation for "excellence in the craft of electronic production," as well as pertinent discussion sessions like "Sales: I'm Not an Animal, I'm a Salesperson" and "The Future of Tape in the Age of Electronic Distribution."

**SEPTEMBER 17:** **Fox Broadcasting Co.** airs the **Academy of Arts & Sciences' 41st annual Prime Time Emmy Awards** live from the Pasadena Civic Auditorium. Fox's contract expires after this year, and the Academy is close to finalizing a deal with **Saatchi & Saatchi** Advertising to act as its agent in awarding network TV rights to all of the Academy's 1990 television events (e.g. the daytime Emmy Awards and the annual *Hall of Fame* special), in addition to signing sponsors for the shows. "It's a new kind of arrangement," says Academy spokesman **Murray Weissman**. "Ordinarily, we would be negotiating with all the networks ourselves. Now the Academy leaders believe having an agent represent it will result in higher revenues," which will enable the Academy to continue supporting its library, archives and student internships.

**SEPTEMBER 25:** The Washington Chapter of **Women in Cable** celebrates its 10th anniversary at its annual fall gala at the Omni Shoreham hotel

in Washington. Past galas have roasted cable luminaries such as **TCI's John Malone** and **Turner Broadcasting's Ted Turner**, but this year will be more of a toast than a roast as **WIC** salutes ten women "who have contributed significantly to the cable television industry." Honorees are the **Discovery Channel's Ruth Otte**, **HBO's Bridget Potter**, **Think Entertainment's Shelley Duvall**, **Chambers Communications' Carolyn Chambers**, **ATC's Gail Greer**, **USA's Kay Koplovitz**, **Nickelodeon's Geraldine Laybourne**, **Pat Thompson Co.'s Pat Thompson**, **Rifkin & Associates' June Travis** and **CableData's Maggie Wilderotter**. The gala is a benefit for the **WIC Foundation**, which, among other things, is currently sponsoring **Cable Force 2000**, a study examining the cable industry's changing work force.

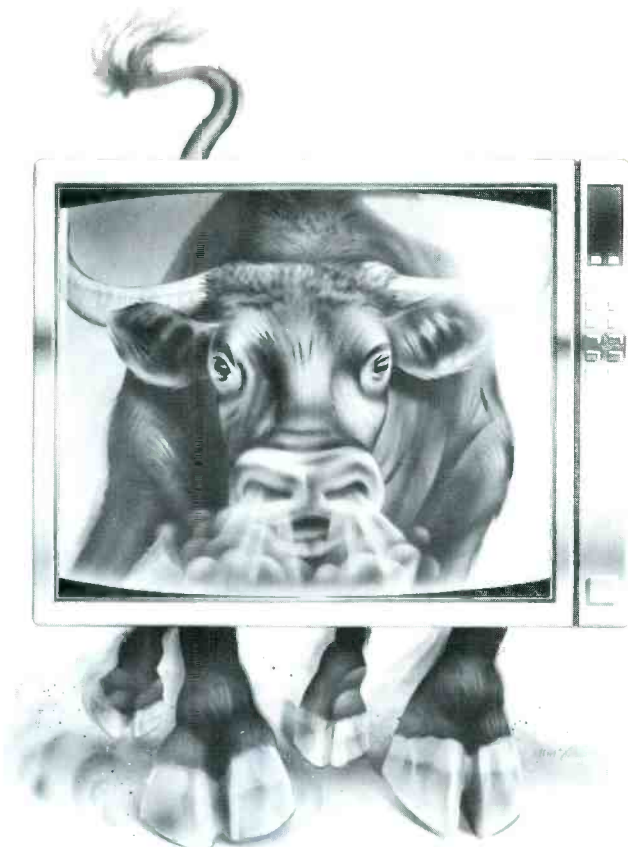
**OCTOBER 1:** Had it crawled on for one more day, the **Television Information Office** would have celebrated its 30th birthday today. The TIO officially disbanded in March, but executive director **Lynne Grasz** had been holed up all summer (her contract expired September 31) in Manhattan's **Museum of Broadcasting**, dividing the TIO's library between the museum and the **NAB**. Grasz says the TIO, originally formed to foster a positive public image for television (it helped smooth over the TV quiz show scandal), had ceased to serve the fragmented TV community as well as associations such as the **NAB**, **NCTA** and **INTV** serve their particular constituencies.

**OCTOBER 3-5:** The eighth annual **Atlantic Cable Show** invades the Convention Center in the seaside town of five-card stud and one-armed bandits. Cable pioneer **Bill Daniels** is the show's keynote speaker. This year's theme is "Cable Cares," with an emphasis on increasing the industry's community service profile. Last year's show attracted 385 exhibitors and 3,700 attendees, making it the cable industry's third largest annual meeting. This year, show spokesperson **Rhonda Moy** says, all 408 exhibition booths are expected to sell out.

*Channels* welcomes contributions to "What's On." Material must be received at least 60 days in advance of the event in order to meet deadlines. Send to the attention of Richard Katz.

### CALENDAR

- Sept. 20-22:** Great Lakes Cable Expo, sponsored by Illinois, Indiana, Michigan and Ohio cable television associations. Hyatt Regency/Ohio Center, Columbus, Ohio. Contact: Dixie Russell, (614) 272-0860.
- Sept. 21-22:** C-SPAN 10th Anniversary Invitational for system operators. C-SPAN Headquarters, Washington, D.C. Contact: Gene Grabowski, (202) 737-3220.
- Sept. 24-26:** New Jersey Broadcasters Association 43d annual convention. Bally's Grand Casino hotel, Atlantic City. Contact: Arnie Zucker, (201) 247-3337.
- Sept. 26:** Fourth annual Fall Forum luncheon, sponsored by the National Academy of Cable Programming. Waldorf-Astoria hotel, New York City. Contact: Steve Schupak, (202) 775-3611.
- Oct. 1-3:** Association of National Advertisers annual convention. Homestead, Hot Springs, Va. Contact: Roy Cisneros, (212) 697-5950.
- Oct. 5-8:** Society of Broadcast Engineers fourth annual national convention. Bartel Hall, Kansas City, Mo. Contact: Cam Willis, (214) 720-1335.
- Oct. 6-7:** International Television Association region eight convention. Bartel Exhibition Hall, Kansas City, Mo. Contact: Susan Sestric, (816) 274-8142.
- Oct. 12-15:** Minnesota Broadcasters Association 40th anniversary convention. Radisson Plaza, Minneapolis. Contact: Laura Niemi, (612) 926-8123.
- Oct. 12-16:** MIPCOM, international film and program market for TV, video, cable and satellite. Palais des Festivals, Cannes, France. Contact: Perard Associates, (212) 967-7600.



Finally, a ratings service to

# Beef up TV's bottom line

Traditional definitions of the television audience just aren't paying off like they used to. ScanAmerica<sup>SM</sup> gives you a new definition. One that proves the power of television advertising. We call it BuyerGraphics<sup>SM</sup> — viewers profiled by the products they buy and the services they use.

BuyerGraphics gives advertisers a convincing measure of television's value: a direct measure of how television increases their sales.

And when ScanAmerica proves how television works, you'll add to your bottom line and to your advertisers'.

**ScanAmerica**<sup>SM</sup>

A SERVICE OF

**ARBITRON**



# Thanks to our we've got 4 in th

## 1 Wheel Of Fortune

Wheel hit the #1 spot in February 1984 and it's been #1 ever since. In May, Wheel racked up its 22nd consecutive sweep victory. Amazing.

Source: Nielsen Cassandra DMA Coverage Area Ranking Report

PRODUCED BY  
**MERY GRIFFIN**  
ENTERPRISES  
A unit of Columbia Pictures Entertainment, Inc.



## 3 The Oprah Winfrey Show

Daytime belongs to the first lady of television, Oprah Winfrey. **The Oprah Winfrey Show** is America's #1 talk show, #1 among women 25-54, and #3 overall.

Source: Nielsen Cassandra DMA Coverage Area Ranking Report  
NSI

PRODUCED BY  
**HARPO**  
PRODUCTIONS, INC.

# newest Edition, the Top 10 first-run!

## 2 Jeopardy!

May marked **Jeopardy!**'s 15th sweep in a row as the #2 show in syndication, and it's first sweep as the #1 news lead-in and the #1 access show among women and men 25-54.

Source: Nielsen Cassandra DMA Coverage Area Ranking Report

PRODUCED BY  
**MERV GRIFFIN**  
ENTERPRISES  
A Unit of Columbia Pictures Entertainment, Inc.



## 4 Inside Edition

**Inside Edition's** become the latest addition to **King World's** family of hits, bursting into the **Top 10** after just five months on the air!

Source: NSI/ARB

DISTRIBUTED BY

**KINGWORLD**  
®

New York • Los Angeles • Chicago • Dallas  
West Palm Beach • Short Hills, N.J.

NATIONAL ADVERTISING BY

**CAMELOT**  
ENTERTAINMENT SALES™

A KING WORLD COMPANY



# Exploring Home Video

**Nielsen's eagerly awaited home-video ratings promise a peek into television's future.**

**BY RICHARD KATZ**

**D**oing the actual research at Nielsen Media Research isn't always the most stimulating task, but the development of a new home-video ratings service has given Nielsen officials a certain gusto. "We're at the point in research when people are excited," says Paul Lindstrom, Nielsen's vice president and product manager, "and that doesn't happen very often."

Lindstrom has two explanations for his department's enthusiasm—and for the vigorous interest being shown by many major home-video distributors and ad agencies. His staff is exploring uncharted territory: the cross-referencing of video rental transactions and viewer playback. Just how those numbers will be used by movie studios and ad agencies is open to an array of possibilities.

By this fall, with the cooperation of major distributors such as CBS/Fox and Vestron Video, Nielsen will have encoded 50 home-video releases with a device that can be read by 2,500 of its people meters. Nielsen will be able to track how many full and partial plays a rented video gets.

The immediate question the video ratings will answer is whether viewers watch the increasing number of commercials on videos without fast-forwarding past them, just as they zip past FBI warnings. Preliminary tests indicate that the vast majority of viewers watch the commercials, and spots produced especially for particular movies get even higher playbacks. A spot for Schweppes on CBS/Fox's *A Fish Called Wanda*, featuring the film's star, John Cleese, was viewed in 95

percent of the homes that rented the video, according to Lindstrom.

Nielsen and many agency and studio executives are predicting that ads on video will become more common after the ratings are released. "Before Nielsen began reporting ratings for the cable networks, buyers were very skep-



Nielsen's Lindstrom finds excitement in the unknown.

tical because there was no audience data," says Betsy Frank, senior vice president and associate media director for the advertising agency Saatchi & Saatchi. "Now, cable is an accepted part of most advertisers' media mix."

But some predict video commercials will prove more faddish—that viewing will dip when the novelty is gone. Others think placing too many ads on videos will erode viewers' enjoyment. Says a business development executive at one of the major video distributors, "The primary reason we provide taped entertainment is for a bit of freedom from the distraction of ads." He says his company is planning to use the Nielsen ratings for demographic information to help it enter copromotions and develop cross-merchandising opportunities.

Frank, for one, sees things like copromotions facilitating ads on video: "We're going to see an advertiser getting involved in a motion picture at an earlier stage, in product placement, and then carrying it through to a commercial appearing on the cassette." For example, the August 30 release of MGM/UA's Academy Award-winning *Rain Man* carries a Buick commercial featuring the 1949 Buick Roadmaster seen in the movie.

For the immediate future, Nielsen's video ratings will document viewing patterns and demographics that were not known before. "The agencies will begin evaluating home video as a component of [audience] share, and the networks will have to counterprogram against them," says Alice Sylvester, v.p. and senior associate media director at J. Walter Thompson. "Getting a good sense of playback will tell us about the cannibalization of television viewing."

But early research suggests that home video does little to diminish the youngest and most desirable segment of the television audience. Nielsen's initial findings indicate that home video is viewed most heavily by people aged 24-49, while the typical moviegoer falls into the 12-24 bracket.

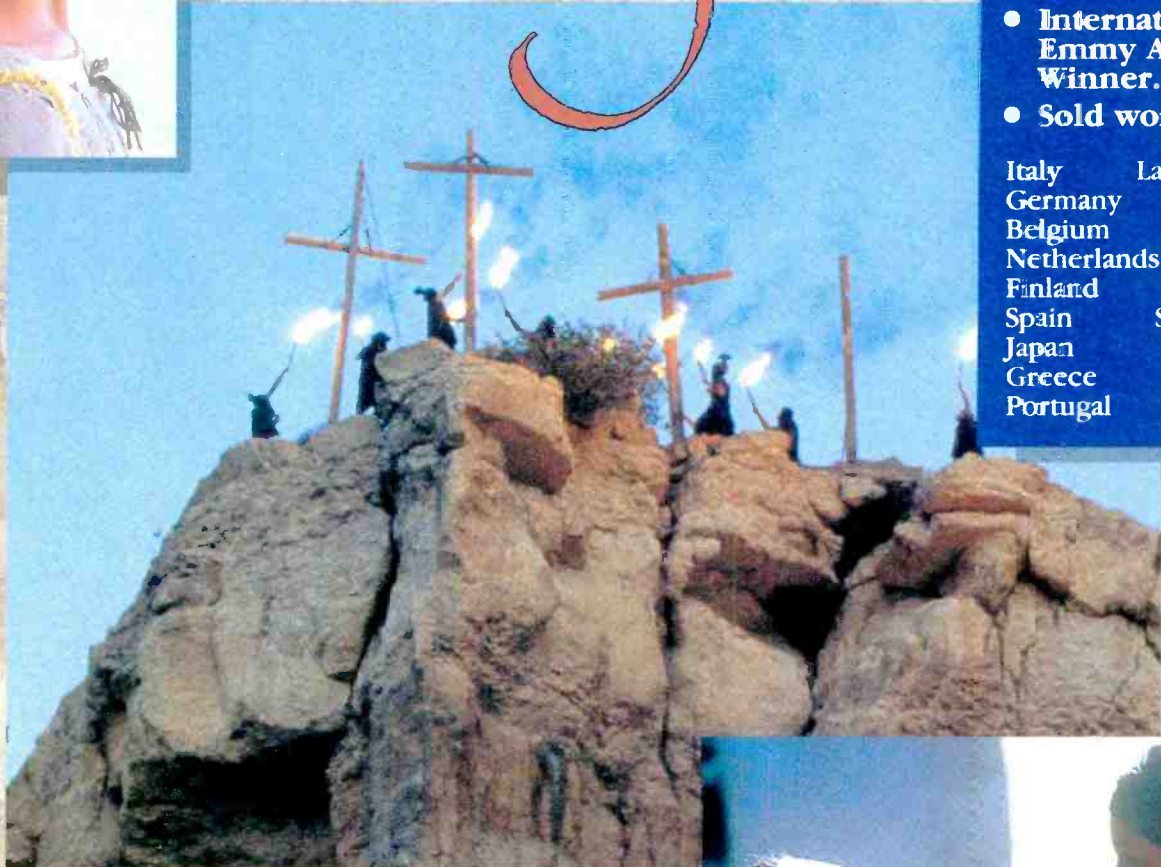
Sylvester says Thompson is interested in home-video ratings as a stepping stone into the future. "We're moving toward futuristic TV, such as TV on demand," she says, "and we want a better sense of what audience is attracted to non-traditional TV."

The first Nielsen home-video report is due out in January, with analysis of the preceding fall. "We don't know what to expect," says Lindstrom. "And it doesn't matter what it says, even if the numbers are low. They are there, and they will change the business." ●



“The Four-Hour Mini-Series  
Destined To Become  
A Holiday Classic”

# A Child Called Jesus



## INTERNATIONAL SUCCESS:

- #1 rated program in Italy this past Easter Weekend . . . Both Nights.
- International Emmy Award Winner.
- Sold world-wide:

Italy	Latin America
Germany	Austria
Belgium	Denmark
Netherlands	Sweden
Finland	Norway
Spain	South Korea
Japan	Philippines
Greece	Australia
Portugal	France

Finally, a sweeping epic for the holiday season telling the story of Jesus like it's never been told before. A unique, inspiring saga, based on his life as a seven-year old boy . . . This dramatic tale of a family forced to leave their home in Bethlehem to escape the persecution of King Herod. Destined to become a Holiday Classic.

4 hour mini-series, November 20-December 17, 1989,  
12 minutes National/12 minutes local per each 2 hour  
segment.



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ENTERTAINMENT**  
Company

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**HOLY NAME  
TV'S ORIGINAL**

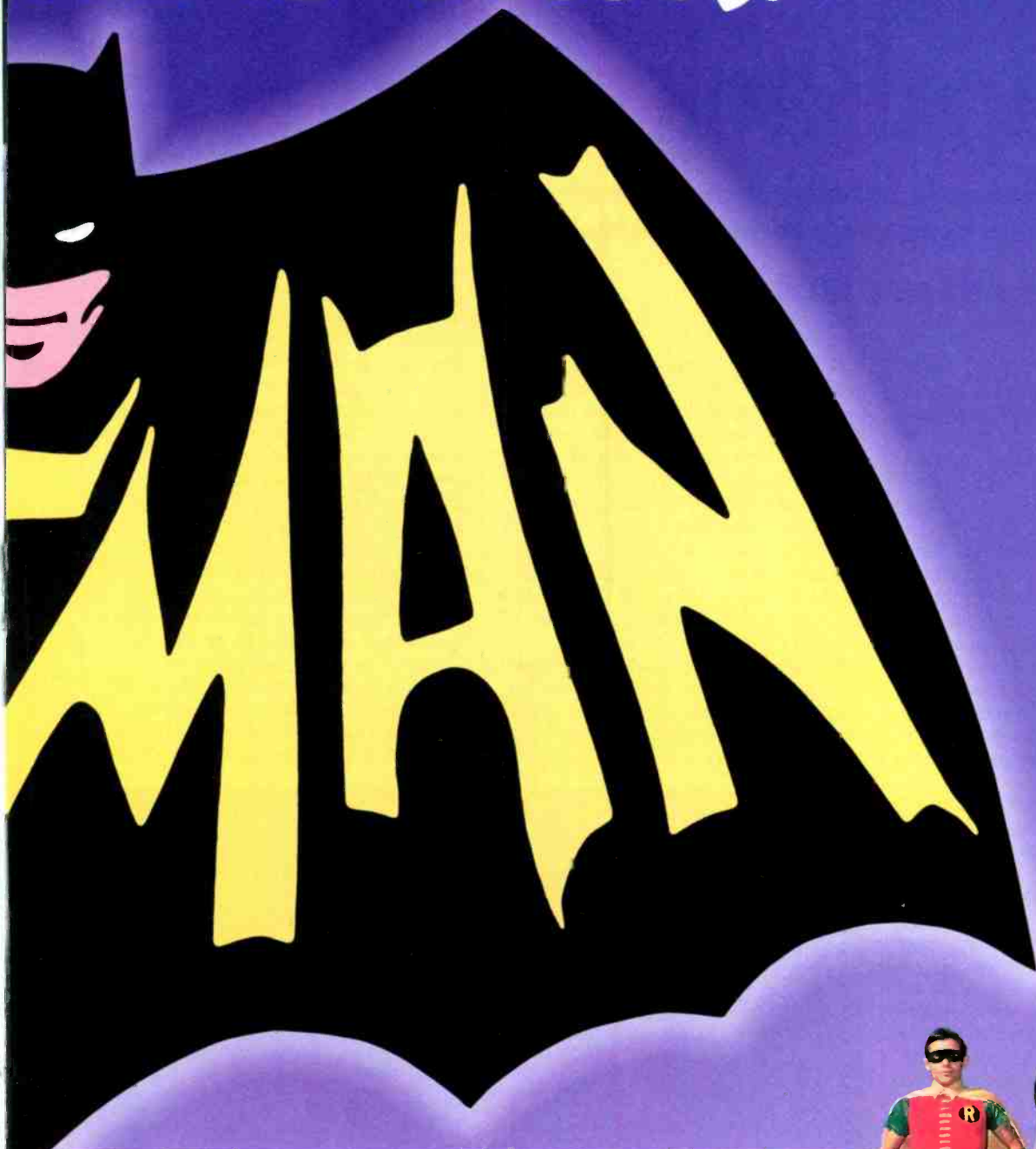
**BATMAN**



**HOLY SUCCESS STORY! THE ORIGINAL BATMAN IS BACK, DELIVERING RATINGS AND DEMOS THAT ARE TURNING STATION MANAGERS ALL OVER THE COUNTRY INTO BATMANIACS!**

Source: Nielsen metered markets 7/89. © 1989 Twentieth Century Fox Film Corp. All rights reserved.

# WELSENS! IAL IS BACK!



- **IMPROVES 80% OF MAY '89 TIME PERIODS!**
- **UP IN 71% OF TIME PERIODS YEAR-TO-YEAR!**
- **BEATS COSBY AND E.T. IN ST. LOUIS!**
- **BEATS O & O NEWSCASTS IN L.A. AND WASHINGTON!**
- **TOPS JEOPARDY IN ATLANTA!**
- **DOUBLES MAY '89 RATINGS ACROSS THE COUNTRY!**



# Ad Makers Zap Back

**Madison Avenue is learning how to grab viewers before they grab remote controls.**

**BY ANDREW MARTON**

**T**he zapper, a recognized predator of dull programming, has set his sights on television's jugular vein—advertising. His weapon is the remote control, whose “mute” button silences cloying jingles, and whose channel switcher reduces Frank Perdue and Joe Isuzu to cathode-tube memories. But up and down Madison Avenue, ad agencies are building their own arsenals to combat this index-finger executioner. As agencies fire the new weapons, they are changing the nature of TV ads—shortening and revving up commercial messages, and creating so much clutter that networks and stations may soon have to cut their own promotions to accommodate the paying customer, the advertiser.

In the argot of admen, “arresting” commercials—those few spots that can shanghai viewers pre-zap—are the sine qua non of today's TV advertising. Making those “words from our sponsor” compelling was always a challenge; the commercial's main competitors—the bathroom, the refrigerator or a magazine—were as attractive then as now. But eight years ago, the commercial's message, ignored or not, still leaked into the room unimpeded. Only 16 percent of all TV watchers had a remote control to erase the noisome ads from the screen, according to Statistical Research Inc. “Today,” says Roy Grace, chairman of ad agency Grace and Rothchild, “we face something more powerful than hunger or a full bladder, and that is that more viewers can zap us without moving an inch.” Grace's trepidation is justified. Seventy-two percent of today's viewers are remote-control wired, a finger-push away from elimi-

nating any of the approximately 4,500 product pitches aired nightly, according to Nielsen. The ability to graze through 30 or more network, independent and cable channels has lowered tolerance of boring commercials. Viewers now give ads a Dirty Harry ultimatum: Stimulate me or die. “Nowadays, when you break into *Cheers*, your 30 seconds better give the audience something as entertaining as the show, or they will zap,” notes George Miller, creative director of Partners & Shevack.

Though a top show such as *Roseanne* may have legions of remote-control-wielding loyal fans, the show's appeal may do little to assure that viewers stay tuned for its commercials. Document-

tation of this trend, however, is scarce. For now, the most reliable data on commercial grazing is contained in the files of the defunct ratings firm, R.D. Percy & Co. After sifting through Percy's people-meter numbers, Edward Papazian, a partner in the consulting firm Ephron, Papazian, Ephron, says that, minute-by-minute, 9 percent of the audience channel-hopped during 1988's prime time shows. That figure leaped to 16 percent when a commercial aired. Weekend sports shows—between noon and 3 P.M.—exacerbated the problem, because 23 percent of the viewers left commercials. As for sound muting during commercial breaks, Percy's study revealed that, per minute, 1 percent of TV viewers silenced ads.

These numbers hint at a long-term erosion of TV advertising's effectiveness and may provoke sponsors to rethink their \$20 billion annual investment in television. Campbell Soup Co. did: It has shifted two-thirds of its ad dollars to direct marketing. And when Campbell's agencies create their TV ads, they are more concerned about viewer appeal than ever: “Over the last two years, we have been much more outspoken about our need for greater, stronger, better advertising,” affirms Paul Mulcahy, president of CSC Advertising, Campbell's advertising subsidiary.

Responding to corporations' clarion call for better spots is a new breed of commercial that doesn't look or sound like, or last as long as, its predecessors. Today's commercials must convey a message in as few seconds as possible. “The Cecil B. De Mille spectaculars are the ads that last 30 seconds,” Leo Greenland, chief executive of the Smith



Perrier filled its spots with painterly images, hoping they would be too luxuriant to zap.

Greenland ad agency, notes sarcastically. Almost all the commercials aired today are 15 or 30 seconds long. Sixty- and 90-second commercials are becoming the dinosaurs of the trade. In the new mini-message, the opening five to ten seconds are vital to harness a viewer's antsy attention span. "In the storyboards I'm seeing, the hook is coming much earlier—like seven seconds into the spot," notes Jeffrey Glasserow, president of Glasserow Management Advisory Group, an advertising-cost consulting firm. In a spot's first five seconds, corporate logos, like MasterCard's in its "Master the Moment" commercial, abandon all subtlety by zooming toward the viewer.

Visually, today's ads must compete with the refined camerawork of movies and well-made TV programs. The Perrier "It's Perfect, It's Perrier" commercial, winner of 1988's Clio award for best cinematography, is filled with the kind of painterly images that are, the agencies hope, too luxuriant to zap. The average viewer, who is conversant with such cinematic techniques as jump cuts, dissolves and fidgety camera work, expects the same trickery in his commercials. "Ten years ago, a dripping faucet used to be an arresting image, but that won't do today," notes Peter Kim, U.S. research head at J. Walter Thompson. Adds Barbara Lippert, *Adweek's* advertising critic: "They are trying things that will make you look up and say, 'What is that?'"

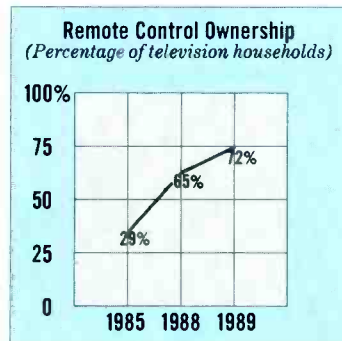
Since no advertiser can guess when a grazing viewer will zap a commercial, entire campaigns are built around uniform visual images. The Levi's 501 commercials have this monotone look. Filmed in New York and New Orleans, much of the campaign is saturated in blue—the blue of denim, of navy-colored camera filters, of the bottleneck-slide blues guitar.

Cable television's quirkier programming menu and the audience it attracts make the medium more conducive to ads that take visual risks. It isn't surprising that the Jackson Pollock-colored Swatch ads premiered on MTV years before network television aired them. And MTV's audience didn't zap that ad: "Three-quarters of our surveyed viewers liked those spots again and again," says Marshall Cohen, an MTV executive v.p. "They were like music videos with a logo."

Scores of MTV commercials demonstrate that catchy music, like glitzy pictures, can lure a flighty viewer. Ray Charles' stirring rendition of "America" (for *Time* magazine) tugs at a viewer's

emotions. Perhaps no song halted more viewers than the Beatles' "Revolution," used briefly for Nike. Its piercing fuzz guitar and tough-minded lyrics narrated a montage of fluttering black-and-white shots of triathletes. "With the fitness revolution, 'Revolution' fit perfectly," says Elizabeth Dolan, Nike's director of public relations.

Some agencies think that if a zap-prone viewer is laughing, he may be less



**Length of Commercials on Network TV**  
(November of each year)

	1981	1984	1987
Commercial messages aired	3,606	3,952	4,667
Percentage of Total			
30 seconds	92	88	61
60 seconds	2	2	1
15 seconds	2	6	36
Other	4	4	2
Total commercial minutes	1,802	1,916	1,954

Source: Nielsen Media Research

likely to leave a commercial. Scores of ads are exploiting humor's appeal, from the loony deadpan of Bartles and Jaymes to Joe Isuzu's send-up of venal car salesmen. And being witty can be cheap. For \$5,000, a regional grocery chain created an ad showing only a bare toilet paper roll. Its slogan: "With a purchase of our toilet paper you will receive a free speaking tube."

Where humor fails, commercials can try to blind viewers with a dazzling array of stars-turned-pitchmen. "As we see more of this, the commercial becomes less about the product than a real happening, an event," notes Erwin Ephron, chairman of EPE. Revlon relies on a constellation of Hollywood's minor stars to sell its products. "With Revlon's cavalcade of personalities like Harry Dean Stanton, Bernadette Peters and Carrie Fisher, the viewer doesn't immediately recognize them, so he stays with the ad, to put the right name with the right celebrity," says *Adweek's* Lippert. The star doesn't even have to be human. Through 18 Bud Light com-

mercials, the laid-back bull terrier Spuds MacKenzie has lifted U.S. sales of the beer from eighth place to third.

Hiring a star, however, and creating a compelling visual, aural and humorous tone for an ad, exacts a huge price in production. The high cost is all the more painful if the commercial is placed in programming that is acutely vulnerable to viewer zapping. Advertisers aim their glossiest spots at such special events as the Super Bowl, the Grammy Awards or highly touted miniseries, hoping that those shows' big audiences will also pay attention to the commercials. BMW, for instance, invests more than \$1 million in its sponsorship of Wimbledon tennis, a commitment that earns the company several "billboard" superimpositions of its logo over the live action on court and announcer mentions of the car company. "Even if the audience wanders away from the commercial pods, they will still hear about us during the course of the telecast,"

notes Erik Wensberg, BMW's communications manager.

But special programming, by definition, is sporadic, and that means commercials must contend most often with zapping during regular programming lineups. The arrangement of commercials between segments of a program goes a long way toward determining how often they are seen. "The problem right now is there is no real thinking how the commercial pods should be rearranged," says Papazian. Network officials admit they could help by

pruning the clutter of promotional announcements, bumpers and station identifiers, which distract from regular commercials. "These self-commercials only dilute our advertising time, which is, after all, the only real commodity value we can offer," admits Alan Wurtzel, ABC's senior vice president of research. ABC announced in June that it would slash by 20 percent the number of 15-second spots in prime time.

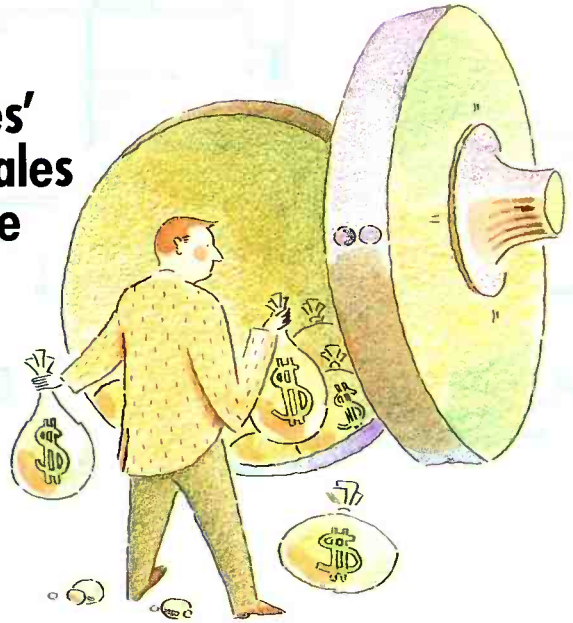
Despite the networks' best intentions, and the most dazzling commercial designs, viewers will continue to gun down commercials. Undaunted, Jerry Della Femina claims he has one foolproof solution to the viewer who "zooms" through commercials played back on videocassette. The colorful chairman of Della Femina, McNamee WCRS vows to make all his future commercials in slow motion, so when a viewer fast-forwards, the commercial will appear normal. That's great creative. ●

.....  
*Free-lancer Andrew Marton writes frequently about TV and business issues.*



# SOMETHING FUNNY'S GOIN

**Affiliates'  
local ad sales  
revenue**



**Comedy host  
gets big  
audiences here**

**Center  
of the  
mirth**

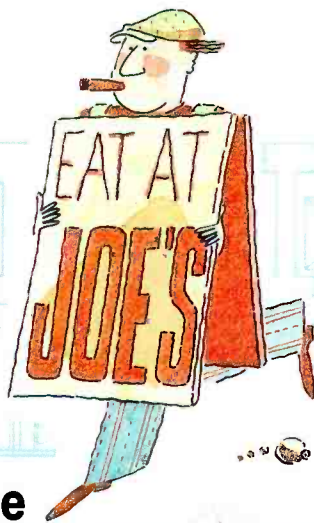


**Something funny's  
going on here**

**THE COMEDY CHANNEL**  
16,000 SQ. FT.

120A EAST 23rd STREET  
NEW YORK, NEW YORK

# IG UP HERE!



**Choice  
advertising space**



**Guest  
comedians'  
padded cell**

**A**rt has The Louvre. Baseball has Cooperstown. And now comedy has its place. A multi-million dollar facility under construction in the heart of New York City. The Comedy Channel. Not just another pretty studio, but a place that will turn 23rd Street into the comedy capital of the world, and where millions of viewers can turn whenever they need a laugh.

A place where established comedians and talented newcomers will hammer out great material. A place for funny films and film clips. A place where anything can happen any time of day or night. And now's your chance to get in on the ground floor of what promises to be the hottest thing to ever hit basic cable... The Comedy Channel.







# The Couples of Summer '89

**W**ith the summer of '89 drawing to a close—a television industry season dominated by the Time Inc.-Paramount war, the debuts of two significant and adventuresome TV news magazines and the rising cacophony about the role of cable in the media environment—let's raise a few interesting issues to watch as a fascinating, important fall looms. It's easy to think of summer's issues in terms of some odd couples.

1) Dick and George. Seems the 1988 George Bush march to the White House and the 1989 Dick Munro march to a marriage with Warner Communications have much in common, starting with the fact that two military-minded, strong-willed and fundamentally decent leaders were willing to table their ethics and principles in an effort to attain their goals, a victory-at-all-costs mindset. George Bush is a far better man than his appalling Willie Horton, liberal-bashing campaign would reveal. Similarly, Dick Munro, an executive admired across the publishing

**I**t was a long, hard summer for Dick Munro, two news divisions and the cable leadership. Will giving up summer vacation pay off?

and TV businesses, is a far better man than his campaign against Paramount suggests. The sight of Time Inc. groveling before cable franchise authorities and the FCC, trashing Paramount and its editorial "integrity" and ability to run cable systems properly, was ugly and beneath a company with Time's history and deserved reputation for class. To listen to Time Inc. officials and read their legal pleadings, you'd think a cable franchise had never changed ownership, that Paramount produced nothing but garbage and that Paramount's Simon and Schuster published second-rate pulp. It might also raise questions about why Time's HBO so enthusiastically acquires Paramount product or why Time was once comfortable enough with Paramount to be involved with them in the USA Network venture. But then again, a kinder, gentler nation is seeing a different George Bush in the White House and perhaps Munro, Nicholas, Ross and company will get the chance to run a decent enterprise, even if it can't report profits for years to come.

2) Sam and Diane, Brandon and Michael et al. A recent job applicant for a position on ABC's new live-action news magazine reports being told that the perfect story

for the program would find the anchor team reporting live from a battleship in combat. The action behind the scenes at ABC would probably also make for another perfect story. Are they fighting to see who first gets to stand on the White House lawn? Reportedly all hasn't been sugary on the set, and keeping Chris Wallace happy as another itchy White House correspondent is just part of the challenge facing Roone Arledge and Rick Kaplan.

**N**BC's experiment, asking its entertainment and news division teams under Brandon Tartikoff and Michael Gartner to put out a news magazine, is potentially just as interesting. No one needs to be reminded that NBC has what one might generously describe as a jinxed history in news magazines. A unique test in network annals, a joint entertainment/news venture among teams of strong-willed people could provide fall fireworks.

3) Cable and telephones. The Cablevision/MSG so-called settlement over Yankees games has calmed some of the anger of East Coast cable subscribers. But if summer chats with others is any indication, the public's apprehension in some cases and downright hostility in others suggests that consumer problems faced by cable operators are intensifying. It's unfortunate that cable keeps getting bashed by its antagonists, but it continues to fail to tell its story effectively. At the same time, political leaders, far better at telling their stories, continue to find audiences receptive to cable bashing. Can't cable's leadership tell its tale better? Can't a cable system somewhere be responsive to consumers? Can't fixed-income retirees be offered an affordable basic rate? And can't cable systems answer phones promptly and courteously?

There is no reason for the U.S. to back into a 21st-century, all-encompassing communications bottleneck called the phone line just because cable at least appears unresponsive to consumer and political concerns. Why aren't John Malone, Bud Hostenetter, Bob Wussler and others visible in industry and political circles making cable's case more forcefully and convincing other cablers to do the same? And why is it taking so long to solve the must-carry mess? Where's the leadership on that critical issue? Unless the political momentum slows, by the end of next year Congress is going to ram some unpleasantries down cable's throat, at the gleeful urgings of the broadcast, studio and phone lobbies. New FCC chairman Alfred Sikes isn't likely to be cable's best pal either. Let's at least have a debate based on the big issues of the '90s—access, diversity, the development of advanced television systems, and so forth—and not a one-sided tussle prompted by reaction to a seemingly cocky and unresponsive cable industry. ●



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# GANNAWAY'S GENESIS

Gary Gannaway yearned for the show that would let Genesis Entertainment shine. Then he found Heaven in syndication. By Alex Ben Block

**F**or five years, actor/producer Michael Landon traveled America's byways, dispensing unflinching wisdom as an angel on NBC's *Highway to Heaven*. But in a small Los Angeles office last year, it was Landon who found himself intently listening to television's new gospel—according to Gary Gannaway. And Gannaway, who has spent 13 of his 34 years crisscrossing America by bus, car and plane to sell syndicated television shows—a trade he learned at his father's side—knew his preaching to Landon might be the most important pitch of his hectic career.

So Gannaway, the founder, chairman and principal stockholder of privately held Genesis Entertainment, held forth with evangelistic fervor on the benefits of delayed gratification and rewards to come if only Landon, a savvy, established star, would forgo larger guarantees of upfront money from bigger syndicators to join with modest Genesis (\$20 million in 1988 sales). Genesis, Gannaway intoned, barely pausing for breath, offered dedication and insight—a novel sales and marketing plan to cope with a weak marketplace. He argued for faith in his company's ability: Genesis had never failed to launch a show into syndication, he noted. And he promised his staff's full commitment: He said the sale of *Highway's* 111 one-hour episodes would be Genesis' highest priority that year and its only new five-day-a-week product. "I'm asking you to believe . . .," Gannaway recalls urging Landon. "In essence, I'm asking you buy into me." Against the odds, Gannaway won a convert. "We chose Genesis," says Landon, whose advisers first counseled against it, "because we liked what we learned about the organization and because of Gary Gannaway."

This story of Genesis' rise is the tale of how a young man, driven to prove himself, has built an innovative, growing syndication company that is thriving in a shrinking market—a market that has forced other small competitors to fold. It is the very public and very personal story of Gary Gannaway.

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If any relationship in Gary Gannaway's life has

fueled his zeal, it has to be his driving need to prove himself to his father. Albert C. Gannaway, a demanding entrepreneur who made and lost millions of dollars more than once, has, in his 69 years, been a songwriter, TV producer, restaurateur and pioneering program syndicator. He now oversees his investments—including interest in a small home-video company and a Caribbean resort hotel—from his home in Nashville, Tenn. As a syndicator, Al's greatest triumph was with a series of country music shows called *Stars of the Grand Ole Opry*. Originally, he had been ridiculed for shooting 91 episodes of the 1954-58 series in color, on 35mm film. But those shows have been selling in one form or another ever since. Genesis still has them in syndication as *Country Classics*.

Although Al's success allowed Gary to be raised in the comfort of Beverly Hills, Al—who started out as a Fuller Brush salesman after World War II—worried that his son was learning the wrong values from the rich crowd at Beverly Hills High. Gary had lived with his mother since the age of nine, when his parents divorced. But when Gary turned 16 and was doing poorly in school, Al shipped him off to a Tennessee military academy. Upon his son's graduation, Al pushed Gary to go into the Marines.

After his discharge, Gary moved to New York City, where his father had a small syndication company. Al handed Gary a Greyhound bus pass and sent him on the road to sell the country music series. Gary slept on buses and at local YMCAs, eating just one meal a day to save money. Although Gary began to learn the business and built relationships that would last for years, he returned home after two long, gritty months without a single sale.

By then Al Gannaway had relocated to Miami, where Gary followed. He enrolled at the University of Miami, but quit after less than a year and went back on the road to sell *Country Classics*, as Al relentlessly pressed him to become a smarter salesman. For instance, Al would coach Gary to select the station in each market that most needed his product and to concentrate his efforts there. "Then," Al would say, "attack it as if it's the last day



To sell *Highway to Heaven* at a time when hour shows were floundering, Gannaway took the risk and offered it to stations for barter.

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you will ever have to sell, as if it's the last day of your life." Gary soon left his father for a sales job at WATL, a small Atlanta TV station, but his spirits kept sinking: "I was depressed. I was so down I felt if I didn't get a job in syndication—which is the only thing I wanted—I'd end my life."

So he headed back to New York and landed with Metromedia Producers Corp. as Southwest sales manager, based in Dallas. Operating out of a one-room apartment, he began touring every town large enough to have a TV station, pushing Merv Griffin's talk show and the *Crosswits* game show, and he clicked, becoming the company's most successful salesman over the next two years. "He was the best young salesman the company had ever hired," says a former Metromedia executive. "He really was extraordinary."

But wanting to be an entrepreneur, Gary left Metromedia in June 1980 to join his father in an ill-fated venture running a restaurant in rural Georgia. It was out of business within four months, and Gary went back on the road selling *Country Classics*, but

this time pitching it to public broadcasting stations as a lost cultural treasure. He soon added old Time-Life shows that had long been on the shelf, including *G.I. Diary* and *Wild, Wild World of Animals*. Within two years he had made over \$5 million in sales.

In 1982 Gary moved to Los Angeles where he hooked up with one of syndication's top salesmen, Sandy Frank, in what was to become another complex relationship. Frank started out as Gary's mentor, but they became highly competitive. Soon, Gary was outselling Sandy and the two had to part company, with both arguing over who was the best. "We have this odd relationship," says Gary, "this ego thing about who's the best salesman. He was the king. I was the new kid." Says Frank, now president of his own TV production company in New York City, Sandy Frank Productions: "Gary's . . . a very ambitious, driven kid. His mission in life is to outdo Sandy Frank. He's obsessed about me, about proving he's better than me."

In early 1983, Gary formed what has become

Genesis' Gary Gannaway with his company's star gamble: 'I'm asking you to buy into me,' Gannaway recalls urging Landon.



# **Narragansett Television, L.P.**

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and

**WTKR-TV**  
(Norfolk, VA)

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*The undersigned acted as financial advisor to  
Narragansett Capital, Inc. in this transaction.*

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July 10, 1989

*This announcement appears as a matter of record only.*

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**\$35,000,000 Revolving Notes**

**\$65,000,000 Senior Notes**

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**6,250 Class A Limited Partnership Units**

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*The undersigned arranged for financing and  
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**LAZARD FRÈRES & Co.**

July 10, 1989



# STAYING ALIVE

Last spring, two formerly popular syndicated courtroom shows were in trouble. Genesis' *The Judge* and Lorimar's *Superior Court*, both half-hour, five-day-a-week programs, had been created in 1986 as alternatives to the game shows then swamping the first-run syndication market. Both started off well, but they were now being soundly whipped in the ratings by the Oprahs and Geraldos.

In fall 1988, most stations began shifting the court shows from late afternoon to less lucrative morning and late night time slots. That meant less revenue from license fees and barter advertising for the syndicators. As a result, estimates Genesis president Gary Gannaway, license fees will drop from \$7.2 million last season to between \$2 million and \$2.5 million this fall. Income from barter advertising will drop to about \$3 million from \$4 million, even

though Genesis will double the number of barter ads in each half hour to two minutes' worth.

Lorimar's response was to cancel *Superior Court*. Gannaway's response was to change the economics of his show. "I had to keep it alive," he says. "My success is linked to survival, including survival of this show, which is very important to us. Just to survive is my salvation."



A slimmer Judge.

Genesis had been producing 160 new episodes of *The Judge* each year in L.A. at a cost of about \$30,000 each, or a total \$4.8 million a season. This fall, Genesis will supply only 100 new episodes, mixing in reruns from previous years. The new shows will be produced in Canada by Gannaway himself, turning out five a day at an average cost of \$14,000 per episode, or \$1.4 million for the season. That means Genesis will keep an important show alive, while earning a profit on it of more than \$3.6 million for the season. —A.B.B.

Genesis Entertainment, first-year sales of \$10 million, with about 70 percent coming from *Country Classics*. But desperate for new product to sell after one game show he created bombed, Gary talked Reg Grundy, an Australian producer active in the U.S., into letting him sell *Sale of the Century*, a network staple just going into syndication. Gannaway told Grundy: "You need somebody so hungry he wants you more than you want him." To close the deal, Gary promised a \$3 million guarantee. The problem was, Gannaway didn't have the money and he had less than two months to raise it. "They thought I'd get it from my father," said Gannaway. "The reality was I made a fool of myself."

Genesis' finances were a mess. The company had over \$3.5 million in receivables but no system to collect the money, recalls Wayne Lepoff, then Gannaway's accountant. The company was weighed down by a debt of about half a million dollars, and had such a bad loan repayment history that no bank would lend it additional capital. "Gary had no idea how to handle money," says Lepoff, who quit his CPA firm to become Genesis' president and COO.

After reorganizing Genesis' finances, Lepoff arranged for the money for *Sale* by borrowing \$1.5 million through an investment banker, and selling 20 percent of the equity in the show to Gannett, the publishing and entertainment company, for the other \$1.5 million needed for the advance. Gannaway then went out and made \$5 million in sales on the show in 45 days. Even though *Sale of the Century* didn't perform well, it provided the crucial bridge that kept Genesis alive and in business.

Searching for other product, Gannaway remembered some National Geographic specials that had been handled by Metromedia when he worked there and discovered that more of the specials had aired on CBS, but had never been rerun. Gannaway talked the reluctant National Geographic Society in Washington, D.C., into trusting him to handle the shows with taste and restraint. Then, Phil Oldham, 45, who Gannaway had lured to Genesis as executive v.p., following 13 years as director of programming at rep firm Katz Communications, came up with the plan that turned the National Geographic specials into winning programming—packaging the shows in two-hour versions for independent stations to run in place of movies, and as weekly hour shows to play on affiliates during access periods.

Oldham hired actor Mike Farrell, who had starred on *M\*A\*S\*H*, to narrate wrap-around segments for each show, creating a sense of continuity. To prove the appeal of the shows, Gannaway sold them on a barter basis for the first two years, achieving 92 percent clearance on weekends. The ratings weren't spectacular, but the shows delivered upscale viewers who were highly attractive to advertisers. A year later Genesis was able to renew for cash, in lucrative six-year deals.

Genesis also went all out on promotional material by helping stations to identify likely advertisers and by providing a sales pitch that could be adapted to local markets. Genesis produced plexiglass world globes that station officials would want to keep on their desks. The base of each globe contained the show's promotion book. Genesis also provided 10-second and 30-second prepared radio promo spots, some keyed to specific episodes. The effort won one of the 1987 Broadcast Promotion Marketing Executives Gold Medallion awards in syndication.

Despite these achievements, Genesis still needed a five-day-a-week show to drive the company. So Oldham pulled together Gannaway, syndication sales veteran Dick Colbert and Sandy Frank to produce a new half-hour courtroom show called *The Judge*, which became a mainstay of the company (see box).

Then, after Gannaway had the company running steady with its own first-run strip, he was ready to seize the opportunity to land a big network name. When New World Television failed in trying to distribute *Highway to Heaven*, Gannaway went after the show with a passion.

In 1986, while *Highway* was still on NBC, Michael Landon sold syndication rights to New World Entertainment's TV division for a cash guarantee of more than \$30 million, according to sources (New World had no comment). But New World ran into an ice-cold market for one-hour shows, then compounded the problem by falling into deep financial difficulty itself. Not only did New World lack enough station clearances to launch *Highway*, but suddenly it didn't have enough money to operate. Even worse, it couldn't borrow more, in part because of its \$30 million obligation to Landon, which scared the banks. So in early 1988, New World paid Landon a reported \$10 million to take his show back.

Landon's advisers then lined up offers for big advances from blue-chip bidders such as Turner Entertainment, GTG Entertainment and King World. Worldvision Enterprises—which had successfully sold almost \$200 million (worldwide) worth of Landon's earlier show, *Little House on the Prairie*—was ready to put \$10 million on Landon's collection plate in return for 35 percent of the show's



Al Gannaway taught son Gary discipline, and forced him to learn how to sell, but his boom-and-bust career has also been a warning.

## The Genesis Constellation

Name of show, number of episodes available, terms

### Highway to Heaven

111 episodes (87 available 1st yr.)  
Barter 1989-1990, cash or cash + barter thereafter

### Byron Allen Show

Weekly, starts in Sept.  
Barter (6 min. national, 7 min. local)

### National Geographic Specials

96 episodes (weekly or monthly)  
All cash, 6 runs over 5 years

### The Judge

100 originals, 160 repeats  
Cash plus 2 min. barter

### Great Escape

26 half hours  
Barter (3 min. national, 3 1/2 local)  
Other shows:  
Domestic & international:  
Country Classics  
International only: El Juez (The Judge in Spanish), The Rifleman, Evening At Pops, One World, Looking East



The National Geographic specials gave Genesis a classy glow, and provided Gannaway with the model he'd use to sell *Highway*.

profits. Landon's advisers counseled against choosing Genesis, which was hard-pressed to even consider matching such terms. Its 1988 sales barely topped \$20 million, producing pretax operating profits of just \$2.8 million. Gannaway's proposal offered an advance for *Highway* of just \$1 million—topped by the nerve of proposing a 50-50 split of all profits. To Genesis, it was a big gamble. Says Lepoff: "We were putting everything on the line by [offering to make] their show our only new program, so we felt we should share in the success."

In his failure with New World, Landon had been publicly embarrassed. Now he wanted something more than money. And in its presentation, Genesis was the only bidder to deal directly with the problem of a syndication marketplace that was automatically discounting the value of one-hour dramatic series. Moreover, Landon was impressed with what his research into Genesis showed: They really did service what they sold, relentlessly. So he agreed to give Gannaway a second hearing in the summer of 1988.

Gannaway presented a detailed marketing strategy for *Highway* that not only contained a selling plan, but an analysis targeting stations by market, with explanations. Genesis proposed to sell *Highway* as an alternative to tabloid TV shows, and as counterprogramming for independent stations searching to combat local evening newscasts and children's shows. Slyly, Genesis would even stress *Highway to Heaven's* appeal to the devoutly religious by emphasizing the program's spiritual overtones. He also proposed a carefully plotted follow-up that included promotional ideas and advertising co-op funds for stations.

Then Gannaway hit Landon with his boldest proposal yet: the National Geographic strategy. With *Highway*, Genesis would break the usual rules for syndicating hour shows—it would forgo cash payments to sell *Highway* under barter terms only, with one- or two-year deals. Stations would get seven minutes of local commercial time per episode to sell, while Genesis would retain five minutes.

Moreover, Genesis would return to service what it sold. The company's spot sales group would help station officials sell their time, working closely with local program directors and promotion heads. Then, after one or two years—in which Genesis would have been able to produce solid ratings—its salespeople would return to the stations to sign them up again for long-term deals—all for cash. "Our success," says Gannaway, "has been in seeing a marketing opportunity where only a problem existed. It's getting a producer to not only believe in us, but to pay us a higher fee to get that zealous commitment. It's getting better time periods for our shows because we gave a station something extra—a higher level of cooperation. We're a success," he says, "because for us, success is survival." And Genesis has built a reputation among industry insiders. Says Jamie Bennett, senior vice president of Walt Disney Studio's Buena Vista Productions, "Genesis is one of the first companies I send producers to if their show isn't right for us."

After Landon signed on with Genesis, the company went to work, placing *Highway* on stations reaching 86.7 percent of all TV homes by late this past July. To make his barter test-drive plan work, Gannaway also had to take over cash contracts signed by New World covering 9 percent of the U.S. In the case of Los Angeles, where KTLA had paid \$5.8 million for *Highway*, Genesis had to buy back

five minutes of their advertising time per hour to provide barter advertisers with complete national coverage. Whether the show will produce a national household rating of 4.0, as promised to barter advertisers, is yet to be seen. But Genesis had already sold over 70 percent of its national spots two months before the show was to premiere.

Gannaway, sometimes accompanied by Landon, visited top national advertisers in advance of the annual upfront sale of advertising time to push for *Highway*. Citing it as the upmarket alternative to tabloid TV, Gannaway scored his biggest coup at Leo Burnett Advertising in Chicago, the largest buyer of barter ad time in the U.S. Burnett purchased *Highway* for such blue-chip clients as Pillsbury, Hallmark, Heinz and Kellogg—at premium rates. So even if *Highway* doesn't draw ratings as high as Genesis hopes, the company will still take in over \$23 million in ad revenue this year alone. And if the ratings soar, says Gannaway, "We'll have Landon helping us [with his testimonial] sell the next producer on what a good job we do."

With the *Highway* campaign in full gear, Gannaway set about to meet another of his goals—adding a weekly program to his sales inventory. For that he found a variety show starring Byron Allen, a 28-year-old black comedian who was a host of *Real People*. Allen had been trying to launch the show for eight years. Building on agreements Allen had tentatively set, Gannaway did what Allen had not be able to: He cleared *The Byron Allen Show* for fall 1989 in most of the U.S. to run on weekend nights. "Gary has the intensity you see in superstars like Michael Jackson or Michael Jordan," says the grateful Allen.

With so much energy going into Genesis, Gary and his wife of two years Wendy Phillips haven't found the time to start a family. Gannaway first met Wendy when he lured her away from King World's Camelot sales division to work at Genesis. Their home life is still modest, centered around a one-bedroom apartment at 72nd Street and York Avenue in New York City, even though on paper Genesis has made Gary a multimillionaire.

Al Gannaway believes his son lives modestly because Gary watched his father bounce up and down the ladder. "He's much more cautious, conservative, careful than me," says Al. "He doesn't want the failures his father had. He just wants the successes. He wants the peaks, not the valleys, and he's doing it. He's there."

But Gary isn't convinced of that. He is still bursting with plans. Genesis is now launching a Spanish-language version of *The Judge*, and in the past year it launched its own international sales unit. Eventually Gary wants to sell his own barter time and produce even more first-run shows. And he wants to go public.

"We know we have to find the next niche," he says. "If a producer has a difficult show to market, we want him to bring it to us. You succeed today either by having leverage [from hit shows] or out of original thought. Obviously we don't have the leverage, but we do have respect."

Today, even Al Gannaway agrees. ●

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Contributing editor Alex Ben Block is editor-in-chief of Show Biz News, and last wrote for Channels about Republic Pictures.



# Stretched to The Limit

An on-the-scene look at three diverse local news operations reveals they are all taking a double-barreled blast from intense competition and pressure on the bottom line. Combine that with a need to appeal to a viewership that stretches from urban concrete to rural fields and it adds up to tough times in local news.

by J. Max Robins

**K**illings, guts and orgasms. In more raucous times that's what locals would say KGO stood for. Those days are long gone from the news department at ABC's O&O in San Francisco. These days, KGO's news operation wants to be one class act—in normal times at least. But on this, the last day of ratings sweeps in one of the most competitive news markets in the country, news judgment can get a little wiggled out. "When we're in a sweeps final," says Pete Wilson, one of KGO's anchors, "we do everything but show our pee pees."

The way the ratings stand now, according to Arbitron, the station's 11 P.M. newscast is in last place. CBS affiliate KPIX leads the pack. But KGO only trails the NBC affiliate, KRON, by a tiny fraction of a point. If tonight's 11 o'clock could be goosed to get a rating point or two more than it usually delivers, KGO could finish a respectable number two in-

stead of ending up in the cellar. Call it desperation; call it opportunity. The station's general manager, Jim Topping, smells blood. The station's news director, Harry Fuller, smells glory.

Preceding tonight's crucial newscast is a repeat of *The Barbara Walters 50th Special*. The competition has buckkis running against the Walters program. Topping is thinking, "Tonight my competition is the Sandman. I've got to get the Walters crowd to stay with me past bedtime." A morning strategy session is called. Representatives from news, programming, research and sales all gather around the glassed-in conference room off the g.m.'s office.

Topping and Fuller cook together. The g.m. is a former news director and Fuller came up from the assignment desk. With these guys, when there's a horse race the wheels start spinning and the adrenaline kicks in. Topping's alma mater, the ABC O&O in Houston, KTRK, has a spicy interview with Walters that KGO can pick

up and promote. The first big summer movie, *Indiana Jones and the Last Crusade*, is opening. Certainly they can milk that for a story. "We can talk about it early because people will be lining up," says Topping. "And we can talk about it late when they're coming out."

And now the race for ratings gets really brazen. The ABC O&O in New York has a juicy Robin Givens interview. Star power. Star booty. Plenty to promote. "The lowest of the low," grumbles a voice in the KGO newsroom that speaks for many.

Topping gives Fuller the okay for overtime for an extra crew for the night shift, just in case anything big breaks and they want to go live. Extra promotion time and money are committed too. Normally during prime time the station runs four or five 20-second news promos. Tonight it will run 30-second promos and double their frequency. New animation will be added to the promos and a freelance announcer will be brought in to

# NEWS '90s THE

do voiceovers. Viewers pay attention. Sandman be damned. Tonight's newscast has sizzle.

A day like this inevitably has a major glitch. After promos have already aired to promote the Walters interview, Walters refuses to let KTRK release it to KGO, and one does not ask the Diva of ABC News why not. Fortunately, *Entertainment Tonight*, which KGO carries, has its own Walters interview that she has no control over, and *E.T.* is more than happy to let the station use it. The material doesn't exactly deliver the promise of the promotion, but, in a desperate situation, you make do.

And sometimes, like in the fairy tales, you get that extra something special you may have wished for but never really expected to receive. At 5:30 P.M. the story breaks that an alleged gay love-affair-gone-wrong between two sailors may have been behind the tragic explosion on the Battleship Iowa that killed 47 sailors.

"For this market that's a terrific story," says Topping, referring to his sizable navy and gay constituencies. "Now we've got a very solid lead story that we can get behind. We have plenty of other things to talk about and we've created promotional opportunities to talk about them."

KGO's sweeps finale is not a typical day in the life of local broadcast news. It is, however, indicative of the combative climate of local news nationwide. Other broadcast news programming, the VCR, cable, and independent stations are all fighting for the attention of a populace

that is working harder and has less time to tune in. Television news departments in markets big and small are thrashing about for an audience in a hyper-competitive marketplace.

Meanwhile, the last few years have made it painfully clear that a station's news department falls under the same bottom-line scrutiny as any other division of a money-making enterprise. The cut-backs that hit the Big Three network news divisions can be found in microcosm in local TV news departments nationwide. As local TV news approaches the 1990s it's taking a double hit from budgetary constraints and intensified competition. This dangerous combination of circumstances threatens to make hijinks like KGO's sweeps star-booty finale the norm in local TV news.

After spending a week at each of three news departments—KGO; Wilmington, N.C.'s WECT; and Toledo, Ohio's WTVG—it's clear they are all grappling with unprecedented financial and competitive heat. While each station's news department is distinct, all three see the content of their newscasts being increasingly shaped by economic and competitive realities. "Everybody had to get more realistic. There were years when we felt we could do anything we wanted," says Buddy Ray, the g.m. of WTVG. "But now news is more of a business. We have to

keep a closer watch on the financial side of it."

WTVG, WECT and KGO have all changed hands in the last few years. KGO fell into the tight fiscal grip of Capital Cities in 1986. WECT, long a family-run operation, became part of the Jackson, Miss.-based News-Press & Gazette TV group in 1987. WTVG, the first TV station in the old Storer broadcasting group, was purchased by a former Storer executive, Terry Lee, and a group of investors in 1987.

Staffers at all three stations grumble about how management changes have affected the way they cover news. Given the new economic realities, news staffs are set up to cover breaking news and little else, they argue. "These days you have to be extremely careful with your manpower," says Al Mannes, the assignment manager at WTVG. Mannes remembers the Storer days when the news department had a special projects group and access to a Washington bureau. "Sometimes you have to rob Peter to pay Paul. Good story ideas fall through the cracks sometimes because you don't have the manpower."

Small-market stations like WECT have always been stung by not being able to keep talented young staffers, who leave after a year or two for markets that promise more than a subsistence wage. But in these tight economic times that situation has become even worse. "We're more like a farm club than ever before," says one of WECT's few veteran staffers. "Every time you see a bright young

KGO's g.m. Jim Topping and news director Harry Fuller take roads high and low in their search for ratings.



PHOTOGRAPH BY MICHAEL LLEWELYN

## KGO San Francisco

Market Size: 5th ADI  
News Staff: 120  
Newscasts: M-F: 2-hour block from 5-7 P.M., 30 minutes at 11 P.M. Sat: 30 minutes at 6:30 and 11 P.M. Sun: 30 minutes at 5:30 and 11 P.M.

### Against the News Competition

6 P.M. 11 P.M.  
(rating / (rating /  
share) share)

KGO (ABC)	9/19	6/17
KRON (NBC)	5/10	6/16
KPIX (CBS)	7/15	7/19
KTVU (Fox)	no news	9/16*

\*KTVU does a 1-hour newscast at 10 P.M.  
Source: Arbitron May 1989 sweeps.



# Faster Than A Speeding Bullet, Able



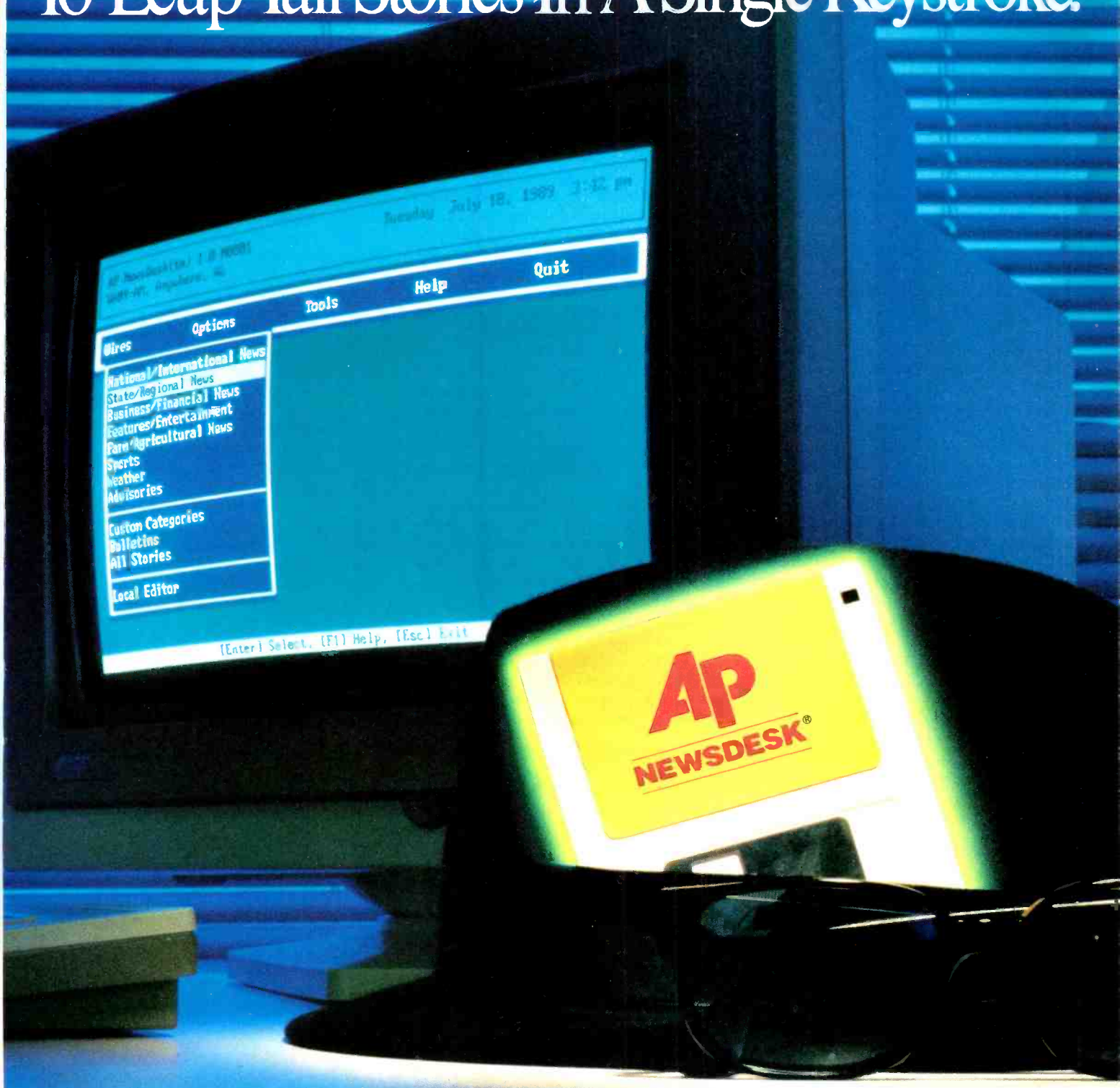
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# NEWS '90s IN THE

person come in here, you say, 'Oh God, that person will be gone.'"

Other stations, such as WTVG, may be able to make it economically worthwhile for staffers to stick around, but they are churning out more programming without increasing personnel. "Sometimes I feel like people are being pulled in four directions at once and can't focus on one thing," says Diane Larson, who anchors WTVG's noon newscast and the 5 P.M. news, which was added last year.

"I have to laugh when I hear executives say the cutbacks haven't affected quality," says Chapin Day, a KGO assignment editor, who has seen his news department staff cut by 20 percent since the Cap Cities takeover. "A producer doesn't have the time he did in the past to carefully consider a story. There's not sufficient planning—not sufficient time to do stories. Too often people aren't getting that time when they say, 'Hey, I have a great story. I need two days to report it and two days to shoot it.'"

But managements at all three stations claim their news operations are in good form and carrying out their news mission with unprecedented depth and understanding. All that has been cut out, they argue, was the dead weight. "Do I have everything I need? Just give me *L.A. Law* as my Thursday lead-in," says KGO's Fuller with a laugh. "Before Cap Cities, when we had a bigger staff, there was a real immunity from the day-to-day pressure to push for the story. We had reporters coming in who weren't doing stories every day. We have just the right

size staff now."

Yet while Fuller says he has the resources he needs, he admits his news mission has become increasingly complex. "Metroplex" is the buzzword he uses to describe his marketplace. "We have 80 municipalities in our ADI," says Fuller. "Half the people in the Bay Area don't even come in to San Francisco." Covering the daily intrigue at City Hall or San Francisco cops and robbers doesn't cut it in Fuller's market. Indeed, the challenge Fuller faces is how to best serve an audience that is geographically, ethnically and economically diverse.

Toledo and Wilmington may be smaller, sleeper markets, but Fuller's counterparts in those two locales face similar challenges. Each city has a rich racial and ethnic mix, and geography that reaches from inner-city concrete to acre upon acre of farmland.

Appealing to a diverse constituency sometimes prompts news people to more introspection about their missions and actually improves their work. But when they get desperate to reach out to a heterogeneous viewership, there is a tendency to go for a decidedly light take on the news, letting a thirst for ratings cloud news judgment.

"When local news departments get too eager for viewers, what you end up with is Nuzak," says independent news con-

sultant Ron Tindiglia. "And I'm afraid right now there's a lot of it out there."

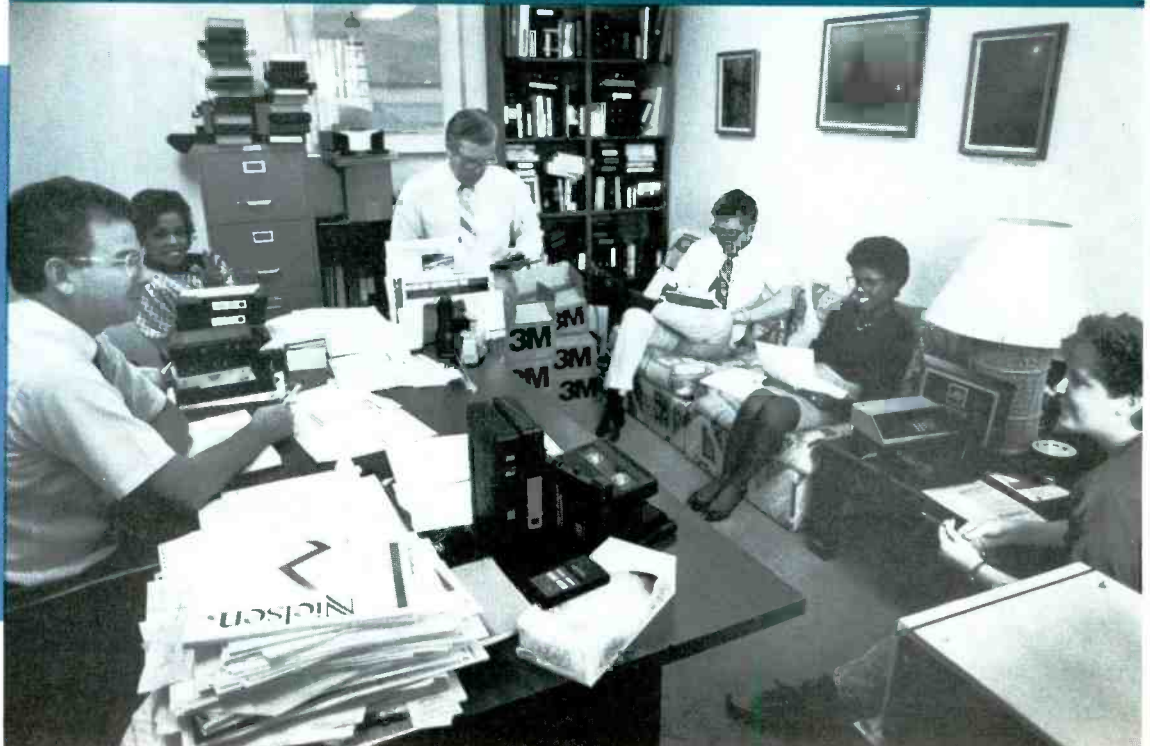
I've covered more than 100 murders and suicides. I don't need to see anymore blood rolling down into the gutter on my newscasts," says Raeford Brown in an adamant North Carolina drawl. "We don't need that—that's tabloid."

Don't get Brown wrong. WECT's news director likes a hot crime story just fine. In fact, as an ex-cop, he is really a bit of a buff. Savoring the memory, he tells a story about having to put a camera on his shoulder not too long ago because it was early morning and he was alone in the newsroom when news came in about a highway shooting. "It was a doctor shot by the jealous husband of his nurse," says Brown with a wry smile. "He wasn't killed. Just a couple of holes in him. I shot it and we got the exclusive."

The Wilmington NBC affiliate is a small station, but size doesn't stop it from kicking out a lot of news product. A crew of 28 puts out a one-hour program at 6 A.M. and half-hour newscasts at noon, 6 P.M. and 11 P.M.. "We're a news hub," says Brown, referring to his one-man-band bureaus in Lumberton, Fayetteville, Raleigh and Myrtle Beach. "On most nights 40 percent of my reporting staff is feeding live."

Brown is hanging out in his cramped, cluttered office, his own photos of the sea hanging on the wall, a bruised file cabinet and a few Dr. Pepper empties in the corner. There are also audition tapes—

When the staff at WECT plots out the evening newscast, news director Raeford Brown (l.) does most of the talking.



PHOTOGRAPH BY TONY PEARCE

## WECT Wilmington, N.C.

Market Size: 149th ADI  
News Staff: 28  
Newscasts: M-F: 60 minutes at 6 A.M., 30 minutes at noon, 6 and 11 P.M.  
Sat: 30 minutes at 6 and 11 P.M. Sun: 30 minutes at 11 P.M.

### Against the News Competition

6 P.M. 11 P.M.  
(rating / (rating /  
share) share)

WECT (NBC)	22/41	12/39
WWAY (CBS)	16/30	8/27

Source: Arbitron May 1989 sweeps.

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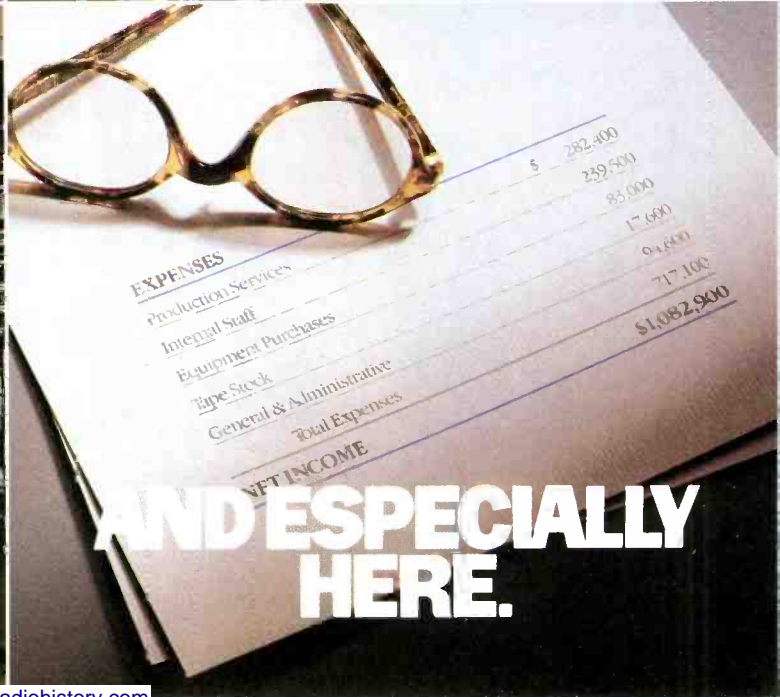
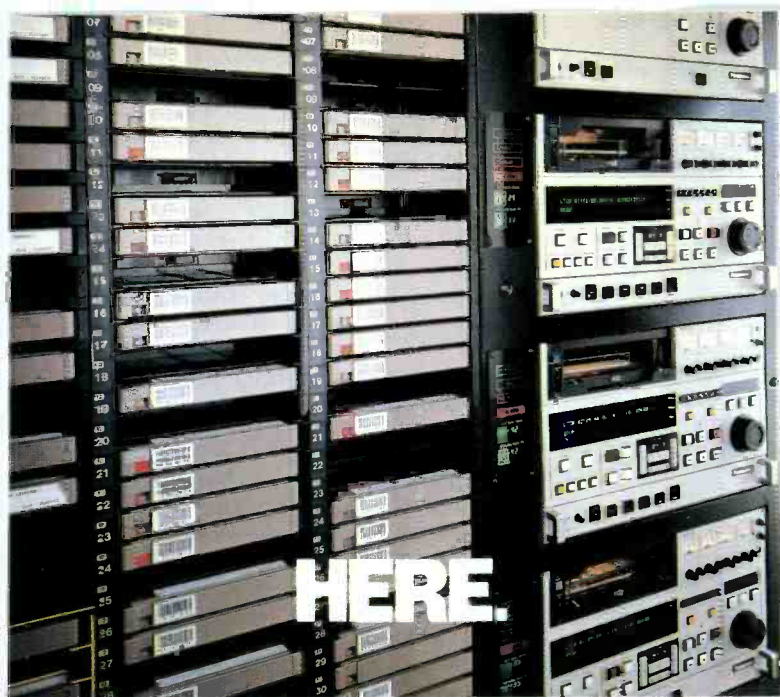
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# NEWS <sup>IN</sup> THE '90s

loads of them. A starting reporter in Wilmington may make only \$13,000 a year with no vacation, but still, there are always piles of audition tapes lying all over the news director's office. "I have people applying here who would pay me," says Brown, who obviously relishes ruling his TV-news fiefdom.

Brown's staff is primarily a young one. His anchor team, Ken Murphy and Frances Weller, may be veterans, but for most of his reporters, shooters and producers, this is their first TV-news gig. "Sometimes I feel like I'm running a post-graduate school," Brown says.

One of his recent hires, D.G. Baker, who came to the station straight from Howard University, enters the newsroom. She's been covering a Ku Klux Klan demonstration outside of the *Wilmington Star* to protest an anti-Klan editorial that appeared in the newspaper.

Baker's first name is Dawn, but when Brown gave her the job he informed her that her on-air name would be D.G. Baker—in his opinion, the name Dawn was too wimpy. "Hey, if this man was crazy enough to put me on the air," she says, "he could call me Bunny Baker and I wouldn't care." Baker may have tolerated the name change, but as bad as she wanted the job, she did hold out for an extra 24 hours when Brown asked her to start work on Christmas Day last year.

"Did we get our Klansmen?" Brown asks Baker. "Were they in their robes?" "They didn't even acknowledge me," she says. What Baker refers to as the "racial thing" is a bit more backward than what

she was accustomed to growing up in Savannah, Ga., or going to college in Washington, D.C. When little old ladies in the supermarket come up to her and say, "Why, ain't you the little colored girl on Channel 6?" she is no longer surprised.

"What's that—a white cross on your back?" asks Brown, peeking over Baker's shoulder.

"There was only two of them," says Baker. "They were funny looking. One had on a black robe."

"Did the guy in the robe try and pitch you a kitchen floor?" Richard Williams asks Baker. Williams started with the station in 1954, left for several years and returned in 1975. There's little about the area he hasn't seen or heard. "He's got a tile business—has the Klan logo on his truck. Up until a couple of years ago it was in his ad in the Yellow Pages."

"Sell me tile?" says Baker. "I couldn't even get the guy to grunt."

The news seems to be filled with stories of racial discord this day. A group of black police officers have filed a racial-discrimination grievance against the Wilmington police department. Brown leaves Baker to dispatch another rookie reporter, Paul Moniz, to go to the home of the police lieutenant who is the spokesman for the black officers. The lieutenant has refused to talk to the media since filing the grievance, but Brown

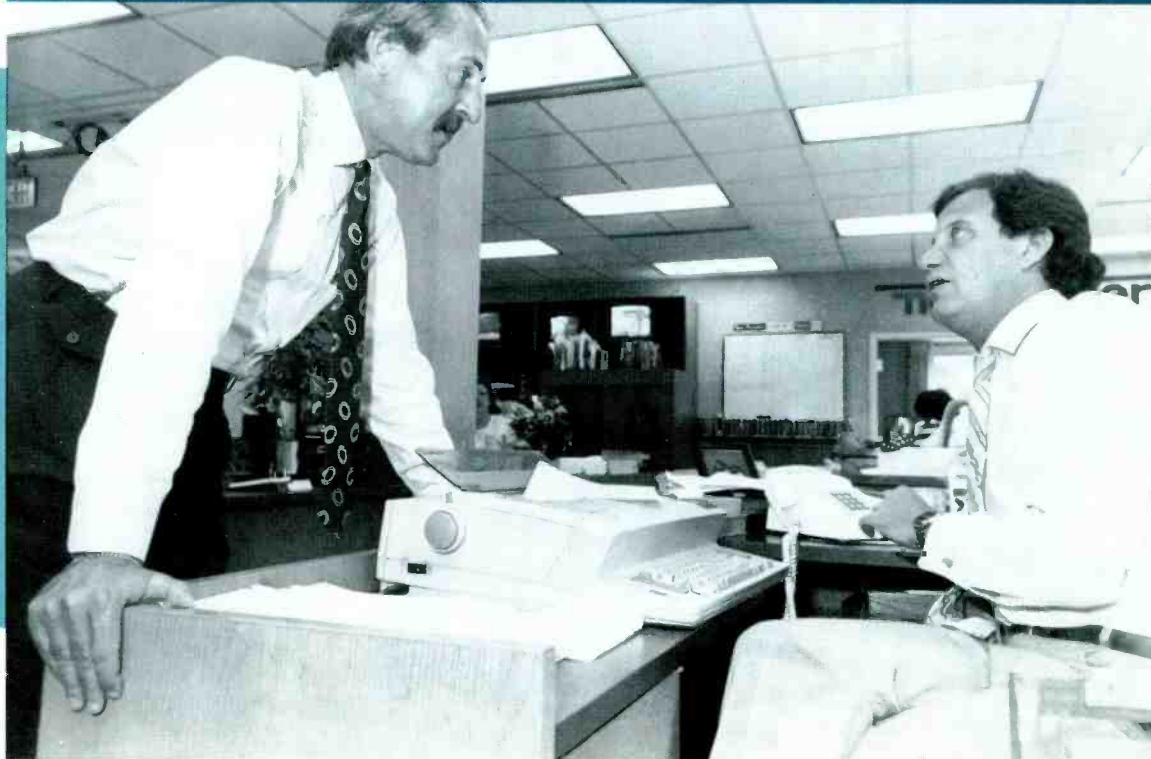
figures if his guy shows up at the lieutenant's house with a cameraman in tow, he will talk.

But the gambit doesn't work. The lieutenant's wife asked the reporter in, only to inform him that her husband was out. Radioing back to the station, Moniz brings Brown up to date, speaking in code. WECT cannot afford to let its competition know what it is up to. Moniz then makes a pass at police headquarters to pick up some data on minority representation on the force and to get a sound bite from the chief of police before returning to the newsroom.

Back at the station, Moniz ferrets himself away in one of the editing booths. "This is the kind of place you can make a mistake in and it's not lethal," says Moniz, cutting his package for the 6 P.M. broadcast. Moniz has broadcast-news stars in his eyes. He's revved up about his stint next week anchoring the 6 A.M. and noon newscasts. When he has a question about the future of TV news, it's not about content. He wants to know if anchors in the majors will still be pulling in the big bucks in the ten years he figures it will take him to get his shot. Don't get Moniz wrong. He doesn't mind paying dues in Wilmington. "I've got almost total control over content here," he says, working the editing board like a video game. "I'm lucky to be in this market because I get to do everything."

The 6 P.M. newscast leads off with Moniz's story. Brown has made subtle, important changes in the script. Where it originally read "police morale is at an

WTVG's news director Michael Sullivan and anchor Jerry Anderson must appeal to urban and rural viewers alike.



PHOTOGRAPH BY ERIC SMITH

## WTVG Toledo, Ohio

Market Size: 64th ADI  
News Staff: 36  
Newscasts: M-F: 30-minute programs at noon, 5, 6 and 11 P.M. Weekend: 30 minutes at 6 and 11 P.M.

### Against the News Competition

	6 P.M.	11 P.M.
	(rating/ share)	(rating/ share)
WTVG (NBC)	17/35	15/40
WTOL (CBS)	19/40	14/36
WNWO (ABC)	1/3	2/5

Source: Arbitron May 1989 sweeps.

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all-time low," it now plays, "police morale is very low." With a rookie staff, the news director is also the executive producer of the newscast.

Most nights, WECT puts on a credible, straightforward newscast. The young staff makes mistakes, but Murphy and Weller are pros who keep things running smoothly. Richard Williams, who does a regular feature called "Cape Fear Crossroads," even adds a little style, *à la* Charles Kuralt, to the proceedings.

But tonight it seems the gremlins have taken over. All the bureaus file their stories late; an inexperienced reporter filing remote sends too much tape, causing confusion; the anchors miss cues; and at one point the screen goes black.

"Tonight's show," says Brown. "was like an abortion with a coat hanger."

**W**e went from a poodle to a pit bull," says a reporter at Toledo's WTVG, comparing the station's current news director, Michael Sullivan, to his predecessor. After two decades on some of broadcast news' most volatile front lines—as news director at KMBC in Kansas City in the aftermath of the Christine Craft donnybrook at the station, executive news producer at Chicago ABC O&O WLS and NBC O&O WMAQ, plus time spent field-producing for *ABC World News Tonight* and *Nightline*—Sullivan is probably at least part pit bull, but he is also part TV-news pop philosopher. "The key to small-market news is understanding the power of kinetic energy," he says. "It's all here-we-go rock 'n' roll."

The news staff of 36 that Sullivan inherited is a veteran one. The 6 and 11 P.M. co-anchors, Jerry Anderson and Jeannine Lauber, have been a team for seven years, and most of his reporting staff has logged five or more years with the station. They comprise a cohesive, talented but somewhat insular crew. While there is pretty much a consensus among the staff that Sullivan has in many ways revitalized the news department, some reporters have been jarred by the changes he has instituted.

"Since Sully came, we've done some bolder things and taken a harder approach to news. We were just rolling along before," says Tom Waniewski, who produces the 6 P.M. "But I still think he needs some people-management skills."

"We have staffing limitations—this isn't *Nightline*," adds one veteran reporter. "Sometimes he forgets he is in Toledo."

Indeed, Sullivan has not left the glitzy, major-league approach to news behind. One of the first things he did after being named news director was send one of his anchors, Diane Larson, to China to cover a panda exchange between Toledo and The People's Republic. "Sully came in and said, 'I'm your new news director and

you're going to China," remembers Larson. "I thought they let this guy out of the nuthouse and hadn't discovered he was missing. I mean, it's a big event when we send someone to Columbus [the state capital]."

But Sullivan knew he could make the China trip pay off. It was a clear signal to his staff it was time for them to start thinking in a big-league way. The China jaunt would also generate a multi-part series for the station's newscasts and a one-hour prime-time special. Moreover, it was a valentine to a star anchor who was being courted by bigger-market stations.

"One of the first things I did was get Diane signed to a new contract," Sully says. "Hey, I'd do her windows."

Since Sullivan came to WTVG in April of 1988, an expansive approach to news coverage has become the rule of the newsroom. "Team reports," a main story with a sidebar, and live remotes are now standard operating procedure. This is 1990s local news. Open up the newsroom, keep things live and moving to ward off the zappers and give a story a backgrounder that propels it beyond its locale to have meaning for everyone tuning in.

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**CHANNELS**  
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Covering Toledo is tricky business. WTVG's turf is not only a Rust Belt city with a collection of urban woes, but it's also a sizable tract of rural terrain. Trying to plot out the rhythm of a newscast that ranges from inner-city nightmare to pastoral American dreamscape is the business at hand at this morning's news meeting. Sullivan, his producers and his assignment editor are huddled around the conference table in his office just off the station's newsroom trying to hammer out a lineup for tonight's 6 P.M. newscast. On tap is the first part of a four-part piece alleging that Toledo's drug trade has been infiltrated by representatives from the notorious West Coast gangs, the Crips and the Bloods. It's a sexy piece of work, complete with surveillance footage of crack transactions in broad daylight.

There's another story in the lineup about a rash of burglaries in a Toledo neighborhood. Sullivan wants to expand it into a team report, including a companion piece on how the approach of summer means the burglary season and what viewers can do to safeguard their homes.

"I want to blow the gang thing coming out of the box," says Tom Waniewski, the

6 P.M. producer. "I'd like to lead with the whole crime package. But I can't replace 'On the Road.'"

"On the Road" is something Sullivan has instituted to reach out to the hinterlands. It's a periodic feature where one of his anchors goes live from some small hamlet in the market, complete with interviews with local notables and a soft taped piece celebrating the place. Tonight Jerry Anderson will go live from the sleepy, postage-stamp burg of Napoleon, Ohio. He will do an interview with one of its residents, who designed the 50-star American flag, and narrate a feature on the community, highlighting its Campbell's Soup plant.

A lineup is finally hammered out. Anderson will lead off from Napoleon with a quick peek at the town. Then he will toss the ball back to co-anchor Lauber in the studio who will introduce the special report on gangs, the burglary package and some other hard news stories. The newscast will jump back full-force into

Napoleon in its second half.

"That's not a bad newscast," says Sullivan with a self-satisfied smile. "Gangs and crime, soup and the American flag. There won't be a dry eye in the house."

There's got to be a morning after. Jim Topping is in his office at KGO cooling out after all the sweeps madness. "There wasn't one of us who was in the meeting yesterday morning who wasn't watching every element of that 11 P.M. newscast roll by, saying, 'yes that works,' " offers the still-charged g.m. John Catchings, the executive producer who oversees the 11 P.M. newscast, drops in. "I called Rosemary Roach [KGO's research chief] at 7:30 A.M. to get the numbers," says Catchings.

"I think we all did," says Topping. "I'm sure you had to do a little hand holding with our senior anchor people last night."

"Well, we were changing the way we do things a bit," says Catchings. "And they were a little unsure."

"I know," says Topping. "Anybody who anchors is a bundle of insecurities masked by a very large ego. When you push hard

## No Room at the Top

It used to be that mid-sized TV stations were pit stops for broadcast-news gypsies on their way to a top 20 market. But at Toledo's WTVG, staffers tend to stick around. Station management says there's a simple reason why. "We keep competitive dollar-wise," says WTVG general manager Buddy Ray.

Part of staying competitive is station management's willingness to sign its top news talent to long-term contracts—the station's three main anchors are all working under multiyear pacts. "I have a real good life here," says WTVG anchor Jerry Anderson, who has come a long way from the \$12,500 he made his first year at the station. "If I went to a Detroit or Chicago, I'd probably start out as a general assignment reporter or a weekend anchor. Besides, it would probably be a lateral move as far as salary, and the cost of living would be appreciably higher."

The big fish/small pond scenario, however, doesn't explain why other staffers tend to stick around. Indeed, to hear some folks at WTVG tell it, the only people management tries to keep happy are its anchors. "Management only cares about Jerry, Jeannine and Diane," says one veteran staffer, referring to the station's three anchors. "The rest of us pretty much settle for what management puts on the table."

That comment could be coming from a broadcast-news foot soldier at virtually any station, whether small, medium or large. From the networks down to the smallest stations, belt-tightening has put TV news people increasingly into a buyer's market, and



WECT's g.m. Robert Beal (c.): doing TV news cheap.

most staffers on the broadcast-news front lines see limited options. Radio-Television News Directors Association figures show that the turnover rate in the top 25 TV markets has slowed from 13 percent in 1987 to 10 percent in 1988.

In top-five markets, such as San Francisco, there has been even less churn. "Most of my staff has been here five years or more," says KGO news director Harry Fuller. "Only two reporters have left here voluntarily in the last eight years."

Couple that kind of staff stasis with the cutbacks several major-market news departments have endured and it becomes clear why a lot of news staffers are either staying put or moving laterally. "Movement from the small markets up to the networks has slowed down tremendously," says Ernie Schultz, the recently retired president of the RTNDA. "The pipeline is stopped up."

While movement has slowed at the top, the middle and small markets still see considerable turnover. RTNDA figures show the turnover rate there staying consistent during the last couple of years at 20 percent in mid-size markets and 28 percent in small markets.

"Any young kid who is any good will want to be Tom Brokaw," says Robert Beal, g.m. at WECT in Wilmington, N.C. "If a young reporter gets offered \$5,000 more to work at another station, we just have to say good-bye and wish him well."

Beal's comment is pretty much the standard management stance. But it may also represent an attitude that prevents local news from improving its coverage. "Management should be spending more time figuring out how to retain reporters," says Schultz. "It's simple: an experienced staff will produce a better newscast." —J.M.R.



# WORLD MONITOR



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with them it scares them, even though they also want to win."

KGO's 11 P.M. finale performance let it slip past KRON in the May sweeps Arbitron numbers. (In the Nielson ratings, KGO and KRON were tied in first place with KPIX lagging behind.) The powerful Cox independent KTVU's 10 P.M., however, delivered a higher rating than any of the 11 P.M. newscasts. As Topping says, his biggest competition is the Sandman. But KGO's news management got the results it wanted.

During the May sweeps, KGO put a huge promotional effort behind "The Naturalists," a special unit focusing on the environment. When sweeps began, Joel Bartlett, for years the star weatherman at KPIX, joined KGO. He completed the Naturalists team, which already included the station's reigning meteorologist, Pete Giddings, plus two other reporters.

Fuller and Topping, who masterminded the project, knew the environment was one of the few issues that cut across their diffuse market. The Naturalists, they reasoned, would position KGO in front of its competition in an area of prime concern to the Bay Area. But the work of The Naturalists was generally long on warm and fuzzies and short on substance.

"A lot of people in the newsroom resent 'The Naturalists,'" says Carolyn Tyler, a general assignment reporter at the station. "The Naturalists are taking our crews. It's affecting all of us. If they were

doing some hard stuff, like the greenhouse effect or selenium poisoning, it would be different."

A good deal of the offense those in the newsroom take to The Naturalists seems to be grounded in just how good, given the proper time and resources, their news department can be. Reporters who have watched staff cuts and are constantly informed of new belt-tightening, see red when management decides to shell out for two star weathermen for a costly, gimmick-laden special projects group.

"They did penguins hatching, condors hatching," says assignment editor Chapin Day. "I thought we were launching a show called *Ova*."

The Naturalists or KGO News' glitz-laden newscast of the night before hardly tells the department's whole story. Normally it's a news story of consequence that pushes Fuller to slam his outfit into high gear. When an Exxon tanker spilled oil into Prince William Sound in Alaska, KGO was the only San Francisco station to send a reporter to the site. The result was a series of reports that not only broke news but were textbook examples of how to localize a national story. Indeed, under Fuller's direction, the staff regularly puts out work as compelling as anything on local TV. Veteran beat reporters, such as Carol Ivy on crime and Jim Vargas on politics, are among the best in the business. A recent special series on the Stillwater Wetlands preserve by reporter

Steve Davis was an insightful piece of environmental reporting.

But ratings-mad sweeps shenanigans can make a newsroom nervous. Sure, there is acknowledgment of the necessity of the little Faustian bargains that are struck at any station to jazz up a newscast. In broadcast news, if you can't live with those, you get out. But sometimes features that are pushed during sweeps point toward deeper problems.

"When you get down to the hard, nitty gritty news, the yuppies that management wants so badly as viewers say, 'Fuck that stuff, I've got my own problems,'" says KGO reporter Steve Davis. "News organizations have responded, so we're not doing the hard-ass investigative stories we used to."

Jim Vargas, who has been with KGO since 1971, sees the situation quite clearly: "We could do more documentaries if we added more reporters and producers. We could do more follow-up stories—we could be better at going back to pick up where we left off," he says. "I wish Cap Cities would realize that if they gave us just a little more, we could produce a lot more and they'd get the higher ratings and the return they want."

Change the name of management and Vargas could be a veteran reporter speaking about the situation in Wilmington or Toledo—or, for that matter, from virtually anywhere along the front lines of local television news. ●

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# The Home Town Report

News ventures from cable systems—some with local TV stations—are delivering the kind of ‘hyperlocal’ coverage once found only in community newspapers.

By Chuck Reece

A sportscaster’s voice, slick and giddy, booms from the television: “Mom and Dad, hold off on dinner. Sports is next!” It’s a peculiar tease for the evening sports. What gives? Mom and Dad are going to see the kids on the TV sportscast? *Sure*. But sportscaster Alex Stylos knows his market, and he doesn’t want any parents leaving the tube to eat dinner before he can hit them with his lead story. The commercial break finishes. “We’re talking New Bedford Whalers softball,” Stylos begins. “This team is primed and ready for the state playoffs to begin. Yesterday, they pounded a much weaker Falmouth ball club. The weather was beautiful . . .” And Stylos is off and running on a two-minute lead piece about the New Bedford Whalers women’s high school softball team.

Television news like this is seldom seen today, but ten years from now, such hyperlocalism will be commonplace. The

big Whalers report is from *NewsCenter 13*, a daily 30-minute newscast produced by Greater Fall River Cable TV and Whaling City Cable TV. Colony Communications Inc., Providence, R.I., owns both those cable systems, and *NewsCenter 13* is just one of six similar newscasts that Colony systems are producing. Colony is at the forefront of a growing movement by cable systems into the news game.

The reasons cable people want to do news are clear. The need to establish community-service credentials has never been greater, as Capitol Hill swarms with threats to the cable business. There’s money in news, too. Cable operators, now intensifying their drive for advertising dollars, know local news makes the ideal vehicle to carry local merchants’ pitches. Colony’s six local newscasts, after six years of operation, draw enough ad revenue to pay for “about 50 percent of the cost of doing news,” according to Joe Langhan, Colony Communications’ di-

rector of programming. That cost, he says, is close to \$1.5 million per year. “And we hope to improve that quite a bit this year. Within a couple of years, we’ll break even on it. There’s no better programming to provide a community to make your cable company an appreciated service than local news.”

That’s old news, of course, to the managers of television stations. These cable-company news ventures are not lost on broadcasters. Pioneer television stations today are stepping into news deals with their local cable counterparts, characterizing their moves as survival tactics. “We’re really trying to be out ahead of the system,” says Bill Avery, program manager at WNEM-TV Saginaw, Mich., which operates a young news co-venture with a Cox Cable Communications system there. “This business is changing so damned fast right now that if you’re not strategically thinking a few years down the road, Christ, you’re just going to get left in the dust.”



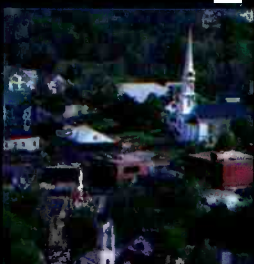
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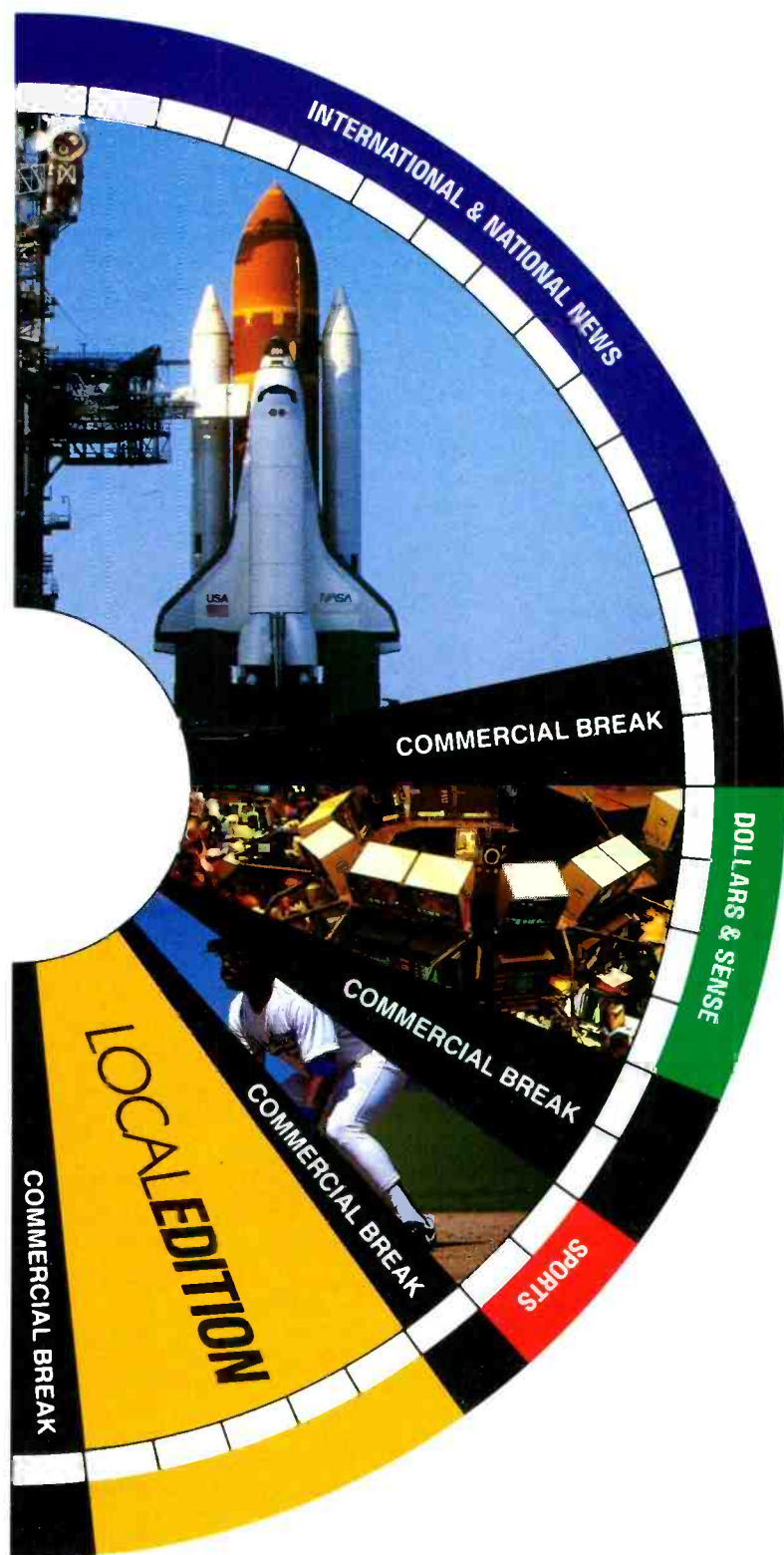
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# NEWS <sup>IN</sup> THE '90s

By thinking ahead, cable systems and TV stations in these co-ventures are changing the nature of television news. These programs take TV news to a level it has never reached, making the tube serve the same homey functions as a local newspaper. The same night Alex Stylos made women's softball his sports lead, Colony's *NewsCenter 13* sent a camera crew and reporter to cover—in detail—a local school-board meeting. The information content is far greater than the action quotient in these shows, but the allure of TV cameras covering local institutions that once had only newspapers to recite their deeds is undeniable.

Action is not completely absent: The cameras are bringing to light how problems that plague big cities find their way into small communities. The same night as the softball and school-board stories, *NewsCenter 13* led with a piece about a local cocaine bust. Just as early television brought foreign wars close to home, the new hyper-local newscasts are bringing the *home town*—the daily machinations and avocations of the community—right into the living room. Think about it: If your kid wins the spelling bee or some such, he'll get more than a picture in the local weekly; he'll be interviewed on that evening's TV news.

Local cable news ventures are "defining TV news in the '90s in some ways," says Tom Wolzien, senior vice president for regional news at NBC Cable, the network's cable subsidiary. That this position was created in May for Wolzien is confirmation aplenty that even the biggest media-business powers see potential in local news. The hyperlocal newscast, says Wolzien, has "an approach that says, 'What do I need to know to make my life work better? What's going to have a direct effect on me, my family, my kids? If I'm not getting that, then I ought to be watching something else. And if somebody else is getting that and I'm not, then I ought to be buying whatever service they're buying.'"

NBC got into the local cable-news business early this year when it entered a joint venture with Rainbow Program Enterprises, the Cablevision Systems Corp. subsidiary that put together News

12 Long Island, the first success story of local cable news. NBC president and CEO Robert C. Wright then directed Wolzien to "work with Cablevision, our affiliates and local cable operators to locate and develop regional news opportunities."

Wolzien, in a middle-sized corner office at 30 Rockefeller Plaza, is now deep into market research. "The trick of what we're trying to figure out is, what's a big



enough economic base to support a service like this—the combination of what subscribers are willing to pay and what the advertising base is," he says. "What's the minimum reasonable size for that? And what's not so big that you can't deal with this localized news? That's the trick, finding the band in there that's not so big you can't cover it and not so small you can't support it."

That was Cablevision's strategy for News 12 Long Island: Finding a subsection of a metropolis that gets too little local news from the primary TV-news outlets, but is large enough to support the operation through subscriber fees and ad revenue.

News 12 is Wolzien's strategic model as he combs the country for places where the concept can work. "We've seen some appropriate markets," he says. "We don't see many. There aren't 100 out there." The ideal market for Wolzien's model is

the vast New York metropolitan area. Cablevision, without Wolzien's help, is continuing with long-standing plans to get 24-hour news operations running on cable systems in Connecticut and New Jersey. "You have to ask yourself, in the case of New York, when was the last time you saw information about Long Island, Connecticut or New Jersey schools—or any of the things that really affect people's pocketbooks, how their children are brought up, the way people live? There's no way that even the most responsible over-the-air broadcaster can deal with that. It just doesn't work when you're hitting an ADI as large as any of the top 10 or 20 markets. You can't go into the detail

about the things that really affect people's lives directly. That's where the experience on Long Island has been successful." Research proves News 12 Long Island's success—and how quickly it came. A Frank N. Magid Associates study last year showed that the average viewer tuned in News 12 4.6 days a week. "Magid said it was the highest number they'd ever seen in their research," says Al Ittelson, the former president of News 12. "And this was done after we were on the air for six months."

Wolzien says market conditions and logistics will dictate whether NBC will try to use the re-

sources of its affiliate stations to set up local cable news operations. He might find NBC affiliates ready to jump at the chance to hook up with cable. Many of the local cable news operations currently springing up or in the planning stages involve TV stations.

"Some broadcasters, the ones who are in the forefront, understand that they don't need to compete with cable systems but need to figure out how to co-exist and work together to the benefit of both," says Joe Barnes, president of Joseph Barnes and Associates, a consulting firm in the San Francisco suburb of Martinez, Calif., that has worked on cable co-ventures with several stations. Stations that buy into that thinking are starting co-ventures in a variety of forms, Barnes says. "You're seeing [stations and cable companies] advertising on each other's systems, local newscasts being re-broadcast [on cable]. You're seeing some

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# NEWS <sup>IN</sup> THE '90s

stations do local news headlines on cable systems [for insertion in Headline News' local news breaks]," he says.

Jim Topping, vice president and general manager of ABC's San Francisco station, KGO, is prowling the city's outlying communities for opportunities to get into cable news. Nearby Contra Costa County, with roughly 250,000 people, is his best shot, he believes. "There are markets that size with three VHF stations working there," Topping says, pointing to a map of Contra Costa. "Do I want to sit here and ignore that and let somebody else come in here and do it?" The demand for hyperlocal Contra Costa TV news, he's sure, is already there. KGO can capitalize, he says, because the county's cable-TV subscribers are owned not by a single company (Cablevision's News 12 Long Island had enough subscribers to survive from Day One because of Cablevision's vast wirings on Long Island), but by several. "There's no reason for a cable operator to work with us if he can do it on his own. In Contra Costa alone, there are several cable companies that serve that area. Any one of them, top end, serves 50,000-60,000 subscribers. With that many subs, it makes no sense for them to do a Long Island-type news. We've got the ability, the skill, the talent. If I could figure a way to fund the news-gathering end of it in a provincial way, without using the high-level expensive people to do the regional news, I might be able to deliver a product that would work against the resources we have here, which are paid for. And then all I've got to do is clear enough money out of the process to pay for the news gathering." Topping is also quite aware of the promotional benefits that would accrue to KGO itself. "If I can convince Contra Costa that I care about Contra Costa, I become their station," he says. "When they want to hear the story about the [U.S.S.] Iowa blowing up, where do they go? Here."

Topping's reasoning is sound, except perhaps for the assertion that more than 50,000 subscribers are needed to justify the existence of local cable news. Colony Communications says it takes only about 30,000 subscribers to make a successful news operation because costs can be kept rather low.

"You have to buy some additional equipment you might not necessarily need—a couple of portapacks to go out and shoot the stories, maybe an extra editing system or two," says Colony's Langan, who started the company's first local news operation, in New Bedford, six

years ago. "Otherwise, it's basically the same as any kind of local programming you do. You need a studio for news." But Langan warns against skimping too much on items that affect the program's appearance. "You have to do pretty good quality," he says. "People are used to certain standards from watching newscasts on television. Although our coverage area and the content of our news is different from a big-market newscast, the

**I**t's an approach that says, 'What do I need to know to make my life better? If I'm not getting that, then I ought to watch something else.'



way we do it is really not." The newscasts are paying off, at least in terms of viewership. "We do surveys, and we find that between 38 and 44 percent of our subscribers watch the news programs at least once a week," Langan reports. "No other local programming comes nearly that high."

"Colony is becoming indispensable in New Bedford now," says Kenn Venit, vice president/senior consultant at Primo Newservice Inc., an Old Greenwich, Conn., consulting firm that has worked with Colony's local cable-news operations. "No other single channel—including CNN and ESPN—was responsible for as much ad revenue as their local-origination channel, which features the news. What news gives cable systems is a vehicle to sell to local advertisers."

Cox Cable hopes a new venture with Loyola University of the South's station

WVLA in New Orleans—as well as a similar deal with station WNEM in Saginaw, Mich.—will produce sizable local ad revenues. Cox's ventures with broadcast stations are not producing cable-specific newscasts. Cox's ploy is to provide a time-shifting service. For example, in New Orleans, WVLA's morning, noon and evening newscasts—a total of seven hours of news programming each weekday—will be simulcast on a special cable channel on Cox's Orleans Parish system. Each program will be repeated continuously until the next live newscast is done, giving New Orleanians 24-hour access to local TV news. Cox Cable is primed for still more broadcast-cable news ventures, officials say.

"We would like to do as many ventures with broadcasters, one per market, as we can," says David Kantor, Cox Cable's vice president for advertising sales. "Cox being a multimedia company that owns broadcast and cable properties, there are synergies. And it gives us an additional service to give our subscribers."

Taking television from News of the World to News You Can Use will mean a greater appeal to larger numbers of local viewers. But some argue that it means even more—that TV stations that fail to provide this kind of service via cable will not survive. To prepare for the day when wires—fiber-optic or otherwise—deliver all broadcast systems, stations must today begin forging alliances with cable, argues WNEM's Avery, because local programming can make

broadcast stations indispensable to a community. "Listen," he says, "if you think the business is going to be the same as it is today five or six years from now, you're outta your goddamn mind. There ain't gonna be as many television stations. Some of them are going to merge; some of them are going dark. One or two of the best [in each market] are going to last." Being the best, in this scenario, will mean mastering the hyperlocal style that entities like News 12 Long Island and *NewsCenter 13* are pioneering.

Back in New Bedford, Alex Stylos is finishing his report on the mighty Whalers softball team with a brief meditation on the trials of fitting sports into everyday life. "This time of year, there are a lot of distractions," says Alex, standing in the grass of the outfield. "Today was the last day of school for the team's seniors, and if you remember what that was like, you know it's hard to concentrate. And next week is the prom..." Don't even snicker. Hyperlocalism is the future of TV news. ●

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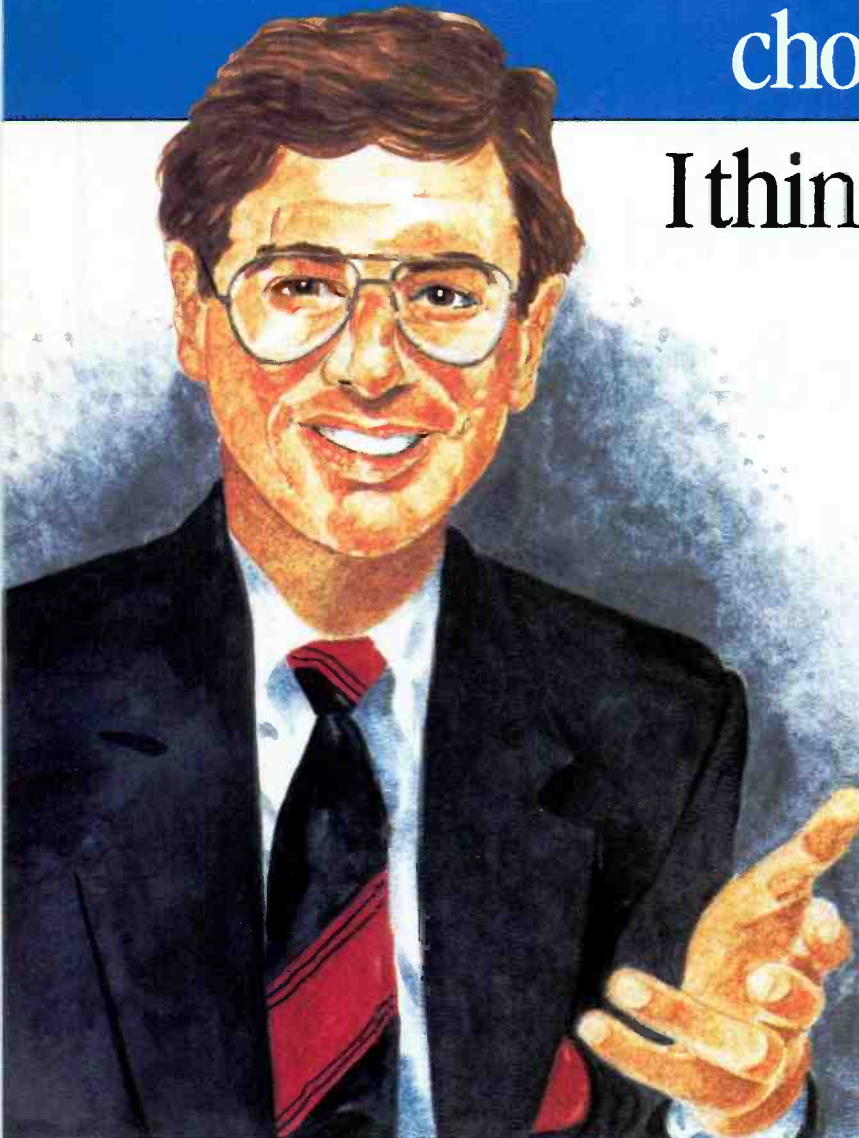
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## Two Sides to Every Sale

In the waltz of cable promotion, first the networks must convince operators to carry their services, then both sides can work together to win viewers. Neither task is a simple one.

**C**able marketing is finally coming into its own. Witness this summer's Broadcast Promotion and Marketing Executives conference in Detroit. There—on the exhibit floor, in seminars and after hours, in the suites—the topic that really got people buzzing was cable marketing and promotion. For promotion executives, the attraction is simply the freedom to experiment that cable allows. Without years of promotion history to dictate “the way things are done,” each cable network or system must find its own look and voice—a task made all the more difficult by today's supercompetitive, multichannel TV environment. As our package this month details, however, there are two sides to most cable promotion puzzles. Cable networks and services must first sell themselves to local operators. Then the operator and the network must work together to reach potential viewers.

One of the most impressive promotion reels at

BPME came from Lifetime, which has worked hard to coordinate a multimedia push that will convince women that Lifetime is their channel. The company spent the last year making sure the message had gotten through to the ad community and operators, and now—as Michael Burgi reports in this section—their effort shifts to consumers.

Perhaps the toughest sell in cable—or at least the one that holds the most promise always slightly out of reach—is pay-per-view television. As Kathy Haley reports in “Cable Learns a New Business: PPV,” even as more operators commit to the technology needed to offer pay-per-view, those already on line are seeing buy rates flatten out. Haley finds that marketing can make the difference.

Finally, Richard Katz details how some cable networks are turning one of cable's biggest potential headaches—the reimposition of syndex—into a selling opportunity for their services. That story, “Cablens' Antidote for Syndex Chaos,” rounds out our section.

JOHN FLINN

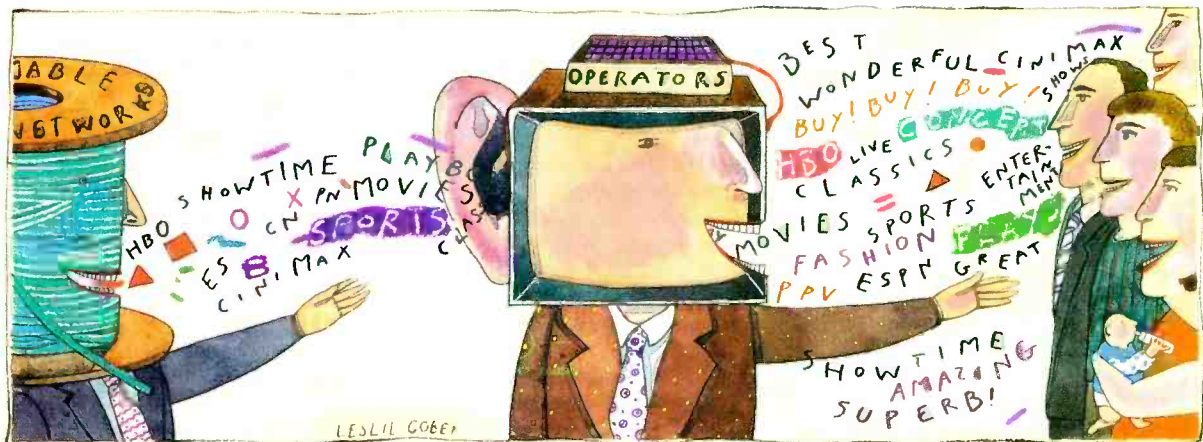


ILLUSTRATION BY LESLIE COBER



# If At First You Don't Succeed . . .

It's not the first time Lifetime has tried to skew its image toward women, but is its campaign really succeeding this time?  
**BY MICHAEL BURGI**

**T**he halls of Lifetime were abuzz with news of Marge Sandwick's latest accomplishment. Sandwick, the senior v.p. of marketing and communications, had just given birth to 6 lb. 15 oz. Michael Henry. "A boy? Oh, Marge! That's wonderful!" Meredith Wagner, Lifetime's vice president of public affairs, gushed over the phone. "We're all so proud of you."

But a baby boy isn't all Sandwick's given birth to in the last year. Working with president and CEO Tom Burchill and a tightly interwoven staff, Sandwick has taken Lifetime's aim to be *the* basic cable net for younger, more affluent women, and shaped it into a diverse marketing campaign. And now that the first phase of the effort—telling operators and advertisers of Lifetime's new focus—is complete, Sandwick needs to make sure those female consumers know about Lifetime, and she's counting on a multimedia campaign designed by a trendy Soho ad agency.

Lifetime is sinking about a dime of every revenue dollar (an estimated \$8 million expenditure in '89) into this marketing and promotion drive. Aimed more at promoting the network's image than its programming content, the campaign includes slick new TV promos airing on the net, produced by Arnell/Bickford Associates. To boot, stage two of a heavy print campaign appearing in women's consumer magazines such as *Parents*, *Vogue*, *Working Woman* and *Self*, among others, kicks off this month. And the logo change that took place last spring should be sinking into operators' and cable viewers' heads by now. Lifetime has even launched a comprehensive public service campaign, called *Your Family Matters*, as part of its marketing effort (see box).

What's new about another marketing

campaign aimed at women? Lifetime did almost the same thing three years ago, shortly after abandoning its original "talk television" format. So what?

For starters, the world of cable marketing wasn't nearly as sophisticated then as it is now. Three years ago, cable networks weren't even thinking about marketing themselves, apart from an occasional promo on their own channels. Operators were still focused on trying to reach that magic 50 percent penetration mark; few if any attempts were made to promote each channel's offerings.

More importantly, though, Lifetime

as senior v.p./programming, coming over from HBO. "Everyone just felt it was time to go out into the consumer marketplace," says Sandwick, "and be very explicit about being a women's channel. The advertising and marketing had to evoke something that women would understand."

That, according to Sandwick, is why Lifetime went to Arnell/Bickford. The nine-year-old agency's resume boasted women's fashion accounts such as Bergdorf-Goodman, Donna Karan and Nieman Marcus, among others. The only hitch was that Arnell/Bickford had never had a network TV client. That didn't matter to Lifetime. "We picked Arnell/Bickford because they had a special ability in terms of marketing challenges to women," says Lifetime president Burchill, who has headed the company since its genesis from Daytime and the Cable Health Network in 1984. "We collaborated with them not only on advertising but to devise a whole new on-air look, an identity between shows that would reinforce on air the same notion we promote in our ads off-air."

Lifetime's marketing evolution mirrors the changes that have taken place in cable marketing. It's taken the



Lifetime's heavy consumer print campaign, produced by hot young ad agency Arnell/Bickford, starts up this month.

didn't quite know where it was going back then. "All we had was a mishmash of programs aimed somewhat at women, but there was no cohesive vision," explains Sandwick. "We weren't sure about our reception out there. We feared people would either see us as 'The Feminism Channel' or 'The Betty Crocker Channel.'"

When she arrived at Lifetime in March 1988, the decision had just been made to keep after the female audience. Pat Fili had also recently joined the net,

last year for Lifetime to complete its first marketing wave, aimed at cabling and advertisers. This next push guns for the consumer, who is being solicited primarily through a heavy print campaign in women's consumer magazines, ranging from an eight-page gatefold outlining the programming lineup (production costs alone for the gatefold could reach \$250,000) to two-page image and lifestyle spreads.

For now, Lifetime will stay away from expensive network or spot TV ad-

vertising, and its jazzy new on-air animated logo appears only on Lifetime and some cross-channel spots arranged by affiliates. "We're staying in our own backyard for now," says Sandwick. But Peter Arnell, the ad agency's co-chairman and executive creative director, doesn't dismiss the possibility of broadcast TV spots in 1990.

With consumer promotion only now becoming the priority, ratings growth to date has been moderate, if not downright slow. From 7 A.M. to 1 A.M., ratings and projected households crept from .5/187,000 last June to .7/307,000 this year. Lifetime's senior v.p./research, Barry Kresch, expects "slow steady growth" in the next two years, predicting a rise in ratings from a .6 total day to about a .8 or .9 by 1991. That jibes well with Sandwick's attitude about the marketing drive, which, she says, "is not really directed at producing an immediate increase in ratings; it's to help solve the lack of consumer awareness."

Of course, the right programming is what makes a network succeed or fail, and Lifetime is reinvesting considerably in original and off-net fare. *The Days and Nights of Molly Dodd*, with its depiction of the ups and downs in the life of a single New York woman, is the quintessential Lifetime show. For the new episodes ordered, Lifetime pays just about what NBC paid in license fees (Paul Kagan Associates estimate NBC paid about \$400,000 per episode). Critics praised the new *Molly*, whose Lifetime-commissioned episodes first appeared last April, and advertisers love its original appeal. "The best thing Lifetime's got going is the original stuff," says Jim Cunningham, Foote, Cone & Belding's v.p./associate national broadcast director. "It attracts more viewers, giving Lifetime good selling points."

Doug McCormick sees to it that Lifetime *does* sell. The senior v.p. of sales (one of a bounty of senior v.p.'s at Lifetime), McCormick points to a construction project outside of Lifetime's new Astoria, New York, headquarters and jokes, "They're widening the streets to make room for all the customers that are pouring in." According to Kagan, Lifetime's net advertising revenues surged a hefty 54 percent from 1987 to 1988. This year's growth projection is a mere 25 percent. McCormick would like to see today's revenues double again within the next five years.



.....  
*Molly Dodd* attracts a more upscale, urban audience to the net; the ad campaign hopes to do the same.  
 .....

"Ad dollars have grown almost 100 percent since 1987," he says. "But it's hard to maintain that level. So five years, maybe less."

A major factor enabling Lifetime to boost its revenues are the demographics the network boasts. "Our working-woman VPVH's [viewers per viewing household] in prime time are the highest among all cable networks," asserts research v.p. Kresch. He also points out that programming such as *Molly Dodd* attracts a more upscale audience: "In general, our prime time female audience is more upscale than average, with a good skew toward more urban, major-market 'A' counties."

The whole advertising and marketing campaign that Lifetime is waging in its print ads features exactly that major-market kind of woman. Its numerous promo spots are filled with savvy, sophisticated women. Even the network's programming tries to exude the same impression, through fare such as *L.A. Law*, which Lifetime recently acquired in syndication. "The programming, the logo and the print ads are all explicitly directed at the audience watching Lifetime," explains Sandwick. "We feel we've established our niche, marketed to our business clients, and now we can tell the consumer." ●

## Public Service and Beyond



With *Your Family Matters*, a public service campaign emphasizing the importance of the family, Lifetime takes a cue from the granddaddy of public service TV: Group W. *Your Family Matters*, which began running in various forms on systems across the country over the summer, is the first comprehensive public service campaign ever launched by a cable network.

The effort in many ways mirrors the Group W style of public service campaigns: family-oriented themes, thorough support for systems lacking in marketing personnel and/or facilities, and plenty of opportunities for cable systems to link up with the campaign and customize it on the local level. "This campaign helps our first tier of customers, the cable operators," argues Lifetime president Tom Burchill, who purportedly

dreamed up the *YFM* idea. "They're trying to show their community efforts before local franchise boards. This is a good marketing tool for them and us, and has proven very successful."

Peggy Keegan, Viacom Cable's p.r. director and a board member of the Cable TV Public Affairs Association, echoes Burchill's enthusiasm for the campaign. "*YFM* meets the more varied needs of the operator, in the form of music, tagline and video. These are high-quality productions already prepared for the operator."

As the campaign shifts into second gear, Lifetime's Marge Sandwick expects the campaign to make operators some money as well: "It's constructed so that it's very easy to exploit from a revenue standpoint," she says, because *YFM* is built with tags that can carry local sponsor IDs, meaning more ad dollars for the system. —M.B.



# Cable Learns a New Business: PPV

Systems that try to sell their subscribers on pay-per-view had better be willing to bark, mail, screen, yell and shout to be heard.

BY KATHY HALEY

**P**ay-per-view seems to be going backward and forward at the same time. More and more systems, intrigued by the 20 to 30 percent profit margins possible from PPV, are investing in the technology necessary to offer the service. At the same time, however, buy rates, especially for movies, have stalled at many of the systems already offering PPV.

Operators blame much of the flat growth on two problems: First, the 45- to 60-day window movie studios now leave between home video and PPV premieres leaves cable doing what Lowell Hussey, vice president for sales, marketing and programming at Warner Cable Communications, calls "selling stale bread at cake prices while competing with a bakery on every corner." Second, and more importantly, systems need to market PPV more aggressively and in a different way than they market any of their other services.

Multiple-systems operators heavily involved in PPV know it will take years, and a much bigger PPV revenue stream, to convince Hollywood to eliminate or alter its home video window. (The movie industry's home video revenues totaled \$2.9 billion last year, according to Paul Kagan Associates, while the Cable Television Administration and Marketing Society says revenues from national PPV networks totaled just \$150 million).

Creating better marketing efforts, however, is a much more attainable goal. "Eighty percent of pay-per-view buys are made by 20 percent of viewers who are able to buy pay-per-view," says Lloyd Werner, senior v.p., sales and marketing at Group W Satellite Communications, which last May acquired a 50-percent interest in PPV network Request Television. Jeremy Rosenberg, di-

rector of operations at PPV network Cable Video Store, adds that recent surveys show that the majority of subscribers to systems offering PPV are unaware of what PPV is.

One reason PPV marketing hasn't received the attention it needs is that operators don't always understand how



Warner uses a 'Home Theatre' tag for PPV.

.....  
**Adding a 24-hour 'barker' channel promoting upcoming PPV events and films can double buy rates.**  
 .....

very different PPV is from the rest of their business—selling subscriptions. "It's very impulse oriented," says Jerry Maglio, senior v.p./marketing and programming at United Artists and co-chairman of an expanded CTAM PPV committee. "The ongoing decision of whether to pick up or renew a subscription channel each month isn't there."

To clear the hurdles of teaching consumers about PPV and then keeping it among the viewing options they regu-

larly consider, cable systems must make PPV highly visible, says Nancy Anderson, senior vice president of Graff Pay Per View and former head of PPV operations at Rogers Communications. "At Rogers in Minneapolis, we devoted one wall of our lobby to promoting pay-per-view. There were posters of upcoming titles and a monitor running the barker [promotional] channel," Anderson says. "We also promoted pay-per-view in every brochure that went out."

Warner Cable plows 10 percent of PPV revenues back into marketing, Hussey says. That's twice the percentage set aside to market other services offered by its systems. The same ratios apply at Media General's system in Fairfax County, Va., which operates five stand-alone PPV channels.

Anderson, Hussey and others maintain the single best tool for promoting PPV is the barker channel, a 24-hour-a-day service dedicated solely to promoting upcoming PPV events and films. The addition of a barker channel can double buy rates, Hussey says.

Tulsa Cable, one of many older systems with too few channels to devote an entire slot to PPV marketing, convinced Prevue Guide, an electronic programming guide distributed by United Video, to let it preempt Prevue every few minutes to run promos for upcoming PPV offerings. Under the arrangement, Tulsa Cable gets nearly 35 minutes each hour to promote events and films coming up on its four PPV networks. Prevue has made it known it will strike similar deals with other cable operators.

After the barker channel, operators favor a printed guide, separate from the one used to promote other cable programming, for marketing PPV. At NYT Cable in Audubon, N.J., 45 percent of PPV buyers order their movies from the system's four-color PPV guide, which not only lists films and events and their starting times but provides easy access to information about ordering PPV.

Next on the list of favored PPV marketing tools is the cross-channel tune-in spot, which Hussey maintains is more effective the closer it gets to an event or film's starting time.

When promoting an event, such as a boxing or wrestling match, or to boost movie sales, operators will add direct mail or telemarketing to reach previous buyers of that kind of programming. Don Mathison, vice president of marketing and programming at Media

General Cable of Fairfax County, Va., has broken down his 165,000-subscriber base into 40 lifestyle segments (Furs and Station Wagons, Blue Collar Nursery, etc.) and targets direct mail pieces to those groups that are most likely to buy a particular PPV event or film. Mathison says targeted mailings can result in a PPV event pulling in as much as 20 percent of its audience from people who haven't bought PPV in the past three months.

In cities where a single operator dominates, print and radio campaigns will also enter the mix. Some operators use contests and giveaways that they run on a barker channel to raise interest in an event as well as to keep viewers returning to the barker channel. "Our barker channel in Minneapolis [the host of which had his own fan club] had higher viewing levels than some of our basic services," Anderson says.

Perhaps most important of all, a strong PPV marketing campaign should help lift an entire system's subscriber base, according to Rosenberg, Anderson and Hussey. "One reason non-subscribers don't subscribe is they don't feel they have enough control of their viewing environment," Rosenberg says. "Pay-per-view gives them that control." Operators also sell pay subscriptions by offering, for example, an HBO event on a PPV basis and packaging it with a month of "free" HBO. "The cheapest way we ever sold a pay service was to package it with a pay-per-view event," Anderson says. "We'd put an ad in the paper and get 500 or 600 new subscribers to HBO or Showtime and the cost of adding each new subscriber was about 35 cents, compared with the \$15 or \$20 it normally took to add a subscriber." Most intriguing of all, subscribers won over this way didn't turn out to be short-term customers.

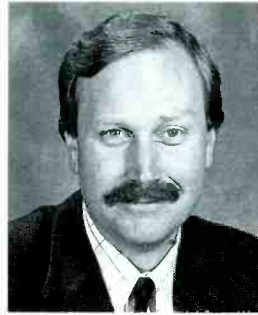
Hussey looks forward to the not-too-distant day when technology will permit operators to market PPV events even to households not presently subscribing to cable. Warner and Scientific-Atlanta will experiment this fall in Williamsburg, Va., with an off-premise addressability system that can make any cluster of homes passed by cable addressable. Assuming a home has been wired for cable at some point in the past, all a consumer would have to do to order an event would be to hook the "dead" cable wire to his cable-ready set and make a call to his cable operator. "This gives us the ability to merchandise any product on a

## CTAM's Man with a Plan

There was a time in the cable industry when operators questioned whether selling pay subscriptions was actually a business. As Lowell Hussey, vice president of marketing, sales and programming at Warner Cable Communications, recalls it, the Cable Television Administration and Marketing Society (CTAM) acted as catalyst in the industry's search to determine whether it was a business and then spearheaded efforts to improve pay marketing. Hussey and others see the same thing happening with CTAM's expanded effort on pay-per-view.

Launched in March with the hiring of Bob Westerfield as director of project development, CTAM's PPV effort will include dissemination of research being done locally on PPV as well as creation of regional seminars and possibly a national convention for pay-per-view.

Westerfield began his effort at CTAM by meeting with 12 cable executives heavily involved in PPV, who gave him their ideas about where marketing efforts needed to go. One result



CTAM's Bob Westerfield.

is a central clearing-house for local PPV research, being headed by Eric Kisch, vice president of research at Warner Cable Communications. Kisch will collect research from around the country and publish a quarterly update.

Westerfield has also put together a five-year plan for CTAM's PPV effort and plans to announce

some initial activities at the association's annual meeting in Chicago.

"The industry is deciding where it wants to go with pay-per-view and we have to find that answer," Westerfield says. Asked whether CTAM will lobby Hollywood to eliminate its home video window before releasing titles to PPV, Westerfield says no. "We want to facilitate communication among operators, networks and studios," he says. "If you talk with them, you see that, especially on the part of the studios, no concerted effort has been made to grow the PPV business."

By educating all three segments about PPV, Westerfield says, CTAM hopes to bring about a cooperative effort that will build PPV into a major business for cable operators. —K.H.

discrete basis," Hussey says.

Technology is both the initial stumbling block and final frontier for operators engaged in pay-per-view. Addressable homes in the U.S. number about 14 million, or 28 percent of the 50.3 million cable households, according to CTAM. Bob Westerfield, CTAM's director of project development, says that operators not involved in PPV have held back, in most cases, because of the expense involved in investing in upgrading to addressability. But that may be changing. "There's a move afoot among operators," Westerfield says, "to let go of that short-term thinking and to look instead toward the potential transactional environment that could grow out of PPV."

"Operators see services like Prodigy and CompuServe offering consumers the ability to access games, travel schedules and other services through their computers," he says. "We're not just com-

peting for time spent viewing anymore. We're competing for time spent with an electronic device."

As for the final frontier, that, for the moment, lies in impulse technology, which permits a viewer to order a movie or event simply by pushing a button on his cable converter. Just slightly over 1 million homes already have impulse PPV, most of them via newer systems. Although many operators argue the cost of converting to impulse technology is prohibitive, Hal Krisbergh, president of Jerrold Electronics, maintains that for an operator upgrading to addressability, the cost of adding impulse is only 20 cents more per converter.

In the mind of Media General's Mathison, PPV is a service cable operators simply can't avoid offering. "Our subscribers in Fairfax County spend about \$1 million a month on home video," he says. "To capture some of those dollars, we have to be in PPV." ●



# Cablers' Antidote For Syndex Chaos

AMC leads the charge to convince system operators that there's a simple cure for syndex syndrome—a cable-network state of mind. **BY RICHARD KATZ**

**T**he threatened reimposition of the syndicated-exclusivity rule has thrown cable systems and local broadcasters into a state of confusion. Cablers are wondering what programming they'll have to black out, how they'll do it and—most importantly—how their subscribers will react to suddenly blank screens. But if syndex means confusion on the local level, some national cable networks see the return of the rule as pure opportunity. Networks such as American Movie Classics are launching marketing efforts to convince operators that the simplest response to syndex is to dump potential broadcast troublemakers and fill the empty channel positions with their networks.

With the syndex rule likely going into effect December 31, cable operators could be faced with hours of blacked out programming on their distant broadcast signals. Industry sources estimate 10-28 percent of programming on regional superstations could be affected, which, in its worst scenario, could mean over 200 hours of blackouts.

Operators have several options. One is to acquire new programming to fill in the blacked-out slots. Another is to identify the blackout to the viewer with a crawl saying it's the result of an FCC ruling. And still another is to drop the distant signal altogether and add another service.

Many cable channels are hoping ops will adopt the third choice. The network making the most noise advocating this option is Rainbow's American Movie Classics, which has initiated a full-fledged marketing campaign that includes an elaborate direct mail package to cable systems. The Nostalgia Network is another cable channel getting its syndex campaign in gear. According to

Joe Schramm, director of marketing at Nostalgia, the affiliate sales staff has been chatting with operators about the syndex issue and a direct mailing to Nostalgia's "affiliate prospect list" will be sent shortly.

But AMC is out in front of the pack utilizing syndex as a sales wedge. The bold black words on the front of AMC's mailing read, "How are you going to handle the black holes left by syndex?"

"If operators acquire programming and insert it, they need to get the manpower and machines to do it," says Josh Sapan, president of national services at Rainbow. "Even if they do, the on-air promotion on that channel and guide listings will be incorrect; people will hear promos and then the show will be blacked out. If they identify the blackout with a card or alpha numerics, it's going to be perceived by the consumer as a problem made by the operator."

Sapan thinks that even if syndex is

postponed for a year or eliminated altogether, the issue has operators rethinking the inherent worth of their distant signals. "Operators are asking, 'How much good are they doing me and how much am I paying for them?'" says Sapan.

Copyright payments for distant signals vary according to market size. The largest markets are entitled to three signals at one percent of the system's gross revenue per signal, mid-sized markets to two and the smallest markets to one. When a system goes beyond this allotment, it must pay a surcharge of up to 3.75 percent per signal. In addition, a system must pay the carrier, who puts the superstations on the satellite, for each signal received.

"It is a lot of money," says Lynn McReynolds, a spokesperson for the National Cable TV Association, "which is why there's been such a big stink over the copyright fees in the cable industry for such a long time."

As a result, McReynolds thinks AMC's marketing campaign is sensible, but she points out that customer enthusiasm for distant signals shouldn't be underestimated. "There are certainly some programmers that will take advantage of the syndex situation," she says, "but unfortunately, any time you change the cable lineup, especially in situations with regional independents, it upsets people." The regional signals will be most affected by syndex because many national ones, such as WTBS, have been securing national rights to programming.

McReynolds cites the sportscasts on



Will far-flung viewers of superstations soon be treated to films like *Macao*, on AMC, instead?

independents such as New York's WWOR and Boston's WSBK as programming that subscribers will miss severely. For example, cable subscribers in many small towns in western Massachusetts receive WSBK as a regional signal. "If the cable operator replaces SBK, it's great that it does so with quality programming like AMC," says McReynolds, "but AMC is not going to bring back the Red Sox."

Sapan acknowledges sports programming as one of the main arguments against AMC's campaign, which includes heavy use of trade advertising, but he maintains that the regional superstations aren't the sports powerhouses they once were. "Sports rights have to some degree—and sometimes to a large degree—gone from local broadcasting stations to regional cable networks," he says. "Besides, if you go to Pennsylvania, you may have real die-hard Yankee fans [the New York Yankees are carried over WPIX], but if you go to Montana, you don't find big fans, just some passive curiosity."

But sports-team allegiance isn't always easily predicted. Al Poteat, marketing director at MetroVision's Lincoln Cablevision in Lincoln, Neb., says when the system announced it would drop Chicago's WGN, which airs Cubs games, irate subscribers threatened to bring their TV sets to the Cablevision office to light a bonfire. "We backed off," says Poteat. "If demand is that strong, even if it's not for the programming but just for the Cubs games, it stays on."

In the markets where sports isn't such a big issue, AMC is promoting itself to systems as being readily identified to consumers as a cable channel, therefore creating a better image for the system than a broadcast station would. "If a consumer has AMC launched on his cable system," says Sapan, "his immediate perception is that the cable operator just spent money to go out and improve his cable system. I don't think that's the case with distant signals. Consumers often think that they're just more [broadcast] TV carried from somewhere."

Other cable networks have been pitching themselves from this standpoint, some of which are trying a slightly different tactic—targeting themselves as fill-ins to replace the hours of black holes created by syndex. Poteat says he's been approached by Nostalgia with this idea, and other systems report

being pitched by Movietime. "They know they can't get on the system because of limited channel space or product cost," says Poteat, "but it's a hell of an idea if they can substitute their best programs where your *Cosby* or whatever is blacked out. Maybe then the subscribers can put pressure on the cable system to add the [whole] service." Stuart Gorenstein, marketing director of ATC's Capital Cablevision Systems in Albany, N. Y., suggests that filling in syndex black holes could develop into a cottage industry. "Some of the alternate programming [for blackouts] has yet to show its face," he says.

AMC has been taking the fill-in approach when necessary, but they have had some success in getting cable

### Cable movies may suffice to fill syndex holes, but won't viewers miss the Red Sox?

.....  
systems to drop a distant signal in favor of AMC. Times Mirrors' two Dimension Cable systems in the Pioneer Valley region of Massachusetts dropped Boston's WFXT, a Fox affiliate that faces potential syndex blackouts, and added AMC.

Since subscriber dissatisfaction is a big problem in dropping a channel, Dimension's general manager, Bruce Neslaw, says the decision to drop WFXT was made only after market research ranked it among the lowest of Dimension's broadcast stations in viewer enjoyment. Even with the research, Neslaw says that viewer reaction to the change was "predictable" in that it didn't go over well at first. "Initially people didn't want to lose a channel they've had for God knows how many years," says Neslaw. "But now that we've done promotion in the marketplace for AMC, we've had some positive feedback."

Other systems, such as Capital Cablevision Systems in Albany, have not been knocked out by AMC's plan. "We're taking a wait-and-see attitude about dropping or adding any services," says Gorenstein, whose system carries WWOR, WPIX and WSBK. Even with the strong marquee value of the Mets,

Yankees and Red Sox on his regional signals, Gorenstein says that if a good portion of a station's programming is blacked out, he'll consider dropping the station for another service. But AMC would not be the first alternative to pop into his head. "There are a lot of choices out there," he says, "especially now with the two comedy services starting up." Gorenstein also notes that his system already has TNT, which many people consider a classic movie channel.

So how successful has AMC's marketing campaign been? One programming executive at a top 15 MSO says that on one hand it's a good p.r. move because AMC is making the cable operators know that it is aware of their problems, such as syndex. "But I don't think it's worth all the money they're spending," he says. "Most operators are fully aware of all the options they have to replace a channel if that's what they want to do. You could have an operator respond favorably because AMC is talking in terms of helping him out, or you could have an operator respond, 'Don't tell me how to run my business!'"

On the flip side, Dimension Cable's Neslaw can foresee only positive reactions to AMC's marketing effort. "I think it's an excellent strategy," says Neslaw. "Most of the customers I talk to like the superstations because of their movie product, and AMC's movie product is as good or better."

Neslaw says AMC is the only service that has approached him specifically targeting the syndex issue as a market niche it wants to go after, and that appeals to his headaches. "I have three headaches in three or four hyphenated markets here," he says. "So under syndex I would really have a nightmare situation and I would tend to drop the distant signals rather than comply with the blackout regulations. We certainly would be searching for new programming."

"I encourage this type of campaign and I always look forward to seeing it," says Lincoln Cablevision's Poteat, "but all of the services with less than 25 million subs knock on my door every day." And Capital Cablevision's Gorenstein has the same brand of positive ambivalence toward AMC. "As far as a marketing campaign, it's an excellent move on their part," he says. "Of course, they're not looking out for what's going to happen to anyone else but AMC, but from their perspective, when you see a marketing opportunity, go for it!" ●



# Speeding Up The Cutting

**Random-access machines save time and eliminate the mess of traditional editing.**

**BY FRAZIER MOORE**

A straight line is the shortest distance between two points—that is, until an editor sits down at the editing console. Then it can seem quite long.

"The whole business of editing tape or film has always been quite cumbersome," says Robert Henninger of Henninger Video in Arlington, Va. Cumbersome, for instance, is the so-called linear format. "A one-hour reel of tape shuttles at very high speed. Still, to get from one end to the other to find a shot takes a couple of minutes. With random access you're there—just like that."

In fact, getting there was never easier than with random access. "I think this is the ultimate way to edit," says Ken Yas of The Post Group, an L.A. postproduction house.

Yas and his colleagues log many hours on their CMX 6000, a system that facilitates the editing and reviewing of scenes (whether originally shot on film or tape) almost as easily as choosing a favorite song on a CD. With last season's miniseries *Lonesome Dove* among its many credits, the CMX 6000, which came to The Post Group in 1987, is one of a handful of pioneer systems. It's being joined by such latter-day mavericks as Editing Machines Corporation's Emc2 (which hit the market in late 1988) and Avid Technology's Avid-1 Media Composer (due out this fall).

What does the world of disc-based, random-access editing really mean? "It has the liberating effect of letting you think more about the material, and less about where it is and how to get to it," says Henninger, whose firm's Emc2 has been used on commercials and other TV

projects since arriving in January. "It's doubled our productivity."

Echoes Thomas Ohanian, a Boston-based tape editor who has worked with the Avid-1 during its testing phase, "I'm going about 50 percent faster with my cuts. That means I can try more things in the same amount of time. And if I'm not sure which is best, I can save all the variations for comparison."

Out from under the long shadow of the Movieola (the editing world's equivalent of the manual typewriter), now video editing is as modern—and as streamlined—as word processing on a PC. Indeed, the Avid-1, with its Apple Macintosh II interface, comes with the familiar "mouse" control.

Stored in the system's memory, shots are organized on one monitor as items in an electronic "storage bin." The user simply seizes on an identifying image and transfers it to the other screen,

where the corresponding sequence is instantly available for viewing.

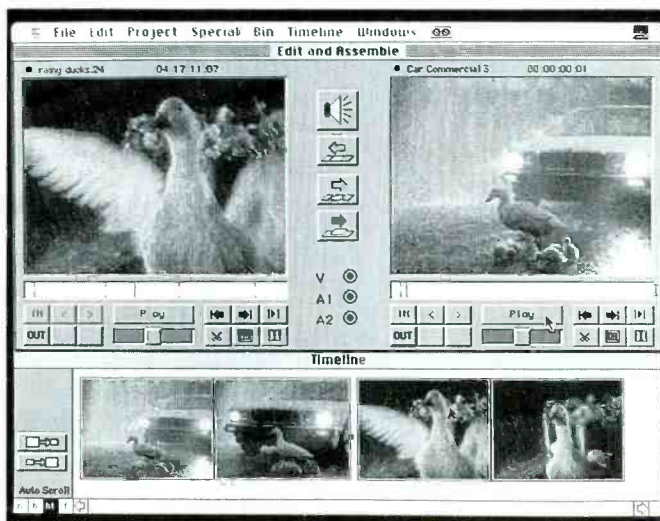
Different shots can be juggled at will, and new shots "spliced" into the sequence without overwriting anything. There's instant playback of each new version, and all the while the system is storing the related time codes and shot lists automatically. And once off-line creative labors are done, an "edit decision list" is ready to pilot the electronic assembly of the videotape master.

The other parts of the process aren't always so easy: for example, getting program material onto discs in the first place. The CMX 6000's laservision format requires preparing discs on an optical disc recorder. And although Avid-1 can encode its own digital hard-disc drives, this digitizing process is time-consuming. Moreover, it has to be repeated if the discs' limited storage capacity requires making room for a second program's raw footage before the first job is completed.

These dream machines can also be pricey. The Emc2 costs about \$30,000 for four hours of storage capacity, and costs go up from there. The CMX 6000 has a base price of \$66,250 for two storage modules (a half hour of sound and pictures). The Avid starts at \$49,000 with an even scantier 20 minutes' storage capacity.

Those costs are a far cry from the popular Movieola, which can still be rented for a few hundred dollars a month. "Many professionals are content to use a technology that's been in place for 75 years," says Ken Yas. "It works reliably and it's still relatively cheap—at least, on the surface." But Yas believes in random access: he saves at least \$200,000 during a 22-episode season of an hour-long series.

*Frazier Moore is a New York-based freelance writer.*



With random-access editing machines like the Avid-1, getting from A to Z is just as fast as getting from A to B.

## CEA's Entertaining Mix *by Merrill Brown*

Rick Michaels' moves overseas and into production deals chart a bold, risky course.

Of those who've made their mark as cable brokers, J. Patrick Michaels, founder of Communications Equity Associates, continues to chart the most aggressive course for turning a cable brokerage into a full-service media-investment finance company.

As Wall Street's successes in cable and broadcast transactions make life more and more difficult for traditional cable and station brokers, Michaels—who founded CEA nearly 16 years ago—has moved aggressively into efforts involving cable networks, entertainment concerns, publishing companies and cellular and paging services. Moreover, he's also moved quickly into a set of international media-industry ventures. It is an ambitious, perhaps risky strategy, but Michaels isn't known throughout the television community for his strategic cautiousness.

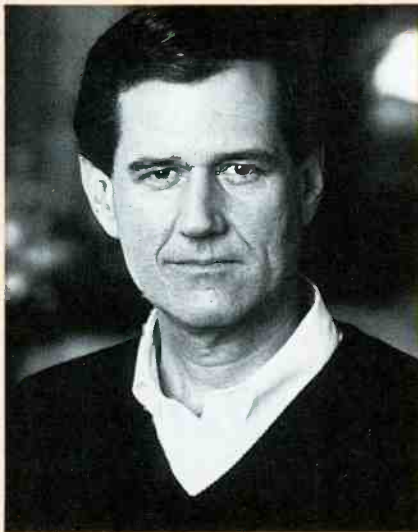
He has even expanded CEA's ranks, now at over 50 people. In his forays into a variety of overseas ventures, Michaels has relied primarily on his own sales skills and those of other U.S.-based CEA executives. Among current CEA projects are efforts in Germany, the United Kingdom, Malta, New Zealand and the Dominican Republic. While carrying significant staffing in a potentially cyclical business poses risks for down years or for times of tough national economics, it does give CEA a base of loyal talent and expertise. "We're licensed everywhere, we have no commission sales people and we have a high overhead," Michaels explains. "But attracting top people is an asset," he adds, noting that longtime cable banker Kathy Marion has recently joined CEA.

"You can't broaden the base of the firm overnight," he says. "But now we're finally getting to the point where things other than cable are beginning to represent as much as 25 percent to 30 percent of our efforts." In a difficult, hotly competitive environment last year, CEA brokered or was otherwise



involved in 55 transactions worth about \$1.5 billion and, according to Michaels, had its second most profitable year ever.

CEA is now getting significantly involved in more pure "entertainment" projects, acting as a financial adviser to Kings Road Entertainment and taking The Family Network "private" (in other words, into Robertson family ownership). Meanwhile, CEA is looking for a partner for Country Music Television, and Michaels says he is also helping get several new cable-network projects off the ground. "I'm extremely bullish on cable networks," he says. "Cable programming will continue to be a very hot area. There will be some shakeout, and some networks will be replaced by



Michaels: not known for strategic cautiousness.

others. The lack of channel space is causing business and political problems for cable, but as rebuilds take place, there is certain to be more channel space. That's what we're working toward."

Michaels is realistic about the continuing soft market for TV stations and the risks posed by moves toward cable reregulation in Congress. "The TV brokerage business has been quite small and plenty of stations are on the market," he says. "But the thing about broadcast television that's interesting is that people continue to pay good prices for high quality stations. And you're going to see more aggressive network-switching among stations than ever before, and that will increase the competition for the best properties." On the cable side, however—the field in which CEA grew from a regional upstart to a major national player—Michaels seems particularly concerned. "I would not like to see it, but there is a substantial chance for reregulation, and it will have a clear and substantial impact," he predicts. "We've got a couple of rotten apples in the cable barrel that may spoil things for everybody. Clearly, some rate increases have been excessive and general customer service still has a long, long way to go.

"Transactions might not slow down with reregulation, but if they turn regulation back to municipalities, the political process will be time consuming. No politician likes to raise rates, and it could get very difficult to repay system buyers. For classic, smaller systems, reregulation will clearly lower the price."

For now, Michaels says he'll continue to get CEA's share of the cable brokerage business, although many of the bigger deals will wind up in the hands of the huge investment banking firms. "We're fighting on the top level with Wall Street over the larger deals, and they appear to be winning," he says—yet another reason why Michaels' diversification moves are so pivotal. ●



**\$183,100,000**

Line of Credit

**\$15,000,000**

Preferred Stock

### Act III Cinemas, Inc.

(an affiliate of Act III Communications, L.P.)

has refinanced existing debt in its subsidiary

### A3 Theatres of San Antonio, Ltd.

(dba Santikos Theatres & Presidio Theatres)

and has acquired

### Eastgate Theatre, Inc.

(dba Luxury Theatres)

Financing provided by:

**GE Capital**



**A GE Financial Services Company**

Corporate Finance Group  
Entertainment  
212 370 8088

**\$9,500,000**

Line of Credit

### Act III Theatres, Inc.

(an affiliate of Act III Communications, L.P.)

has acquired certain motion picture theater assets located in

### Austin, TX

from

### American Multi-Cinema, Inc.

Financing provided by:

**GE Capital**



**A GE Financial Services Company**

Corporate Finance Group  
Entertainment  
212 370 8088

## DATABASE

### ★ RATINGS ★

#### TOP NETWORK SERIES

First 42 weeks of season, Sept. 18, 1988, through July 2, 1989

SERIES / NETWORK	RATING / SHARE
1 The Cosby Show / NBC	23.5 / 39
2 Roseanne / ABC	23.0 / 36
3 Roseanne (8:30) / ABC	22.9 / 34
4 A Different World / NBC	21.7 / 35
5 Cheers / NBC	21.4 / 34
6 Golden Girls / NBC	20.1 / 36
7 60 Minutes / CBS	19.7 / 35
8 Who's the Boss? / ABC	19.2 / 31
9 Anything But Love / ABC	19.0 / 29
10 Murder, She Wrote / CBS	18.7 / 30

#### TOP BARTER SERIES

First 40 weeks of season, Sept. 4, 1988, through June 25, 1989

SERIES / SYNDICATOR	RATING
1 Wheel of Fortune / King World	14.9
2 Jeopardy! / King World	12.9
3 The Cosby Show / Viacom	11.0*
4 The Oprah Winfrey Show / King World	9.7
5 Star Trek: The Next Generation / Paramount	9.6*
6 Wheel of Fortune (weekend) / King World	9.1
7 Universal Pictures Debut Network / MCA TV	9.0*
8 MGM Premiere Network III / MGM / Group W	8.2*
9 Columbia Night at the Movies / Columbia	7.9*
10 TV Net Movie / Teletrib	7.7*

#### TOP CABLE NETWORKS

Average ratings / projected households, June 1989

NETWORK	7 A.M. TO 1 A.M.	PRIME TIME
1 TBS	1.8 / 890,000	2.8 / 1,384,000
2 USA	1.3 / 622,000	2.2 / 1,052,000
3 Nickelodeon	1.0 / 460,000	0.8 / 368,000
3 ESPN	0.9 / 460,000	1.4 / 716,000
5 CNN	.7 / 356,000	1.0 / 508,000
6 MTV	.7 / 324,000	.7 / 324,000
7 Lifetime	.7 / 307,000*	1.1 / 482,000*
8 Family Channel	.6 / 269,000	.7 / 314,000
9 TNT	.9 / 256,000	1.3 / 369,000
10 TNN	.4 / 200,000**	.9 / 426,000

# Includes multiple exposures.

\* Lifetime reports on a Monday-Saturday basis.

\*\* 9 A.M. to 3 A.M. Note: cable ratings are percentages within the varying populations that can receive each network. Networks are ranked by projected number of households rather than ratings. Source: Nielsen Media Research data.

## HAPPY DAYS ARE HERE AGAIN

Electronic media stocks have made considerable gains on the market, with only a handful of companies registering losses on the ticker. Best off are the production companies, having returned to their full vigor after last year's writers' strike. As usual, cablers fared well, with Turner Broadcasting posting significant gains, thanks in part to the success of cable network TNT.

	6/30/89	12/30/88	% CHANGE
<b>BROADCASTING</b>			
American Comm. & TV	.06	.03	100.0
Chris-Craft	40.63	21.88	85.7
TVX Broadcasting	2.88	1.63	76.7
Osborn Comm.	13.00	7.75	67.7
LIN Broadcasting	115.88	71.50	62.1
A.H. Belo	35.13	23.13	51.9
United Television	35.00	27.25	28.4
CBS	200.75	170.50	17.7
American Family	16.00	13.75	16.4
Lee Enterprises	31.13	27.00	15.3
McGraw-Hill	69.63	62.25	11.9
Westwood One	10.63	9.75	9.0
Jacar Comm.	7.13	6.63	7.5
Durham Corp.	33.50	33.00	1.5
Liberly Corp.	35.38	36.00	-1.7
Clear Channel Comm.	11.75	13.13	-10.5
Sun Group	1.50	1.88	-20.2
Telemundo Group	5.00	8.00	-37.5

	6/30/89	12/30/88	% CHANGE
<b>CABLE</b>			
Turner Broadcasting	43.75	16.88	159.2
QVC Network	16.75	8.50	97.1
Acton Corp.	19.50	11.75	66.0
WestMarc	29.00	17.75	63.4
ATC	50.88	31.50	61.5
Century Comm.	20.38	12.63	61.4
Time	155.25	107.00	45.1
Comcast	23.75	16.75	-11.8
Cablevision Systems	42.88	31.88	34.5
TCI	34.88	26.13	33.5
TCA Cable	41.63	31.25	33.2
Jones Intercable	17.13	12.88	33.0
Playboy	14.38	12.13	18.5
CVN Companies	18.38	16.13	13.9
Home Shopping Network	5.00	4.50	11.1
Falcon Cable Systems	20.75	19.38	7.1
Centel Corp.	51.00	50.25	1.5
Financial News Net.	7.38	8.13	-9.2
Video Jukebox Network	3.63	4.31	-15.8
United Artists Ent.	19.13	NA	NA*

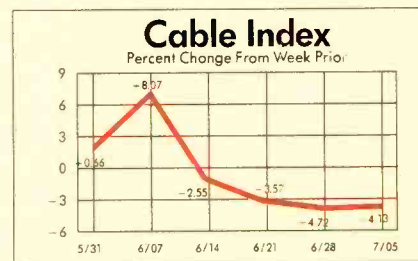
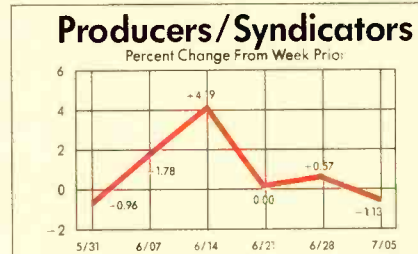
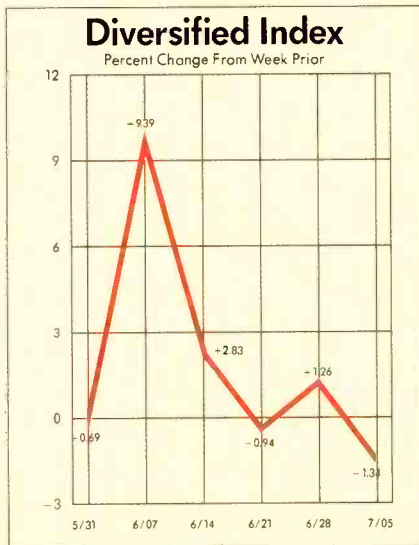
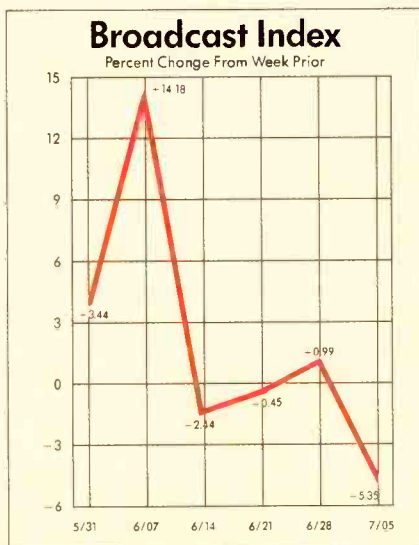
\* United Artists Communications and United Cable had not yet completed their merger in December 1988. Their closing prices for December 30, respectively, 27.50 and 34.50. Source: Media Business News.

	6/30/89	12/30/88	% CHANGE
<b>DIVERSIFIED</b>			
Viacom	52.13	31.13	67.5
Warner Comm.	60.38	36.63	64.8
Paramount Comm.	59.25	40.63	45.8
Walt Disney	94.63	65.75	43.9
News Corp.	22.38	16.50	35.6
Tribune Co.	51.75	38.88	33.1
Washington Post	273.38	210.75	29.7
Cap Cities / ABC	465.00	362.25	28.4
Great American Comm.	11.50	9.13	26.0
Times Mirror	41.38	32.88	25.9
Multimedia	96.25	76.50	25.8
Jefferson-Pilot Corp.	37.00	30.00	23.3
Gannett	43.63	35.63	22.5
Park Comm.	32.50	27.00	20.4
Meredith	36.50	30.38	20.1
Outlet Comm.	28.25	23.75	18.9
Westinghouse	62.00	52.63	17.8
General Electric	51.63	44.75	15.4
New York Times	30.75	26.88	14.4

	6/30/89	12/30/88	% CHANGE
<b>PRODUCTION</b>			
New World	8.88	2.38	273.1
Columbia Pictures Ent.	21.38	12.25	74.5
New Line Cinema	8.63	5.13	68.2
Quintex Entertainment	5.38	3.25	65.5
Barris	11.75	7.13	64.8
Republic Pictures	10.00	6.25	60.0
Orion Pictures	21.75	14.13	53.9
Caralco	10.38	7.25	43.2
MGM / UA Comm.	18.25	13.13	39.0
Spelling Ent.	8.75	6.38	37.1
Dick Clark Prods.	4.88	3.63	34.4
MCA	57.38	45.38	26.4
King World Prods.	26.38	23.75	11.1
Reeves Comm.	6.13	5.63	8.9
Prism Ent.	3.25	3.00	8.3
Satellite Music Net.	5.50	5.31	3.6
Vestron	3.63	3.63	0.0
Fries Ent.	2.25	2.25	0.0
Heritage Ent.	1.50	1.88	-20.2

## Industry Segment Profiles

The indices represent four segments of the industry. Cable: seven MSOs and programmers; Broadcast: seven TV broadcasters and station-group companies; Producers / Syndicators: six Hollywood production companies; and Diversified: six companies with interests in more than one area (e.g. cable and broadcast).



Source: Media Business News.



This notice appears as a matter of record only.  
July 1989

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# Daniels & Associates

is pleased to announce the appointment of

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**Richard Bridgforth**  
**Brad Busse**  
**Dan Forey**

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Senior Vice Presidents

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**DANIELS**  
**& ASSOCIATES**

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Financial Services to the Cable and Mobile Communications Industries.

## DATABASE

### HOME VIDEO

#### Top Videocassettes/Rentals

June 1989

TITLE/PUBLISHER	% TOP 50*
1 <b>Coming to America</b> / Paramount	7.8
2 <b>The Accused</b> / Paramount	5.1
3 <b>Cocktail</b> / Touchstone	5.0
4 <b>Big</b> / CBS/Fox	4.8
5 <b>Twins</b> / MCA	3.4
6 <b>A Fish Called Wanda</b> / CBS/Fox	3.3
7 <b>Crocodile Dundee II</b> / Paramount	3.0
8 <b>Gorillas in the Mist</b> / MCA	2.8
9 <b>Tucker: The Man &amp; His Dream</b> / Paramount	2.8
10 <b>Everybody's All American</b> / Warner	2.6
11 <b>My Stepmother is an Alien</b> / RCA/Columbia	2.5
12 <b>Big Business</b> / Touchstone	2.5
13 <b>Die Hard</b> / CBS/Fox	2.5
14 <b>Child's Play</b> / MGM/UA	2.4
15 <b>Mystic Pizza</b> / Virgin Vision	2.4
16 <b>Betrayed</b> / MGM/UA	2.2
17 <b>High Spirits</b> / Media Home Ent.	2.2
18 <b>Eight Men Out</b> / Orion	2.0
19 <b>Bull Durham</b> / Orion	2.0
20 <b>Married to the Mob</b> / Orion	1.9

#### Top Videocassettes/Sales

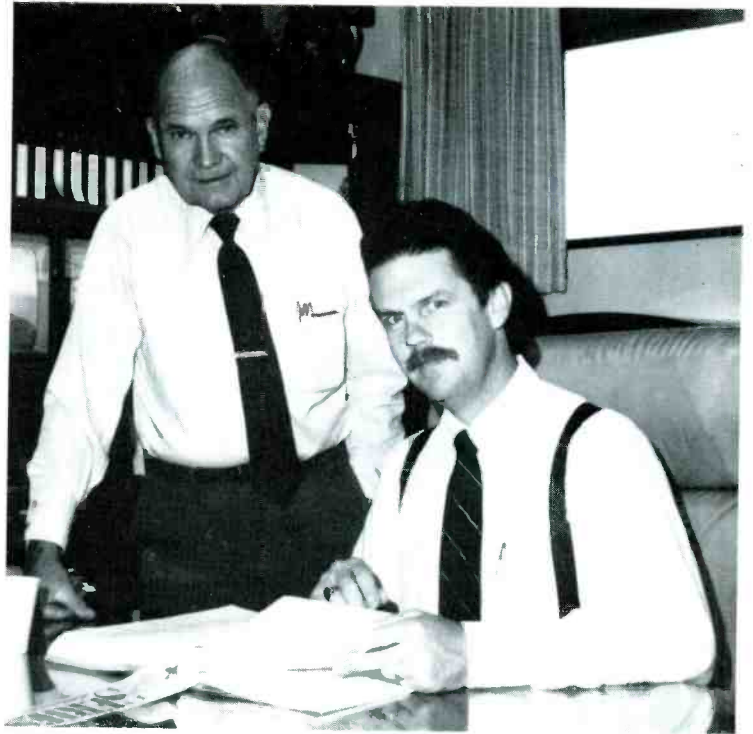
June 1989

TITLE/PUBLISHER	% TOP 50*
1 <b>Michael Jackson: Legend Continues</b> / Vestron	7.3
2 <b>Sing Along Songs: Fun With Music</b> / Disney	4.0
3 <b>E.T.</b> / MCA	3.2
4 <b>Nuts About Chip &amp; Dale</b> / Disney	3.1
5 <b>Raiders of the Lost Ark</b> / Paramount	3.0
6 <b>Jane Fonda's Complete Workout</b> / Lorimar	3.0
7 <b>Dirty Dancing</b> / Vestron	2.8
8 <b>Ducktales: Lost World Wanderers</b> / Disney	2.7
9 <b>Mickey &amp; the Gang</b> / Disney	2.7
10 <b>Springtime in the Rockies</b> / Key Video	2.6
11 <b>Lost Boys</b> / Warner	2.4
12 <b>Michael Jackson: Moonwalker</b> / CMV	2.3
13 <b>Indiana Jones &amp; Temple of Doom</b> / Paramount	2.3
14 <b>Star Trek IV: Voyage Home</b> / Paramount	2.2
15 <b>Moon Over Miami</b> / Key Video	2.2
16 <b>Color Purple</b> / Warner	2.2
17 <b>Down Argentine Way</b> / Key Video	2.0
18 <b>Bruce Springsteen: Video Anthology</b> / CMV	1.9
19 <b>Sand Pebbles</b> / CBS/Fox	1.9
20 <b>Ducktales: Duck to the Future</b> / Disney	1.8

Source: Videodome Enterprises, Dallas. Charts appear weekly in TWICE magazine. \* Title as percentage of top-50 tapes total volume.

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**Russ Pope**  
Vice President & Director of  
Engineering  
&  
**Dino Corbin**  
General Station Manager  
KHSL-TV  
Chico-Redding, CA



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# Stranger In a Strange Land

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**ABC's Robert Iger parachutes into Hollywood as the television network's new entertainment division president.**

**F**ew seemed more surprised than Robert Iger when, well into last spring's network pilot season, ABC's top brass abruptly dispatched him to Los Angeles as the network's new entertainment president, following Brandon Stoddard's surprise resignation. Iger, then the ABC TV Network Group's New York-based executive vice president overseeing all network business affairs, worked closely with group president John Sias. In all, Iger had spent 15 years with ABC, mostly in sports programming, where his responsibilities included scheduling and rights acquisitions. Iger recently discussed his fresh perspective on prime time TV with Channels senior editor Neal Koch.

## Being in Business

Anyone that has a job of importance at a network, particularly in the programming side, should either have some knowledge of business affairs or some experience there, because it has become such an important part of our business.

I'm not suggesting that we should turn all our creative jobs over to business affairs people—far from it. What I'm just suggesting is that it's important to maintain an awareness of the business side of the industry right now because it's relevant and critical.

## Landing in Wonderland

In my 15 years with the company, I didn't spend one day ever thinking about, aiming toward, dreaming about, fantasizing about, considering taking this job. So it was rather abrupt and I got thrown into it. I don't mean that negatively, but I got thrown into it at its peak in terms of activity and in the

scheduling season. And if you want to describe or tell someone the definition of trial by fire, then you should use this as an example . . . I've never had a job that had as much pressure, as much responsibility, as much potential impact—not only on the company and on the industry, but on the country, really. A lot of people take that aspect for granted.

## The Outsider

I come to this job as an outsider, which in this case presents a fresh perspective—which I view as positive in the sense that I'm not jaded. I do not suffer from any prejudices regarding this job or this industry or the so-called creative community. I have an open mind.

However, I must emphasize that I do not consider myself a nonconformist. Although I do not intend to conduct the responsibilities of this job as though a script has been handed to me, I also don't believe that I should come in here as the outsider and work to change the system, to disrupt the system, to try to work above and away from it.

That's not saying I'm playing the game. It's not saying that I'm not playing the game.

## A Piece of the Action

The network strategy is to get more involved in in-house production. That's clear, as is exhibited not only by the actions of CBS and NBC, but by Capital Cities/ABC in establishing an in-house production arm under Brandon Stoddard. Clearly, we're sending a message that we want to get more involved in production and we view that

as a necessity in terms of looking for different ways to bring in revenue, since the traditional method—selling ad time in programs—has become more difficult with fragmented viewership.

## Bidding for Talent

I do not believe that we are going to get into a war or a major competition with the studios for big talent, because ultimately that is going to increase our risk. We would end up driving the cost of the talent sky-high—and we're certainly not going to be able to corner the market on all the top talent.

In an initial process, we may get involved with lesser-known talent and we may get more involved in developing talent. We may also get more involved, if we can legally, in joint venture operations with the studios so that we're sharing the support of the talent and thus sharing not only the risk but the potential reward of the programs that we are producing. That will come first before there is a wholesale war of networks versus studios.

## The Why Behind Prime Time Live

It reflects the growing difficulties that we have in filling a prime time schedule with [entertainment] programming that we believe is going to succeed. A lot of that has to do with the fragmentation of our business: The talent is going in different directions—to cable, to pay television, to videocassettes. The audience is doing the same.

Because it's tougher to find programs with as much broad appeal to program 22 hours a week of prime time, we have to turn in other directions, news being one. In CBS's case, sports is another.

And that's being done out of need, not to gain leverage in the [financial interest and syndication rule] negotiations. If we had the entertainment product to fill—successfully—22 hours of prime time, you'd probably see less news.

### Rethinking the Pilot Process

There is a need to approach things differently. The pilot system seems quite flawed to me. It is something we have discussed [at ABC]. It is something I have discussed with members of that so-called creative community.

An awful lot of money is spent on product that does not get on the air and that's wasted. Sure, it ends up in the hands of production people, but I would much rather spend the money to better promote and better produce the programs that are on the air.

On the other hand, I've not heard anyone come up with an alternative [to the present] pilot system and I'm not sure if we really have the ability collectively to design one.

### Attracting Creative Talent

I've been given an awful lot of advice here by people inside and outside the business. There are a number of things that are involved. Clearly, creating a hospitable environment for that talent is important. There is a need to prove to the talent that they can flourish here. Brandon Stoddard did an exceptional job at that and I would love to be able to follow in his footsteps.

We need to prove—continue to prove—to this community that it's quality programming we're interested in. There's a patience level that's important: not yanking programs off the air before they've had some chance. That's very difficult in this environment because the patience level of viewers is much lower than it used to be. Yet there are ways that it can be done and it's important to do that and to show the production community that we're doing it.

Also, there is an interesting line that is undrawn but frequently talked about—"meddling." How much involvement will we have in the program once we determine that it's on the air? Brandon was of the opinion—and in many cases he was correct—that when we buy the shows we do it because we have a lot of faith in the production expertise and talent behind the shows. It is somewhat presumptuous for us to believe that we can fix everything or that we know more about it than the community that is bringing the shows to us. So we have to be very careful in the advice that we give.

On the other hand, there is clearly a responsibility that we have since we are, by and large, paying for these programs

*'We are going to continue to produce movies for TV that deal with sensitive subject matter, even though by doing so we are going to face some economic hardship.'*



and their success is critical to our success.

### Advertisers Who Boycott Shows

It's unfortunate that an advertiser might knuckle under because of pressure being put on them from a so-called special interest group. But I don't think this is anything new and I don't, in any way, believe that we should have a say in that process. It's completely their prerogative.

### Resisting Advertiser Pressure

We have a responsibility, as a network, to continue to produce the kind of programming that we believe is of the highest quality. That means, ultimately, producing programming that advertisers are not necessarily interested in.

I don't think [advertiser pressure] should force us to change our course. I would view *20/20* and *Nightline* [two ABC shows on Mars Inc.'s hit list, according to *Market Shares* newsletter] as among the better shows on television. We are going to continue to produce certain movies for television that deal with sensitive subject matter in a quality way, in a responsible fashion that we believe will have a positive impact on this country, even though it is possible that by doing so we are going to face some economic hardship.

### Staying Above the Fray

In the entire [fall] scheduling process that I was involved with—and I started in late March and carried it through to its conclusion—the subject of advertiser pressure was not raised once.

### Risks Not Ready for Fall

If we had two, three, four—even one—cutting-edge program [ready] it would have been on the air. We developed certain programs that could be considered cutting-edge, or very different, or breaking the mold, or taking chances. But for a variety of reasons we weren't able to put them into the schedule—not because we took the approach, "Let's take a middle of the road position. Let's not take any risks. Let's play it conservatively." But because those programs just weren't ready.

### Being Thrust Into the Public Eye

It's funny. It's like being in federal witness protection. Suddenly you've got a new job. You've got a new address. You have a new identity. The world looks at you differently, hanging on your words. You start to wonder whether you're you or not. I like to think that I can maintain my identity, although I have to work a little bit harder at it. It's an odd feeling.

I do get better tables in restaurants. ●

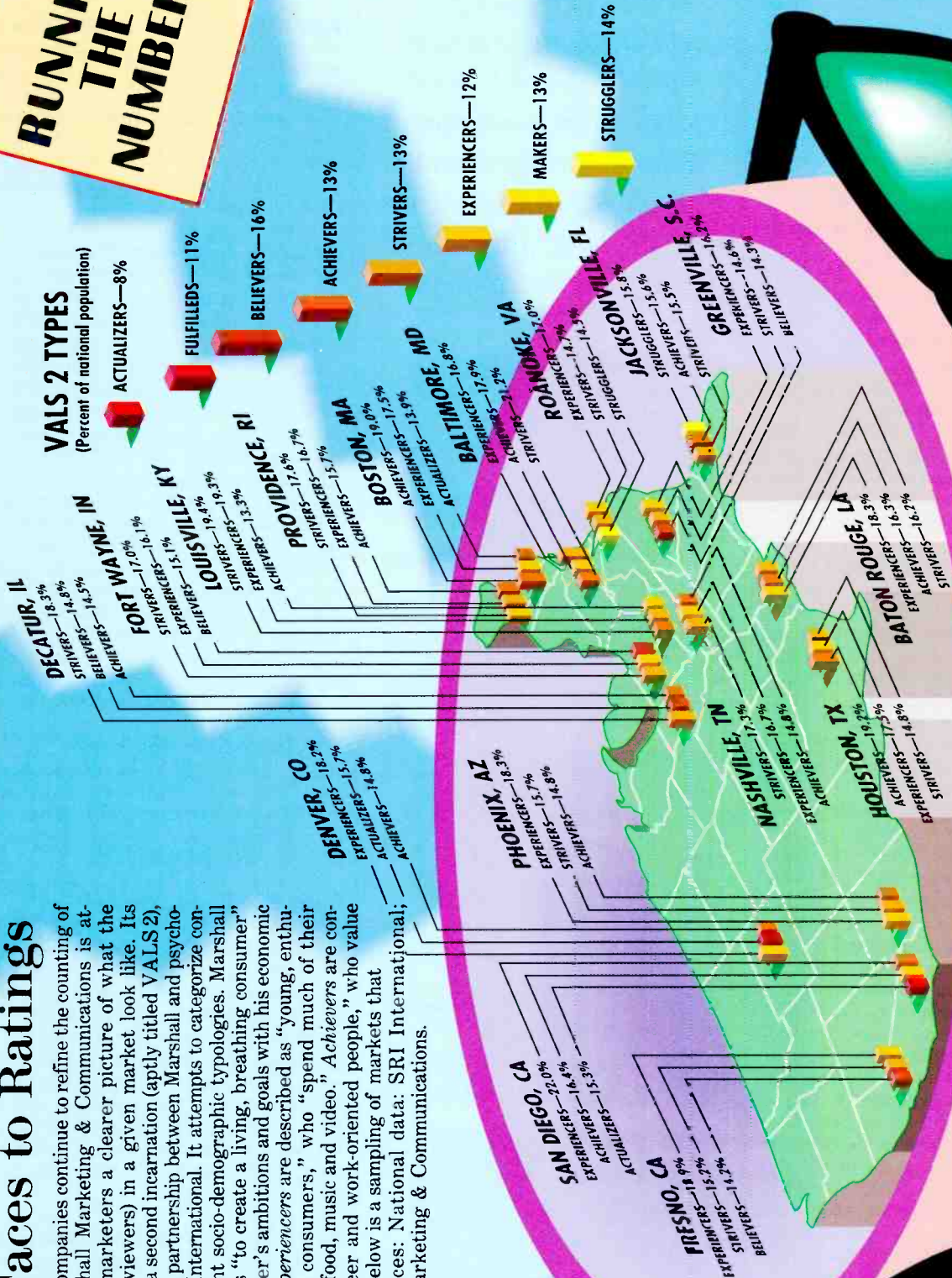
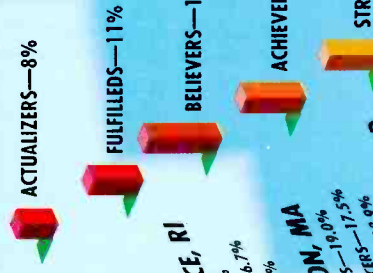


# Adding Faces to Ratings

Just as the ratings companies continue to refine the counting of TV viewers, Marshall Marketing & Communications is attempting to give marketers a clearer picture of what the viewers (and potential viewers) in a given market look like. Its VALS research, now in a second incarnation (aptly titled VALS2), was conceived through a partnership between Marshall and psychographic researcher SRI International. It attempts to categorize consumers by eight different socio-demographic typologies. Marshall Marketing says it wants "to create a living, breathing consumer" by matching the consumer's ambitions and goals with his economic status. For example, *experiencers* are described as "young, enthusiastic, impulsive, avid consumers," who "spend much of their money on clothing, fast food, music and video." *Achievers* are considered "successful career and work-oriented people," who value "structure over risk." Below is a sampling of markets that Marshall covers. Sources: National data: SRI International; Local data: Marshall Marketing & Communications.

## RUNNING THE NUMBERS

### VALS 2 TYPES (Percent of national population)



**ONE QUALITY** *I admire most in a person is class. I'm not referring to the title on their business card or their financial rating. It has nothing to do with the style of their clothes or the car they drive. To me, class is something you choose for yourself. It's competing honestly, confronting problems head-on, taking accolades with grace and humility, and not knocking your competitors. If you have class, you are loyal to both yourself and to those around you. Class is born out of self-respect and a healthy respect for others. Everything in this world is not always attainable. Fortunately, class is. Wouldn't it be a better world, if one day, we all decided to have it.*



*Bill Daniels*





HONG KONG



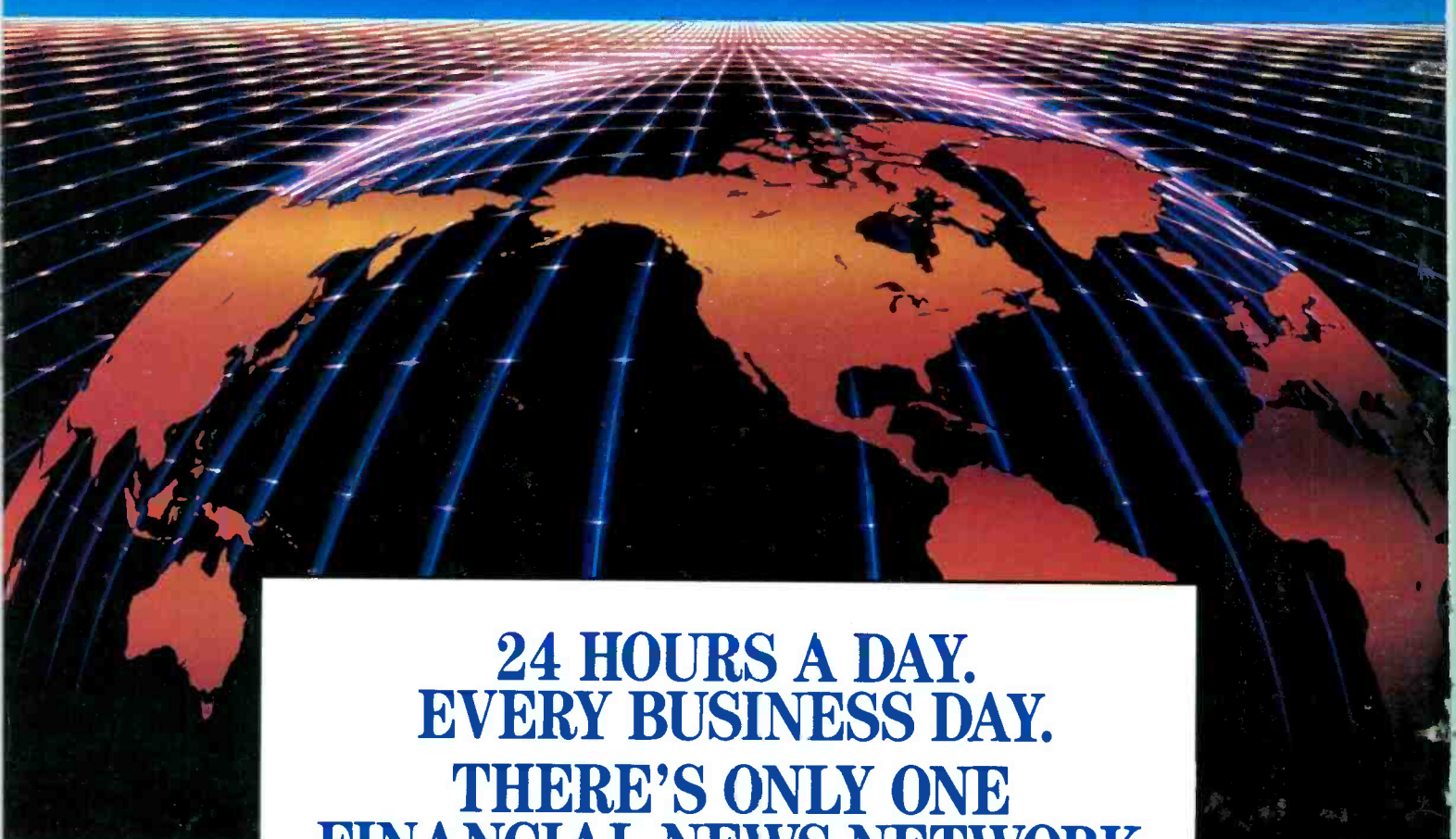
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\*Simmons Market Research Bureau 1989

CBS209<sup>1</sup>/<sub>2</sub> TL164<sup>1</sup>/<sub>4</sub> GE53 MCA61<sup>1</sup>/<sub>8</sub> IBM114 WCI59<sup>1</sup>/<sub>8</sub> DIS98<sup>3</sup>/<sub>4</sub> UAL145 GM41<sup>1</sup>/<sub>2</sub> JNJ50<sup>3</sup>/<sub>8</sub> PCI60<sup>1</sup>/<sub>2</sub> XRX63  
VIA51<sup>1</sup>/<sub>2</sub> USB113<sup>1</sup>/<sub>8</sub> INTC24<sup>7</sup>/<sub>8</sub> GENE43<sup>3</sup>/<sub>4</sub> TOLT60<sup>1</sup>/<sub>8</sub> NIKE23<sup>1</sup>/<sub>4</sub> ITEL19<sup>1</sup>/<sub>2</sub> UACI29<sup>1</sup>/<sub>4</sub> TLAB13<sup>1</sup>/<sub>2</sub> FNN19<sup>1</sup>/<sub>4</sub>