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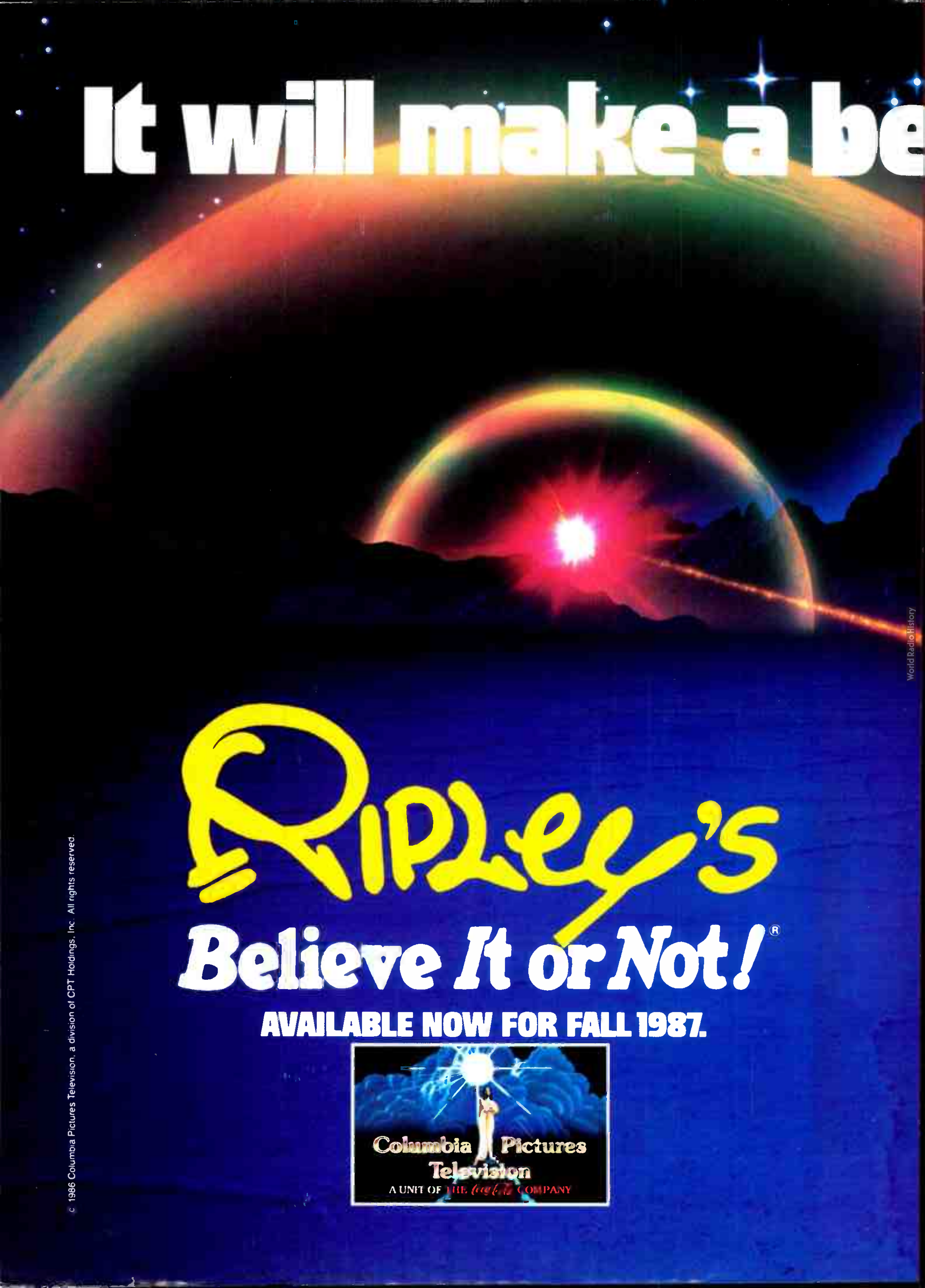
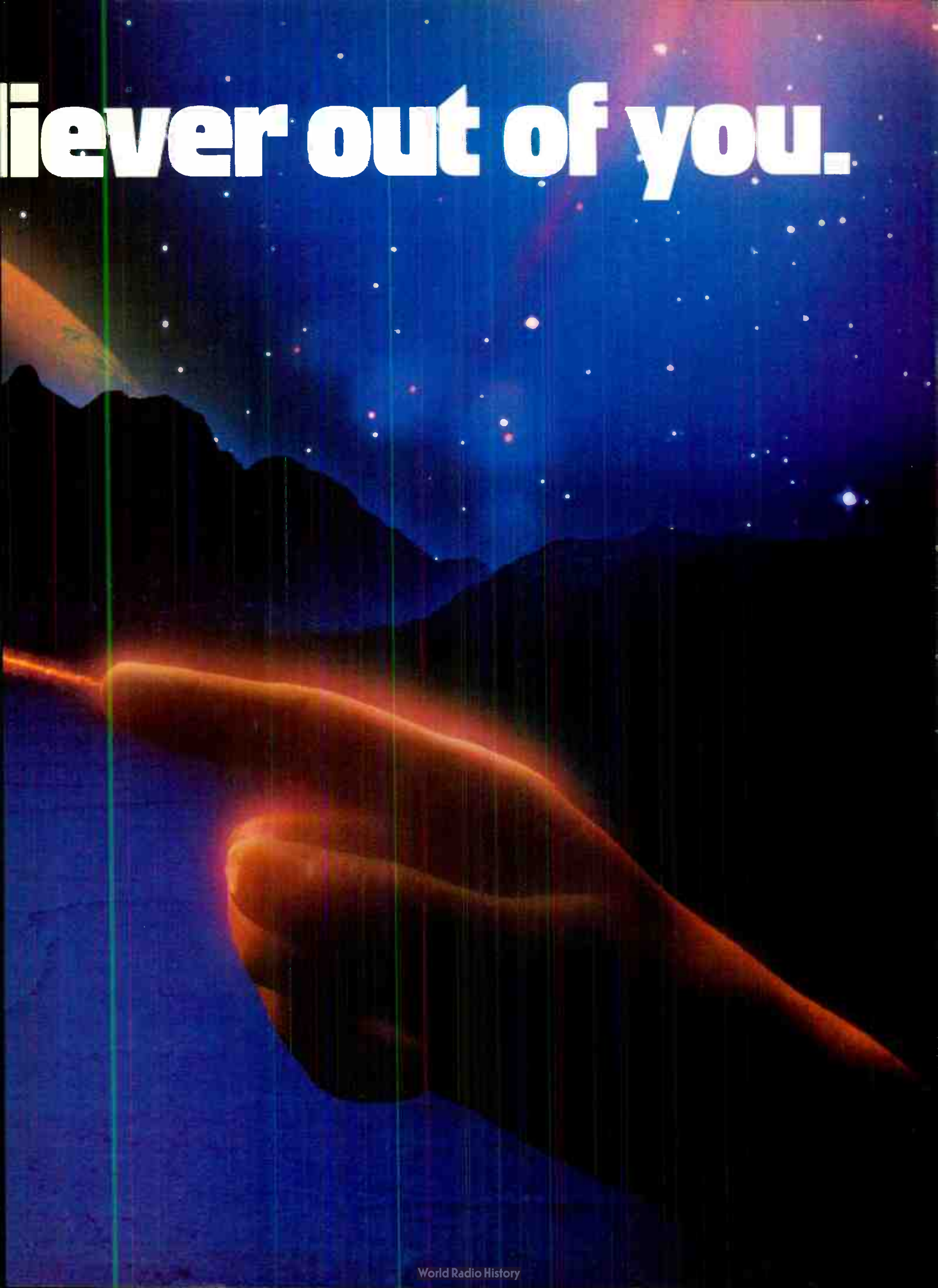
Television/Radio Age

July 21, 1986 $3.50


It will make a be
Ripley's
Believe It or Not!®
AVAILABLE NOW FOR FALL 1987.
Columbia Pictures
Television
A UNIT OF THE Coca-Cola COMPANY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Television/RadioAge

July 21, 1986 *Volume XXXIII, No. 28*

INDEPENDENT TV SCENE

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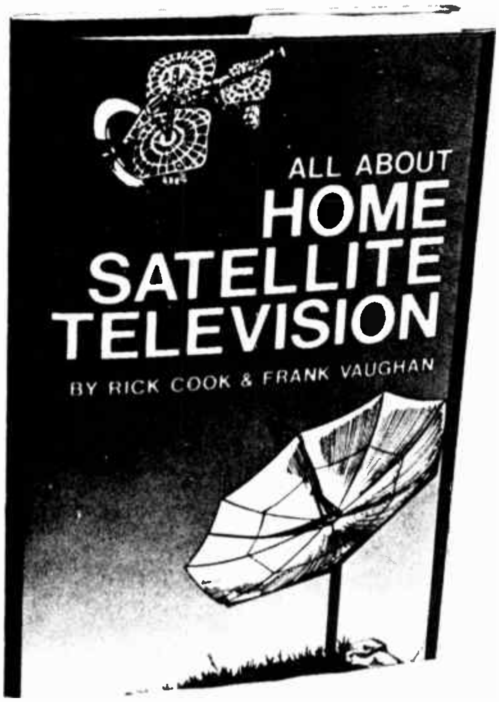

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Wow! We just reached 70.
Yeah. 30 for you. 40 for me!

Publisher's Letter

As indies enter "plateau phase," must-carry import grows

It was bound to happen sooner or later. The boom in advertising revenues and audience share generated by the nation's still-growing legion of independent broadcast stations is starting to level off.

In the relative scheme of things, that should come as no surprise. No one industry sector can maintain spiraling growth levels in what appears to be a deflationary economy marked by sluggish growth in the Gross National Product (especially in manufacturing), wage earners' personal income, and in productivity. General economic trends are rapidly felt in the television industry, whose fate traditionally has hinged on ever-increasing advertising revenues borne of sustained economic growth. Double-digit revenue growth now seems a sweet memory.

The boom in independent "new-builds" appears to be winding down. Part of this may be a result of continued TV competition from alternate sources, including cable and videocassette recorders, notes Tribune Broadcasting president Jim Dowdle. The leveling off of new indie stations also may result in some positive side effects, according to Tim McDonald, president of TVX Broadcast Group, such as a stabilization of programming prices.

For indie TV, the entrance into a "plateau phase" doesn't rule out still more prosperity ahead. As the reports in this issue indicate, the slight leveling off of independents' audience share may very soon be counterbalanced by the growing volume of first-run programming now starting to enter the syndication pipeline. And that should contribute to larger audience shares, perhaps at the expense of the Big Three networks.

As one station executive told our editors, "The real independent story today is the new shows on the way." This dynamic could have some profound effects on the way business is done on the indie side. As noted by INTV chairman Gene McCurdy, the first-run phenomenon could weaken the market for off-net product.

Despite all the posturing for the future, the advent of a plateau phase could auger for some consideration for the independents. Before the Federal Communications Commission stands a compromise measure on the controversial cable must-carry issue. Even broadcasters are split on the issue; smaller and newer independents and affiliates that rely on cable carriage to bolster audience complain they have gotten short shrift in the compromise, which calls for certain audience shares to qualify for carriage.

Meanwhile, the FCC itself is split on the issue; chairman Mark Fowler has said he philosophically remains opposed to any reopening of the issue; new commissioner Patricia Diaz Dennis appears to hold the swing vote.

In the Commission's debate, perhaps some attention should be given to the somewhat fragile short-term economics of the independent sector. As we've stated before, public policies that foster competition can only enhance First Amendment rights of the industry, and its viewership.

Sol J. Paul

STOP.

There Is Something New Available <u>THIS</u> Fall.

Sil
Spo

ver
ons

116 Episodes – THIS Fall.

Another Off-Network Comedy Hit From

EMBASSY

EMBASSY TELECOMMUNICATIONS A UNIT OF The Coca-Cola Company

Letters

Retail advertising

I have been reading your many articles on local and retail sales development and was particularly struck by the coverage in your May 12 issue, which included a piece by a retailer, Jim Harris of Marshalls (*TV works best when tied in with retail marketing goal*).

I think Mr. Harris really hit the nail on the head, and his opinions are so credible because he actually started out in the television business.

Retail advertising business is not tied to GRPs or ratings of any kind. Retailers just want to hear that cash register ring, and if you can come up with an idea to make that happen, you've won him over.

I come from a small market background, and there we have to pay attention to retail business, because there is little national business to speak of. All of a sudden, the big markets have discovered retail.

Well, they can learn from us small guys; and they can learn from a merchant like Mr. Harris. He is 100 per cent right when he says stations have to establish a partnership role with retail clients.

And he's also right when he bemoans the scarcity of good local programming vehicles for retailers.

And he's also on the button when he says stations must have a full-time retail marketing director.

But the scary part is that, despite the efforts of some of the stations he mentions, the newspapers are still Number 1 with retailers. Mr. Harris himself says: "More often than not, we will go first to a newspaper for market research."

Broadcasters are gradually chipping away at this newspaper dominance. We may never surpass them as the primary retail advertising tool, but we have to keep trying. Local/retail sales development is where our growth is going to come from in the future.

To capitalize on this growth potential, stations will have to use tools well beyond the rate cards and ratings books that Mr. Harris bemoans in his article. As he alluded to, stations and retailers can be something akin to partners in program development, designing programming as vehicles to attract well-honed audiences to the retailer's message.

His example of WBZ-TV Boston's *Moneysense* is a good one. Consumer topics such as how to obtain financing on a home, automobile repair and shopping for the best value in clothing all have obvious implications for local advertisers, who want not just audiences but interested audiences.

Another good point that he makes in his article is in the vein of public service. Stations that are already active in public service programming and activities often forget that local retailers and consumer services have the same objectives as the station toward being a good citizen in the community. Why not think more in terms of joining together in such efforts. This can mean not only immediate advertising dollars to the station but also a long-term relationship with these local businesses.

GERALD LEVINE
Oneonta, N.Y.

Broadcast families

What fun it was to read about not only the Hobler dynasty, but those of another eight or nine men (in your June 23 Issue *Sidelights*) I know all but two of them well!

Thank you so much for including us. Our kids and my 93-year-old mother will thoroughly enjoy reading about how the old man started it all!

HERBERT W. HOBLER
Princeton, N.J.

Like Prince Andrew, Billy Carter, and Dom DiMaggio, being a second son and a younger brother has been very hard on me. Your delightful annual feature on industry families (June 23) properly saluted my father Bob as a

p.r. whiz and my brother Jed as an ad biggie. But writing *Silver Spoons* for Embassy Television isn't chopped liver and should have qualified me. Please mend this family feud.

DOUG BERNSTEIN
New York

NBC's 60th

As one who'll be 30 years with the company next year I shall treasure your *NBC 60th Anniversary Issue* (May 26) as part of my memorabilia trove.

PETER R. FLYNN
Director, regional affiliate relations, NBC Television Network, New York

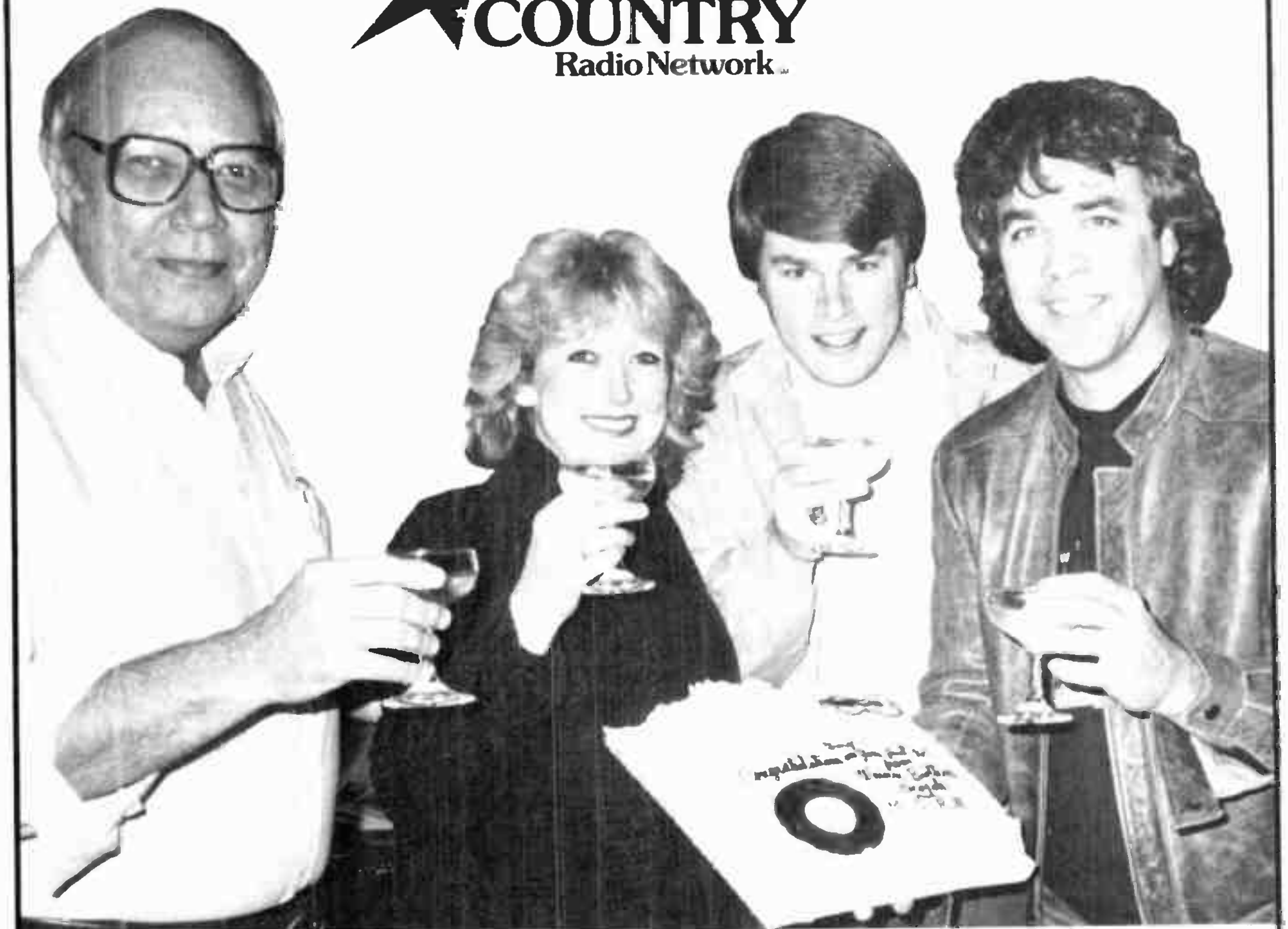
AN OVERNIGHT SENSATION

★ "live" from Nashville ★ seven nights a week ★ country music ★ interviews ★ audience involvement ★ news, weather & sports

The Music Country Radio Network is working nights for radio stations from Maine to California and will consistently deliver the best in country music and "live" interviews with the stars of country music to your listeners. Nighttime radio comes alive from Music City, U.S.A. via satellite with special features, bi-weekly Trivia Night, Saturday night oldies, MCRN week in review and live concerts. It can only happen in Nashville! It's happening all night, every night on the Music Country Radio Network and can happen on your station too!

Find out how your station can be the overnight sensation in your market. For additional information call Jim Williams at (202) 955-7214 or Jeff Lyman at (615) 885-6789.

MUSIC COUNTRY Radio Network



MCRN gave Gary Morris a congratulatory party for his first number one single "Baby Bye Bye." Shown toasting Morris from left to right are: Charlie Douglas Talent Co-ordinator, Trisha Walker, Kyle Cantrell & Gary Morris.

Sidelights

College video

"Two years before it started affecting what's on supermarket shelves today, we could see college kids yelling for low salt and low sugar foods in their campus dining halls," says Jeff Moritz, president of Campus Network, a satellite-delivered programming service he says is now seen by students at 165 colleges and universities.

What Campus Network offers advertisers besides such early warning of coming changes in consumer tastes, adds Moritz, is "the chance to do something about it—help those kids form their early brand loyalties the first time in their lives they're living away from home, buying everything from toothpaste to stereos out of their own pockets and making their own brand decisions for the first time."

Programming, from music videos and "intelligent cartoons" to concerts and "compelling documentaries" are transmitted to campuses as part of weekly four-hour program packages that are repeated "a minimum of five times a week," says Moritz, filling 20 hours of air time on the local college station. This, he says makes dayparts "compatible with students' erratic schedules. Viewing locations are everywhere students go—on and off campus, in the dorm, the student union, the pub, the dining hall and in off-campus housing."

Discretionary spenders. Moritz reports that when school's in session, there are 7.2 million full-time college students in the U.S. and that 70 per cent come from families with household income of $25,000 or better. He says they add up to a discretionary expenditure of $25.5 billion a year, that 52 per cent own cars, 70 per cent own stereos, 41 per cent own a TV and 13 per cent own computers.

Moritz says advertisers include 20th Century Fox Pictures, Columbia Pictures, MGM/UA Pictures, Embassy Pictures, MCA Records, Converse running shoes, The U.S. Navy, Chevrolet, K-Mart, Quaker Oats for Cap'n Crunch, Carter Wallace for Sea and Ski, and Nabisco for Carefree Sugarless Gum.

But the advertisers didn't come easy, he adds. Not in the beginning. So for MCA Records, Moritz offered to run a retail consumer promotion for them and then measure the results. Says Moritz: "They gave us three of their slowest selling artists and then we had an outside company track the pre- and post-campaign sales in record stores close to the test campuses. Album sales jumped up 30 to 70 per cent for these artists and stayed right where they were in the control markets where there was no promotion with us."

Hitting the books

Television, a longstanding scapegoat for illiteracy, has recently become the focus of an active campaign to combat the problem. KDKA-TV Pittsburgh has put its forces to work to encourage and help children become readers.

Joseph Berwanger, vice president and general manager of the Group W station, feels that "more than any other form of communications, television has the ability to harness and channel power, influence and money toward a cause."

Alarmed by growing illiteracy statistics—25 million Americans cannot read at all, and another 35 million read only on a very minimum level—Berwanger believes that the station's campaign, designed to instill a love of reading in pre-school children, "can begin to reverse frightening statistics on illiteracy and halt its rise around the country."

Joseph Berwanger, *v.p. & g.m. of KDKA-TV Pittsburgh, believes the station's 'Drop Everything and Read' special "can begin to reverse frightening statistics on illiteracy."*

The station produced a special, "*Drop Everything and Read*," which illustrates innovative reading programs across the country.

From this television show, KDKA-TV offers four simple suggestions for helping a child become an avid reader:

- "Read aloud to your children for 15 minutes each day. Your child will learn that books and reading are important and fun.
- "Have a lot of books around the house. Place them on low shelves where your child can reach them.
- "Good readers comprehend and analyze what they read. Have everyone in your family read one newspaper article and report on it at dinner. Read a short newspaper article to younger children and have them discuss it with you.
- "Start a family reading club. Each member of the family chooses a book to read and share with other members.

KDKA-TV envisions its commitment to promoting good reading as an "ongoing public service program." The station feels that the success of its campaign lies in the fact that television is "probably the most dominant and persuasive influence in a child's life."

"We can't change the statistics on illiteracy over night," says Berwanger, "but if we start with our children, if we instill in them a love of reading, if we convince them through our example and encouragement of its importance, we will make a dent in this horrifying national disease."

Video news releases

The video news release apparently is becoming institutionalized now that it is sufficiently accepted among TV station news directors to have an occasionally-recognized acronym (VNR), surveys of usage and specialized distributors who have formal lists of do's and don'ts for clients.

Purveyors of VNRs report greater success with their cassettes and satellite transmissions than stations report acceptance (see story, TV/RADIO AGE, January 20)—possibly colored no more by PR hype than by the fact that news directors don't like to admit to outside help—but some general agreement is evolving as to what's acceptable and what isn't.

Recent signs of the times are seen in a survey showing two out of three TV news respondents used at least one VNR in the past 12 months and in an advisory, "Improving Your Chances for Pick-Up," from distributor West Glen Communications.

The survey was conducted by David Vine Associates, public relations agency in Lawrenceville, N.J., and DAK Research, Cranbury, N.J. marketing firm, among 57 respondents—75 per cent of them employed by network affiliates and 88 per cent involved in the decision to use VNRs—and is not claimed to be nationally projectable. The survey finds health and medicine to be the most widely accepted topic, with consumer topics and feature material also popular.

Regional differences. Respondents most likely to use VNRs in the next 12 months are those in the Northcentral region and in the South, the survey states, and there is no difference in the attitudes of affiliates and independents—although news people employed by affiliates are surprisingly most likely to have used them in the past.

Four factors emerge as most important in the decision to use a VNR: ability to edit material (58 per cent), reputation of the featured company or association (47 per cent), credibility (42 per cent) and objectivity (42 per cent). Both those stations that have used VNRs and those that haven't cite local interest as an important factor. Those not using them also mention desire for editorial control and the feeling that VNRs are too commercialized.

Receipt of VNRs by cassette vs. satellite is preferred by stations 16 to 1. Two out of three respondents say they are likely or somewhat likely to return a response card after using a VNR.

Do's and don'ts. In response to the growing concern for developing successful VNRs, Annette Minkalis, vice president of television production for West Glen Communications, Inc., which specializes in the production and distribution of VNRs, has developed a list outlining 10 do's and don'ts for those using video news releases:

1. *Graphic IDs:* Provide the story with and without graphic identification. Give the distributor two masters, and either piggyback the two versions on one videocassette or let the distributor keep track of each station's preference.

2. *Commercial content:* The fewer mentions, the better. Distributors prefer only one reference to the product, whether it's audio or visual. Each additional product shot or audio mention decreases the chances of getting aired. When scripting, avoid simultaneous video and audio mention.

3. *Length:* Best length is 90 seconds to two minutes. A VNR chock full of solid news and information can stretch to 2½ minutes—but no longer.

4. *Avoid outdating:* Do not limit the VNR's use by mentioning a time-related event in the body of the script. Instead, tie the live-lead to the event and cover all bases by providing an alternative live-lead that can be used after the event.

5. *Special events:* Send an advance "alert" letter or mailgram to flag the news director's attention to be on the lookout for a VNR linked to a special event.

6. *Multi-parters:* For a fractional increase in production costs, a multi-part VNR can net a client two, three, or five times the exposure of a single release. However, stretching a story can obscure the message and weaken the entire series.

7. *The pitch letter:* Deal with the news angle, not the product. The objective is to sell the news director on the use of the VNR—not on the use of the product.

8. *The cassette:* Give the station the opportunity to have its local anchorperson read the script. Cassettes should be sent with announcer voice-over on one track and natural sound/sound bites on the second track. Never mix tracks.

9. *Script:* Provide the news director with a complete script, including a suggested lead-in. Time each scene to make it easy for a station to edit the footage and create its own story.

Greenwald's priorities

Among the priorities set by James L. Greenwald, chairman of Katz Communications, as newly elected president of the International Radio and Television Society (IRTS), is to increase the organization's membership, "particularly among the younger people in the industry."

While Greenwald isn't specific on these plans, he says that "some exciting changes are being contemplated in the internship programs." Also, he says he expects to increase the IRTS' social events schedule and is planning a goods and search auction and gala, to be held on October 30 at the Palladium in New York. Greenwald succeeds Edward Bleier of Warner Bros. Betty Hudson, vice president of corporate relations and advertising at NBC, was named first vice president. Newly elected officers are Frank J. Biondi, Jr. of the Coca-Cola Co., and Tony Malara of CBS Television. Incumbent officers include vice president Mark Cohen of Capital Cities/ABC, and Jerome S. Boros of Fly, Shuebruk, Gaguine, Boros & Braun, as secretary.

Katz's James Greenwald *hopes to attract more "younger people" to IRTS*

Americans at leisure

Mediamark Research, Inc. has announced the publication of "Leisurestyles," a market study which identifies key groups of the U.S. population according to their interests and values as reflected in how they spend their free time.

By pinpointing the media habits and product purchasing behavior of seven types of active leisure seekers, the Mediamark study tracks the different demographic and lifestyle characteristics of each sector and thus helps both advertisers and advertising research directors of magazines locate their target audiences. The report's author, Jerry Ohlsten, says that national annual expenditures for leisure products have more than doubled since 1975, to almost $200 billion.

"For the marketer, the advertising agency and the media, understanding how consumers spend their free time and discretionary dollars has broad business ramifications," Ohlsten notes. The data in "Leisurestyles" is based on Mediamark's national polling of 20,000 respondents which incorporates measurements of over 100 different kinds of leisure activity, along with questions about the respondents' purchases of some 5,000 brands.


OUR LAUGHS HERE
NOW RENEWED!
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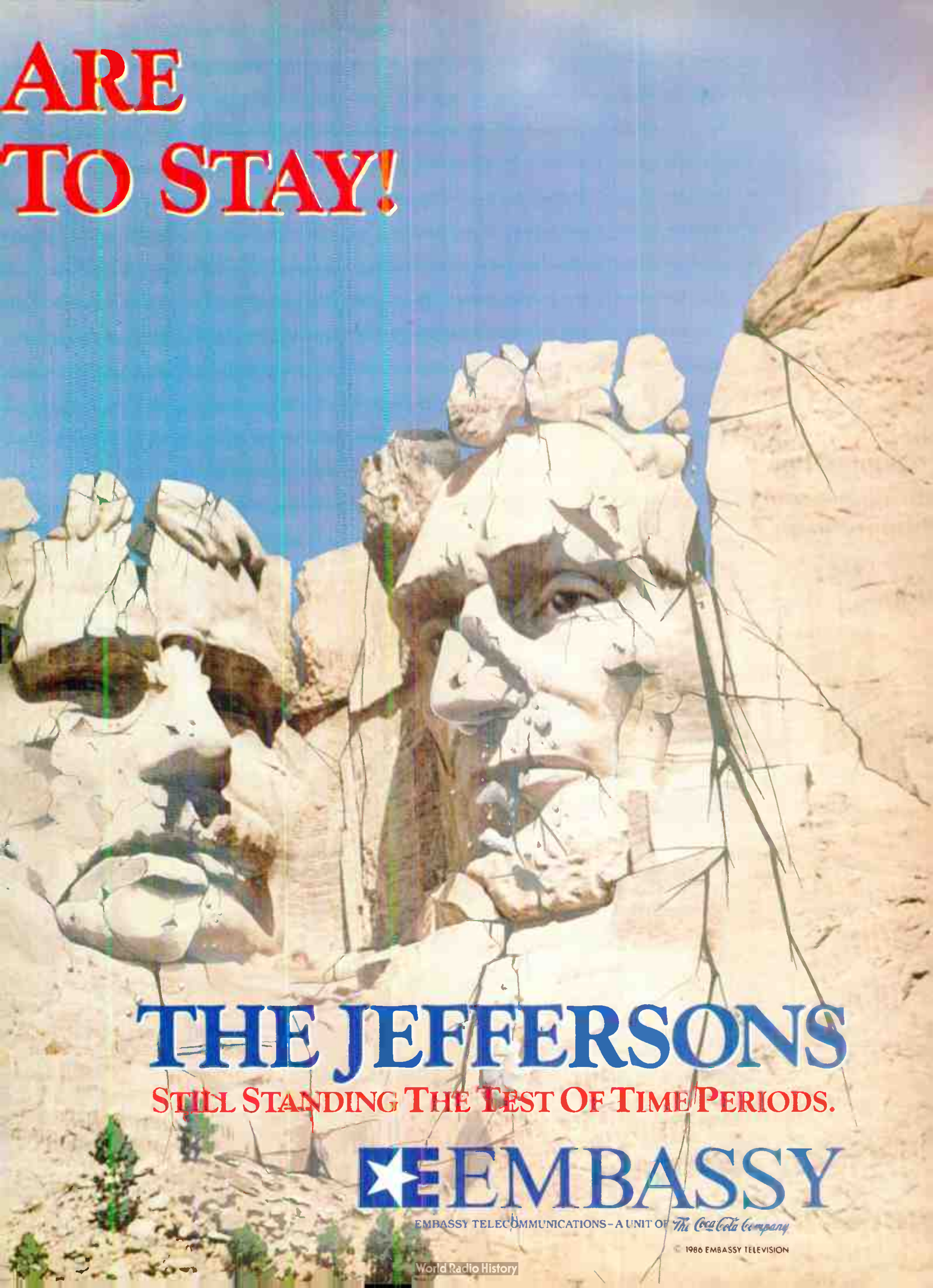
WDCA WASHINGTON DC ★ WJW CLEVELAND ★ WAGA ATLANTA ★ WBFS MIAMI
KMSP MINNEAPOLIS ★ KRBK SACRAMENTO ★ WTXX HARTFORD
WITI MILWAUKEE ★ WCCB CHARLOTTE ★ WTVD RALEIGH
WHTM HARRISBURG ★ KENS SAN ANTONIO ★ WYAH NORFOLK
WJKS JACKSONVILLE ★ WTXL TALLAHASSEE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TO STAY!
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STILL STANDING THE TEST OF TIME PERIODS.
EMBASSY
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Tele-scope

Wall Street views CBS cuts as 'positive'

Wall Streeters are taking a positive view of the cutback at CBS/Broadcast Group of about 700 positions—three-quarters of which had been filled. To Bill Suter, vice president at Merrill Lynch, this improves the financial outlook and implies greater efficiency. He contends the measure was particularly needed in light of the weak upfront market. "It makes them leaner, and hopefully this will help generate more cash flow."

Mark A. Riely, broadcast and cable analyst at Eberstadt Fleming, observes, "The great bulk of these people were staff-related. CBS had been saying these expected cutbacks would not affect the quality of its on-air product, and I believe that's true. I think CBS got staffed up in another era when it didn't have to contend with competition from syndication and cable." He adds, though, that if the management of the company had been a primary shareholder, it probably would have been leaner to begin with.

In theory, Riely says, a resultant boost of earnings will make CBS less vulnerable to takeover, "but you've got to balance this against other issues—like the economic health of the industry and CBS' share of it."

Along with the staff cuts, CBS is eliminating the position of president, CBS Operations and Engineering Division, with responsibility for operation of the East Coast, West Coast and Engineering departments localized. George Shannon, formerly in this spot, becomes vice president, facilities planning.

Network TV dollar revenue estimates—May, 1986

Daypart	Three-network total 1986	Three-network total 1985
Prime (Sun. 7–11 p.m. & Mon.–Sat. 8–11 p.m.)	$447,808.5	$410,927.1
Mon.–Fri. daytime (10 a.m.–4:30 p.m.)	150,014.1	160,419.1
Mon.–Sun. late night (11 p.m.–sign off)	42,112.7	40,672.6
Sat./Sun. daytime (sign on–6 p.m.)	68,260.1	66,628.2
Mon.–Fri. early morn. (sign on–10 a.m.)	21,240.1	20,190.5
Mon.–Fri. early fringe (4:30–8 p.m.)	42,589.7	42,605.2
Sat./Sun. early fringe (Sat. 6–8, Sun. 6–7, p.m.)	19,856.6	18,848.9
Subtotal early fringe	62,446.3	61,454.1
Total	791,881.8	760,291.6

Source: Broadcast Advertisers Reports

Mulholland to head TIO

Robert E. Mulholland, former president and chief operating officer of NBC, has been named director of the Television Information Office (TIO), succeeding Roy Danish, who is leaving to set up a communications consulting company.

Mulholland served as president of NBC from 1981–84 and was president of the NBC Television Network from 1977–81. He also held a number of positions in NBC News including executive vice president, producer of the NBC *Nightly News* and producer of the *Huntley-Brinkley Report*. Since 1984 he has been a broadcast consultant, conducting seminars and speaking to foreign journalists and broadcasters on behalf of the United States Information Agency (USIA).

James Dowdle, president and CEO of Tribune Broadcasting was chairman of the search committee for a successor to Danish.

Schwab new responsibilities

Major executive shifts have been made both by MCA TV and by Coca Cola Entertainment Business Sector's Embassy Telecommunications. Shelly Schwab, executive vice president of MCA TV, will relocate to the West Coast, where, in addition to his present sales, marketing and advertiser supported activities, he will be responsible for the MCA TV Enterprises Division, which over sees development of first-run product for the company. Schwab's move signals an expansion of the companies first-run activities.

In the other major move, Gary Lieberthal, formerly president of Embassy Telecommunications, has been named chairman and chief executive officer of Embassy Communications, which has been revived to encompass the operations of Embassy Telecommunications and Embassy Television in a single organization. Glenn Padnick becomes president of Embassy Communications and will continue to be president of Embassy Television.

CBS' satellite plan

After a long period of negotiations with its affiliate board, CBS has announced a plan for reimbursing stations for Ku-band satellite newsgathering vehicles. Under the umbrella plan, called NewsNet, the web will pay affiliates 50 per cent of the cost of such trucks up to $150,000, over a five-year period. Those stations preferring to buy a fixed uplink/downlink instead of a truck will be reimbursed for 50 per cent of the cost up to $50,000, over five years. CBS will also pay the full cost of the communications package for the first year of operation.

NewsNet, in addition to providing for the purchase of Ku-band trucks, also encompasses the network's six regional newsfeeds and a national newsfeed.

Cost of the plans, according to CBS, will be financed by recapturing a minute of commercial time from affiliates in the late night time period and deferring a station compensation increase.

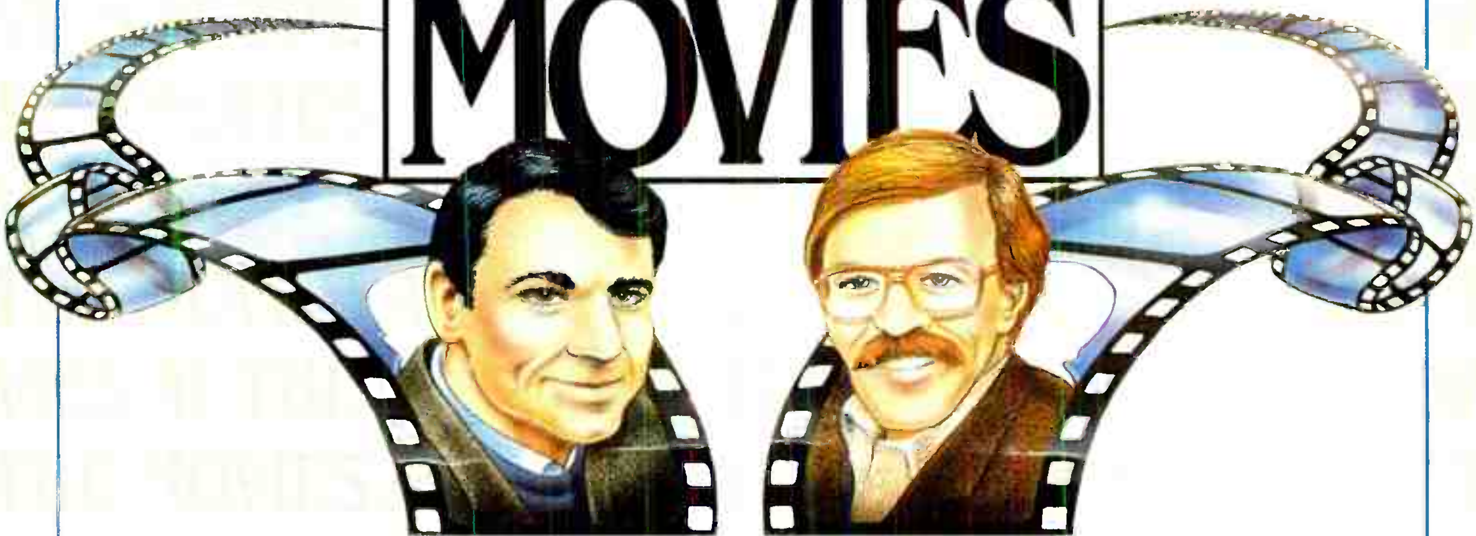
TRIBUNE ENTERTAINMENT Company

© 1986 A subsidiary of Tribune Broadcasting Company

"I'm not going to tap dance, stand on my head and do movie gossip."
— Rex Reed

"It doesn't matter, because we'll simply be the best."
— Bill Harris

It could only happen AT THE MOVIES



REX REED BILL HARRIS

Outspoken. Irreverent. And entertaining. This fall New York's premiere film critic, Rex Reed, joins forces with Hollywood's #1 entertainment reporter, Bill Harris, in hosting "At the Movies."

And along with a following of millions, Rex and Bill will be bringing exciting new features to this year's show. From celebrity interviews to home video news, they'll not only review the latest movies on the screen, they'll reveal the hottest stories behind the scenes – as only they know how.

So call us today. Because only "At the Movies" has Rex Reed and Bill Harris, and only Tribune Entertainment has "At the Movies."

In New York, call (212) 557-7800.

Our Success Shows

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

TV Business Barometer

May spot TV $$ increased 12.6%

The turnaround in spot that TV station management had been waiting for turned up in May, according to the latest return from the *Business Barometer* sample of stations. This followed a continuing decline in the ratio of monthly increases from January through April.

The increase in May national and regional TV spot time sales was 12.6 per cent, the biggest percentage rise since January. This compares with a 6.4 per cent increase in April. The April figure represented the lowest ratio of increase in a descending order starting with a hefty jump of 16.4 per cent in January. Then came a 10.9 per cent increase in February and an 8.4 per cent increase in March, giving a first quarter rise of 11.5 per cent.

The billings figure for May came to a record $576.5 million for spot TV. It was the fourth month during the past year and a half that sported a $500 million-plus figure for spot. All four were recorded during April and May this year and last, those two months having emerged during the '80s as the top months for spot, topping regularly October and November, which were among the biggest months in years past. Last year, spot billings totaled $507.0 million in April and $512.0 million in May. This past April, the spot billings total came to $539.4 million. (Local TV had a half billion dollar month in '85 during October, when the billings total was $504.9 million. Preliminary tallying indicates a half billion dollar month for local in May of this year also; a 12 per cent increase over May, '85, would do it.)

Spot topped the $2 billion mark in year-to-date billings in May last year for the first time, but just barely—$2,017.5 million. This year, the five-month tally comes to $2,229.4 million. That brings the increase for the January–May period to 10.5 per cent.

Medium-size television stations—those in the $7–15 million annual revenue bracket—turned in the biggest percentage increase during May, repeating a feat that occurred during every month recorded so far this year, except January, when this group was a close third.

The significance of this is hard to pinpoint, since this group includes the smaller stations in the bigger markets as well as the bigger stations in the smaller markets. In any case, drawn from a sub-sample, the data from the three revenue brackets employed in the *Business Barometer* analysis must be regarded with some caution, since they probably reflect a fair amount of sample "bounce."

The larger stations, which ranked second in percentage of increase during May, were also second in January and April, being third, of course, in February and March. As for the smaller stations, they ranked first in January, second in February and March and third in April and May.

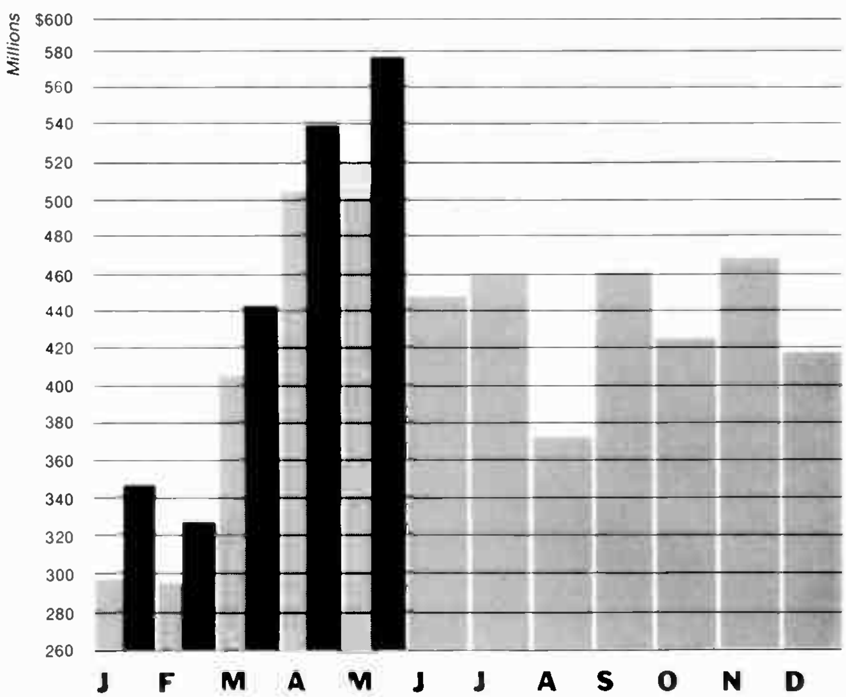
National spot +12.6%

1985: $512.0 **1986: $576.5**

Changes by annual station revenue

Under $7 million	+ 4.2%
$7–15 million	+14.6%
$15 million up	+10.6%

May



KHNL-TV HONOLULU, HAWAII HAS JUST CHOSEN THE MOST AGGRESSIVE ALLY IN TELEVISION.

BLAIR. ONLY BLAIR.
Television

KHNL-TV and Blair Television welcome you to Hawaii. KHNL-TV, Channel 13, is King Broadcasting's new station in Honolulu.

International Report

London

Future of broadcast in U.K. held in balance for committee report

The British government will make recommendations on the future of television, radio and the allied media this fall, presumably basing some of them on the recently completed Peacock Committee report.

Although most observers thought that the committee would narrowly follow its original brief to make recommendations on the future financing of the BBC, the committee enlarged its scope. The result has been a conglomoration of ideas which have found few wholehearted supporters, even among the government ministers who were influential in suggesting that the committee be formed in the first place.

The committee did not, for instance, recommend that the BBC accept advertising, for which the BBC and the independent commercial stations are thankful, but presumably Prime Minister Margaret Thatcher is not. It is widely believed her backing for the study was prompted by her desire to see that the BBC be supported by advertising rather than license fees.

While the government dismisses the widespread contention that the Peacock report will be heaped on the same pile on which two previous reports on the future of communications might be found, most outsider observers believe that few of the recommendations will be pursued. The committee proposals rely heavily on new technology, envisioning a three-phase operation during which the license fee ultimately would be replaced by a free market system including pay-TV and pay-per-view. The committee also wants 40 per cent of all BBC and commercial television programs produced by domestic companies within 10 years.

By the turn of the century the committee foresees the unrestricted availability in the U.K. of a number of television, cable and satellite stations. To ensure that everyone can receive them, the committee would require the inclusion of equipment to deal with encryption in all sets sold or rented after January 1, 1988.

Luxembourg

Eutelsat cool to government's proposal of competing satellite

The Luxembourg government has made a financial proposition to Eutelsat to try to resolve the problem created by its plan to launch a competing satellite system, Astra, to be operated by the Société Europèene des Satellites (SES). Despite comments by an SES spokesman that its proposals demonstrate substantial financial advantages to Eutelsat in the form of twice the amount of additional business to the individual national PTTs than figures cited as causing economic hardship, Eutelsat remains unconvinced.

As a member of the Eutelsat consortium itself, Luxembourg's launch of a potentially harmful, rival system could conceivably violate its charter, which contains a competition clause.

A high Eutelsat official says that the SES proposal was presented verbally and that there really is nothing to study until it can be seen in written form. He does say, however, that it appears evident that the proposals protect Astra's financial viability, not Eutelsat's. In fact, he says, it doesn't look as though they are offering Eutelsat anything.

The Hague

Cable subscribers in The Netherlands now can watch BBC

Dutch cable subscribers in The Hague, Rotterdam and Utrecht can now watch BBC Television at the same time as British viewers.

The Dutch PTT has set up a microwave link between a BBC transmitter on the south coast of England and Oostduikerke on the Belgian coast from where signals are fed to cable operators who pay a fee for the service. A similar service has been operating in Belgium since January 1984. Both countries have extensive cable networks covering about 75 per cent of homes.

Senior press and publicity officer at the BBC, Ian Duncan, predicts that the service in Holland will be even more popular than the Belgian one. English is spoken widely in the Netherlands, he says. Sports, news coverage and live actuality programs seem to have proved the most popular, he adds. The BBC is also looking at opportunities to start the service elsewhere in Europe: "Possibly Germany, Scandinavia and France," says Duncan.

Brighton

Success of cable show indicates European satellite market to boom

The European satellite market is about to take off, according to a number of exhibitors at the U.K.'s Cable '86 show. The show itself was a success, with more than 70 exhibitors—about one third more than last year. The number of visitors also increased, from 4,000 last year to 5,300.

Equipment manufacturers far outnumbered program and service providers, and there was a notable increase in foreign exhibitors. Payview Ltd., Hong Kong, and U.S. equipment distributor National Satellite Communications (NSC) were both "testing the climate" of the European satellite business.

A spokesman from U.K. equipment supplier, Micro-X, said: "The [satellite] market is expanding all the time, but it's still early days." He believes, like many, that the explosion will come when DBS gets off the ground and people can buy small dishes at a reasonable price. One exhibitor acknowledged that the European market is "very, very small" but believes that "it will definitely perk up over the next year." A number of reasons are given for slow growth so far, including cost, a limited choice of programming and a lack of marketing.

Moscow

Tv services continue to be severely limited for Soviet citizens

More than 7 per cent of Soviet citizens are unable to watch TV at all, while one in five has no access to the second channel which carries programs of more local interest, according to a recent *Pravda* survey. One in three transmission stations has no powerful transmitter for the second channel, says *Pravda*, while several dozen stations lack a VHF radio transmitter.

The problem appears to be because of a rush to meet deadlines. In a number of cities and provinces, TV masts and station buildings were completed on time, but engineers installed low-rather than high-power transmitters in order to meet target dates.

Even Moscow does not enjoy perfect TV coverage. As buildings get higher, one home in four has found itself in a zone of "radio shadow," leading to poor TV reception.

The size of the Soviet Union makes it extremely difficult to provide a modern television service. The country's last "program telecentre" has only just switched from black and white to color.

The Soviet press has recently criticized the scanty and delayed coverage of natural disasters. Officials are reluctant to depend on western electronic news gathering equipment although, without it, news from hotspots such as Libya or Nicaragua can take up to three days to reach TV news studios in Moscow.

Cable Report

Goodwill Games' mixed results: Did Ted benefit?

Did the Goodwill Games help or harm Ted Turner's image as a businessman and world statesman?

Lack of strong national advertiser support—the games attracted only three major sponsors—was compounded by lackluster ratings. While all the numbers were not immediately available, the games, from July 5–20, failed to do as well as predicted. The event was telecast on cable SuperStation WTBS and syndicated to 65 broadcast stations covering 80 per cent of the nation. In Western Europe, only the Netherlands took the event, although the Soviets brought it to all Eastern Bloc nations.

Ratings results appeared to be affected by the massive ABC-TV Liberty Weekend coverage, as primetime numbers edged upwards as the week progressed. By the fifth night, the primetime rating was 2.8, or 2.4 million households, according to Turner Broadcasting System, well below the 7.0 that TBS had projected as the average primetime rating.

In daytime, the games did a high of 2.6 on the first Sunday, below the projected 5.0 for weekend daytime.

TBS projected its loss at $10–15 million.

Less precise measures are available on how the games played in the mind of the public and among image makers in mass media. Two of the three major networks did fairly substantive reports on the games. Most probing was ABC's *Nightline*, which examined the question of whether the Soviets, Turner's partners in the games, were using him and the event as a propaganda ploy. It also noted that the Soviets deliberately failed to invite Israel, saying Turner "brushed aside complaints" about the Russian invitation list.

The report also asked whether the games were Turner's way of playing "a game of capture the flag—the Olympic flag." Turner, via telephone denied the assertion that he was "being used as a pawn" or was undermining the Olympic movement.

NBC says "failure." Less kind was NBC-TV *Today* show host Bryant Gumbel, who, in an interview with the head of the U.S. Olympic Committee, declared the games a "failure" as both a sporting event and as a commercial venture. The Olympic official, using more diplomatic phraseology, suggested that the games would have done better if organized by the national Olympic committee.

CBS, the target of an unsuccessful takeover attempt by Turner, showed Dan Rather issuing a terse, six-line report stating that "the Reagan Administration flicked a jab" at the games by denying military personnel permission to take part. The report termed the games "a promotion and publicity effort co-sponsored by the Soviet governments and American promoter Ted Turner."

Newspaper sports page coverage appeared mixed. Most accounts treated the games as a credible sporting meet (TBS had flown in selected journalists to Moscow at its expense). But many of the sports scribes also freely quoted harsh criticisms of participating coaches and athletes, some of whom complained of unfairness and cheating by Soviet officials supervising the events.

TBS executive vice president and chief Goodwill Games negotiator Robert Wussler, who declared the games a success, also joined the critics at one point, calling Soviet officials "turkeys" for not encouraging turnout at the events, most of which were sparsely attended.

FNN partners in shopping

Phase two of cable's home shopping boomlet—the entrance of established satellite networks and computer shopping firms—is about to begin.

Financial News Network has partnered with Comp-U-Card International of Stamford, Conn., which bills itself as the leader in computer-based home shopping and travel services. Financial details of what was described as a "joint venture" were not disclosed.

The partners plan a multi-hour home shopping block entitled "TelShop," to launch on August 4. The FNN shopping block won't air in primetime, but, according to FNN, from midnight to 6 a.m. on weekdays, and until 5 p.m. on weekends.

FNN reaches 21 million homes in the daytime, but only 16 million in the evenings. It was still unclear whether the shift to late-night home shopping would result in greater carriage.

The shopping show is being produced in-house by FNN, live from its West Coast studios in Santa Monica, Calif., where the bulk of its daytime production is done. Merchandise fulfillment will be handled from three Comp-U-Card fulfillment locations nationwide, and cable operators will get at least 6 per cent, and possibly more, of gross sales generated in their franchise areas, according to FNN senior vice president Elio Betty.

The initial decision not to preempt FNN's existing "Score" sports talk and sporting event block came as something of a surprise; some observers speculated that by going to home shopping in primetime, FNN could counter-program cable and broadcast networks, while competing head-on in primetime with the leading 24-hour shopping networks, Home Shopping Network and Cable Value Network.

FNN executives, however, say they want to get the show off the ground without disturbing their service's existing format—although they hold open the possibility that the shopping show could someday supplant evening *Score* call-in blocks during primetime.

"I don't think we're prepared to encroach on it, at least not at the outset," Betty says, adding that the shopping service will be heavily promoted during other FNN hours.

Betty says FNN's shopping show will reflect higher production values than its competition. He also says the show may partly utilize a game show format, "so viewers can win prizes for free while they're buying."

Talk 'radio' comes to cable

Can a televised version of a radio talk show draw viewers to a cable sports network?

Madison Square Garden (MSG) Network, which reaches nearly two million cable households in the greater New York metropolitan area, thinks that a video version of WNBC's radio *Sports Night* talkfest will score a hit with followers of Gotham sports teams.

In a novel partnership, MSG plans a trial run of eight live, three-hour *Sports Night* telecasts over a nine-month period. The video version, to air weekly on Wednesday nights, debuts July 23, at 8 p.m. Each edition will feature a special guest along with the call-ins.

The show represents the first recent original, non-sports event programming venture for the advertiser-supported cable network, the industry's largest regional sports web, a division of Gulf+Western.

While the WNBC program runs each weeknight, MSG will present only the Wednesday night version, transplanted on those nights from NBC's Rockefeller Center studios to the Hall of Fame Club, a private haunt inside Madison Square Garden. Radio host Dave Sims will preside over the simulcast.

According to an MSG spokesperson, the arrangement calls for MSG to fund the video production, while WNBC handles the radio and talent ends.

MSG will sell cable advertising availabilities, while WNBC will continue to sell its own radio ads.

The two organizations already have a business relationship; WNBC airs local New York Knicks and Rangers games, the rights to which are held by the Garden.

For host Sims, the venture marks a return to TV; he was a sports producer and anchor for KYW-TV Philadelphia, and was a sports anchor for the defunct Westinghouse-ABC Satellite News Channel. Prior to his broadcasting days, Sims was a sportswriter at New York's *Daily News*.

According to insiders, MSG has been pondering a regular sports talk show for some time. Its plans may have been accelerated by Financial News Network's nightly *Score* sports talk block, which began a year ago. The FNN sports feature, however, could be cut back in favor of a home shopping block (*see related item*).

Shakeup at X*Press

Largest cable MSO, Tele-Communications Inc., has taken a controlling interest in X*Press Information Services Inc., a satellite-fed, cable-delivered home computer data and information network that appears to be dearly in need of additional subscribers.

TCI, which previously held a one-third interest in the operation, now holds two-thirds. The higher equity stake is the result of the transfer by hardware supplier Telecrafter Corp. of its one-third share of X*Press, in exchange for a 10 per cent limited partnership interest. TCI also has agreed to assume Telecrafter's portion of any future funding requirements of the partnership. The one-third stake held by publisher McGraw-Hill Inc. was unchanged by the transaction.

Accompanying the equity shift was the departure of X*Press president and founder Paul Maxwell, a former trade journal publisher. He was replaced by Gerald Bennington, who was an executive vice president at X*Press.

The venture, in operation for a year and a half, has signed up only about 1,000 subscribers, but says it has entered into launch agreements with most of the nation's largest MSOs.

Telecrafter president A. Clinton Ober said "concern for the financial stability" of hs firm led it to reduce its X*Press stake.

X*Press' struggles appeared reminiscent of past attempts, most of them unsuccessful, to establish textual pay services on cable. Observers say the growth of X*Press has been retarded by several factors. Initially, the service was accessible only to owners of IBM and IBM-compatible personal computers, limiting its potential base. (Software is now available for Apple and Commodore computers.) Also, the firm faces competition from other text and data services delivered via the vertical blanking interval (VBI) and by FM radio band.

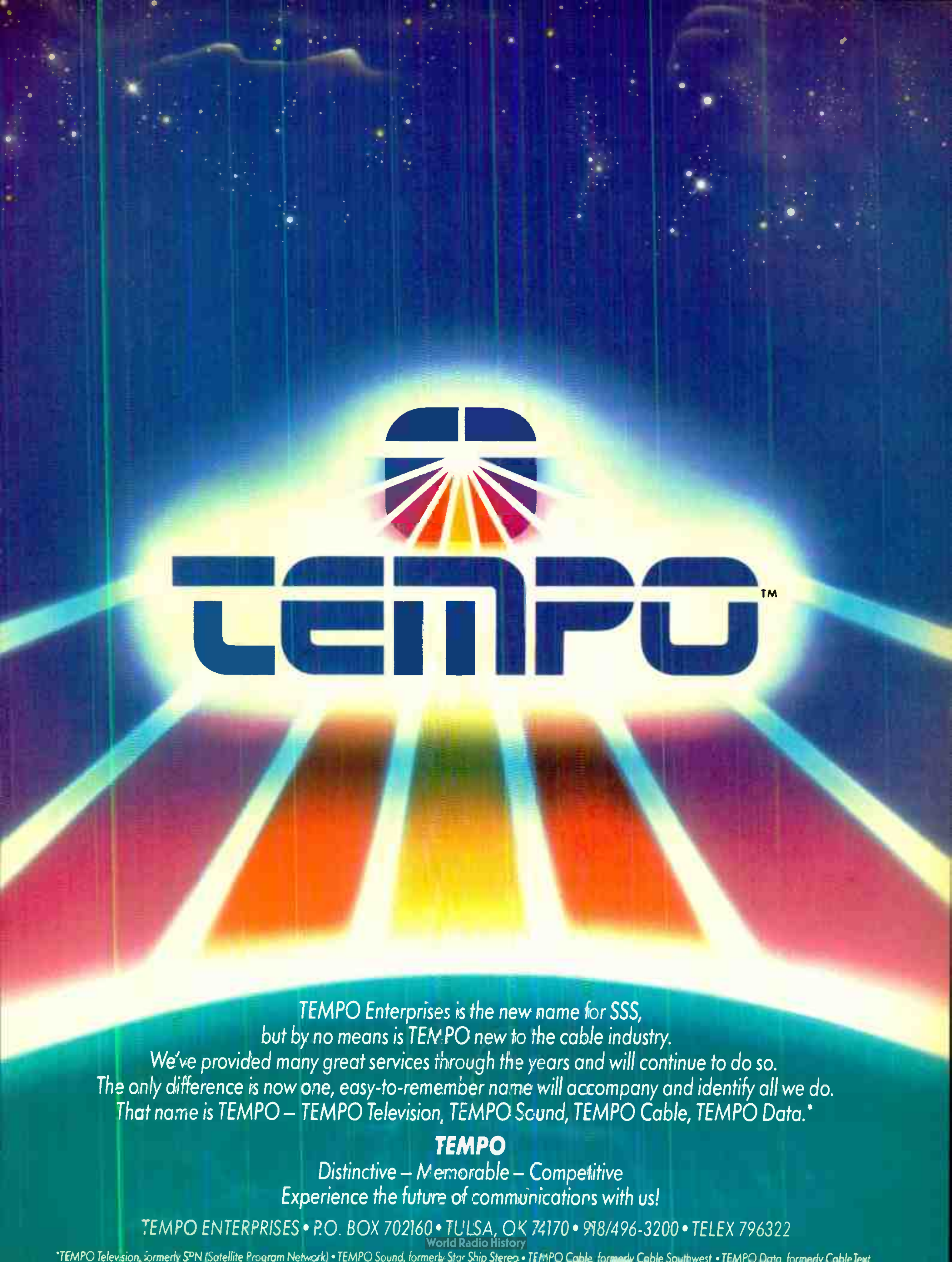
Some cable operators, recalling the failed efforts of such heavyweights as Time Inc. and Times-Mirror in the text service business, have appeared reluctant to aggressively roll out and promote X*Press.

Another factor hampering X*Press' growth: Many small businesses and institutions that could benefit greatly from the service don't take cable service, or are not wired for cable.

Estimated national cable spending—May, 1986

Parent co.	Est. spending	Year-to-date
1. Procter & Gamble	3,046,648	12,954,483
2. Anheuser-Busch	2,750,216	7,519,176
2. Philip Morris	2,653,433	10,120,678
3. Mars Inc.	1,573,264	6,944,335
4. Honda Motor	1,082,157	3,092,950
5. Gillette Co.	921,595	3,733,438
6. Turner B'casting	913,937	2,531,233
7. RJR Nabisco Inc.	887,048	3,836,520
8. General Motors	861,436	2,705,678
9. Lee Pharmaceutical	812,025	3,360,036
10. Delta Airlines	794,765	1,839,154

Source: Broadcast Advertisers Reports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Radio Report

Station acquisitions brisk and prices are high

Radio stations, individually and in groups, are drawing some hefty prices. Washington-based EZ Communications has agreed to acquire nine radio stations from Affiliated Broadcasting, Inc. for $65.5 million. The stations are KMPS AM-FM Seattle, KRAK AM-FM Sacramento, KFYE(FM) Fresno, KAMJ/KFLR(FM) Phoenix and WOKV/WAIV(FM) Jacksonville. EZ already owns and operates seven other stations: WEZB(FM) New Orleans, WBZZ(FM) Pittsburgh, WBMW(FM) Washington, WHQT(FM) Miami, KYKY(FM) St. Louis, WEZC(FM) Charlotte and WEZS(FM) Richmond.

In another transaction, Keymarket Communications of Augusta, S.C. has agreed to purchase KOKE-FM Austin, Texas from Iva Lea Worley Barton and her son, David Worley for $15 million, subject to approval by the FCC. Sister station KOKE goes to its general manager, and former general manager of KOKE-FM as well, Jim Ray, for $1.5 million.

And in negotiation is the likely transfer of KOB AM-FM Albuquerque, N.M. from Hubbard Broadcasting of Minneapolis-St. Paul to New York-based Price Communications for $16.5 million, also subject to FCC approval.

Meanwhile, a healthy $20 million is the price Tichenor Media Systems' Spanish Radio Division is paying Command Broadcast Associates for Spanish-language WADO New York. Media broker H. B. La Rue represented both the buyer and seller in this transaction. With FCC approval, this sale is expected to be completed by the end of this year.

Hispanic market's value. At Tichenor headquarters in Texas, Manuel A. Escalante, director of marketing, points to some of the reasons why the value of Spanish-language stations is climbing. He reports new 1985 data from Strategy Research Corp. that shows 56.7 per cent of U.S. Hispanics 16 years or older are employed. In the previous year, 1984, says Escalante, the gender breakdown was 69.6 per cent of Hispanic males employed, versus 67.5 per cent for all U.S. males, and 46.0 per cent Hispanic women employed, against 46.1 per cent for all women.

Escalante also recalls that in 1980, 35 per cent more Hispanics held white collar jobs than in 1970, while during that same decade the increase in white collar jobs for the general population was 8 per cent. He adds that in 1978 the median family income of the general population was $16,786, against $11,421 for Hispanics. But by last year, median income for the general population had climbed some 9.9 per cent a year to $28,400, while Hispanics showed a yearly increase of 10.6 per cent to $19,900. "Again," says Escalante, "we find upward mobility. Also, we are the only 'new' market in town."

Radio-TV sale. And in a sale that involves television as well as radio properties, SFN Companies, Inc. has signed a definitive asset purchase agreement, agreeing to sell its radio and television stations to Commacq. Inc. for $155 million in cash. The radio properties are KCAP/KZMT(FM) Helena and KGVO Missoula, both Montana. The television stations are WJBF-TV Augusta and WTVM-TV Columbus, both Georgia; WAPA-TV and Televicentro Films, Inc., San Juan, Puerto Rico; and SFN's interest in KSCH-TV Stockton-Sacramento. Not included in the transaction is SFN's interest in Spanish-language KVEA-TV Los Angeles.

Commacq. Inc. is a corporation formed by members of the management of SFN Communications, Inc., a wholly-owned subsidiary of SFN Companies, Inc., and other outside investors. In addition to FCC approval, the transaction is also subject to Commacq. Inc. obtaining certain financing commitments. The SFN Communications management buy-out group would include Sherman C. Wildman, president, and Christopher J. Brennan, vice president, finance and treasurer, and other members of current station management.

Pioneering teleconference

Simultaneously, at 11:30 a.m. (ET) on July 24, media men Bill Hansell of BBDO, Paul Thury or Scali, McCabe & Sloves, both New York, Ross Currie of Ogilvy & Mather in Chicago, and Darrell McGuire of Allen & Dorward in San Francisco, plus other agency media people in Detroit and Dallas as well as in Chicago, San Francisco and New York, are scheduled to see what's billed at "the first live, multi-city, two way radio sales presentation transmitted via satellite from Los Angeles."

Both subject and host of the pioneering transmission is KIQQ Los Angeles. Brad Lusk, national sales manager of the Outlet Communications station, says, "Not only is the transmission extremely innovative, but cost efficient as well."

The presentation, *Why Your Clients Love Us*, is timed to coincide with the station's one-year anniversary featuring "all music, all memories Format 41." Tom Moser, KIQQ vice president, general manager, reports that participants in the teleconference will include Brad Lusk as moderator, Bill Moyes, president of The Research Group and originator of Format 41, who will describe the format, Frank Oxarart, president of Select Radio Representatives, who will describe the rep company's new operational strategy, and Allen Klein, president of Media Research Graphics, who is scheduled to discuss Format 41's 35–44 target demographic and the Los Angeles market.

NYMRAD marketing thrust

"Continuation of our emphasis on marketing—working to develop more new radio dollars for NYMRAD member stations" will be the primary focus of The New York Market Radio Broadcasters Association during the remainder of this year and next, says Mike Kakoyiannis, vice president, general manager of WNEW AM-FM New York and new 1986–'87 chairman of NYMRAD.

Kakoyiannis says that NYMRAD will continue to be "marketing driven and revenue driven," and that Shirley Baker, the Association's marketing director, "will continue on the successful path she's been following in developing new accounts and working to bring new dollars into radio."

Eastman promotes

Leading off a series of high level executive promotions at Eastman Radio, Bill Burton has been elected chairman of the board, Lee A. Lahey and David MacAllister move up to senior vice presidents, and Mike Nicassio has been elected vice president/eastern region.

Burton joined Eastman Radio in Detroit in 1961 and was elected president of the company in 1978. For the past two years he has been vice chairman of the board, working out of Detroit.

MacAllister has been with Eastman since 1975, rotating between the rep's Chicago, St. Louis and New York offices. In his new post, MacAllister is senior vice president/midwest region, headquartered in Chicago.

Lahey came to Eastman in 1958 when the company originally set up shop, and now steps up from eastern region manager to senior vice president/sales.

Nicassio came aboard in 1977 in the Los Angeles office and transferred to the New York office in 1982. He has been New York office manager since 1983, and as head of the eastern region will now oversee sales activity out of the Atlanta, Boston and Philadelphia offices, as well as New York.

Burton

MacAllister

Lahey

Nicassio

RadioRadio board elects

Newly-elected chairman of the CBS RadioRadio Affiliate Board is Gene Boivin, vice president/general manager of KRQX(FM) Dallas-Fort Worth. Other Affiliate Board officers representing the young adult network's 160 affiliates include vice chairman Jack Bennett, vice president/general manager of WHBF(FM) Rock Island, Ill.; treasurer, Alan Noyes, vice president/general manager WORK(FM) Barre, Vt.; and secretary, Phillip Zachary, vice president/general manager of WXTC(FM) Charleston, S.C.

The board's past chairman is Manny Broussard of WGGZ(FM) Baton Rouge. Other Board members are Carl Brenner, executive vice president/general manager of WQRS(FM) Baltimore; Charles Jones, vice president, WAVE(FM) Tampa; and Tom Chauncey II, station manager of KOOL-FM Phoenix.

Wide scope for Radio '86

Sessions on every aspect of sales, engineering, programming and station management will be available at Radio '86, scheduled for September 10–13 in New Orleans. Topics at the convention, sponsored by the now combined National Association of Broadcasters and National Radio Broadcasters Association, run the gamut from *Making AM Work* and *Selling Local Store Chains*, to *New Business Development*, *Station Acquisition for Minorities* and *How to and How Not to Use Research in Programming*.

The Radio Advertising Bureau will be represented by Bill Stakelin, president, and Bob Galen, senior vice president, research. NAB president Eddie Fritts will kick off the opening general session with a research-based discussion of potential new directions for radio. John Naisbitt, author of *Megatrends*, is scheduled as the convention's keynote speaker, covering emerging business trends. And Gary Owens, Gannett's vice president of creative services and host of the morning show on KKGO(FM) Los Angeles, will be presented with the 1986 Radio Award.

NAB's busy research units

While the Radio Audience Measurement Task Force of the National Association of Broadcasters continues to examine the proposals of eight research companies for "an alternative radio audience measurement service to Arbitron (TV/RADIO AGE, June 23), Arbitron itself is weighing the suggestions of another NAB committee, COLRAM Committee on Local Radio Audience Measurement) for a possible redesign of the Arbitron listener diary.

The suggestions include redesigned text, heavier paper stock, and different color formats. Arbitron plans to do a study of such a new diary's effectiveness that would help the ratings company determine which of the suggested new features to include and also help come up with a way to measure the potential success of such a new diary format.

Radio Business Barometer

Web toppers explain success

At the radio networks, top executives point to a number of factors propelling the medium's continued success.

Referring to the more recent increases, Lou Severine, vice president, director of sales, ABC Radio Networks, points out that in addition to Sears Roebuck, which has "at least doubled its radio network investment for this year's first half, following what was already a very strong vote of confidence for network radio last year, Detroit is back on the networks in enough strength so that our domestic auto makers are competitive with the imports."

On a broader note, Dick Brescia, senior vice president, CBS Radio Networks and chairman of the Radio Network Association, observes that the networks' revenue gains are coming from a wide variety of sources. "Growth has come from both advertisers marketing to youth and young adults, and from the copier, computer, telecommunications and similar business-to-business advertisers targeting the business decision makers."

Geographically, adds Brescia, business has increased out of Chicago, Detroit and the West Coast as well as out of New York.

Looking back a few years, Stephen Soule, vice president, sales, NBC Radio Networks, sees two developments that have helped spawn the networks' steady increases. One, he points out, is the "move from land lines to satellite distribution that provided first class audio quality we didn't have before, and allowed the networks to distribute their programs more efficiently. Satellite distribution has allowed more players to enter the network business, and allowed each player to do more."

Soule's second reason is "addition of a new element to network radio—the youth networks, which didn't exist before 1980, but which, once launched, really took off."

Art Kriemelman, president, Mutual Radio Network and vice president, marketing, of Westwood One, observes that the radio networks have benefitted from "a growing base of advertisers. This base, he notes, "includes those advertisers, relatively new to our medium, who have seen the successful results coming out of their initial short term tests of network radio, as well as such major advertisers as Sears, who have found radio so productive that their investments with the networks continue to grow."

Clients return

Still another contributing factor, says David Landau, senior vice president, sales, at the United Stations Radio Networks, has been the return of such network advertisers as Campbell Soup, FTD, and Procter & Gamble for still another season.

And C. T. Robinson, chairman of the board of Transtar Radio Network, notes that, "Between them, the growing number of radio networks provide a tremendous choice of offerings that enable advertisers to use one, or to combine any two or more, to target any specific age bracket very efficiently. The result is that more and more advertisers today recognize what a great media value network radio is."

Network +12%

(millions) **1985: $31.5** **1986: $35.3**

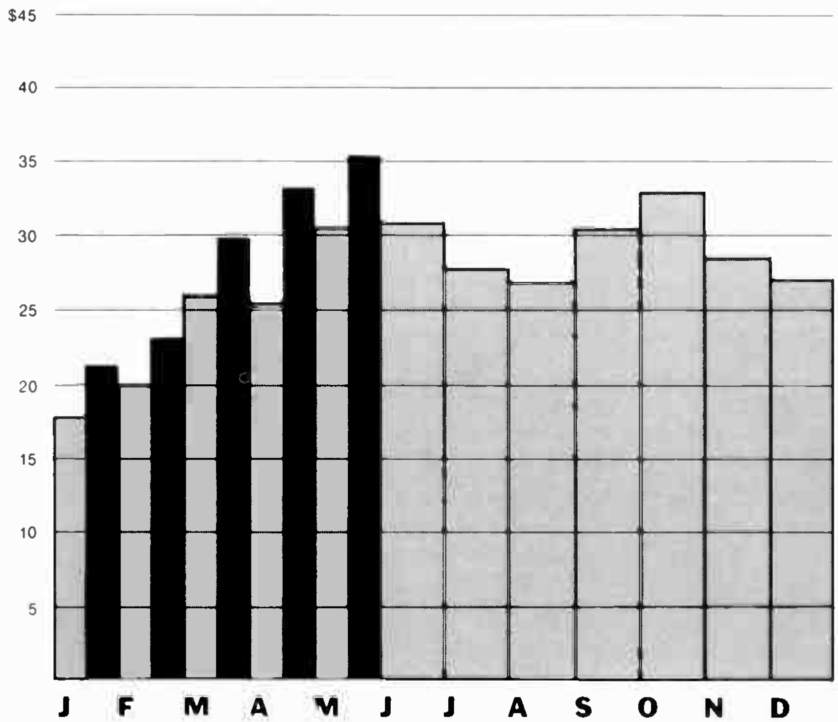
Changes by territories

Territory	Billings (000)	% chg. 86–85
New York	$20,678,099	+11%
Chicago	9,047,932	−1
Detroit	3,272,542	+59
Los Angeles	2,297,791	+26

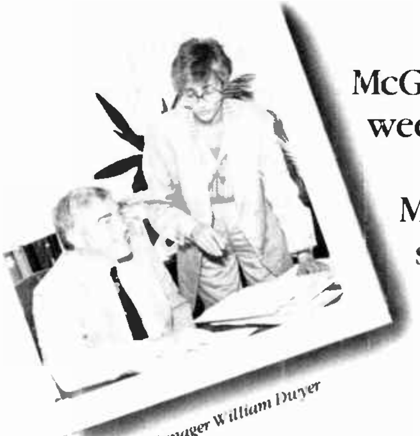
Source: Radio Network Association

May

Network (millions $)



Valerie Tuttle knows more about KFAC and KNBR/KYUU because she's been there.



KNBR General Manager William Dwyer and Valerie.

McGavren Guild Radio salespeople will spend up to two weeks this year working at our client stations.

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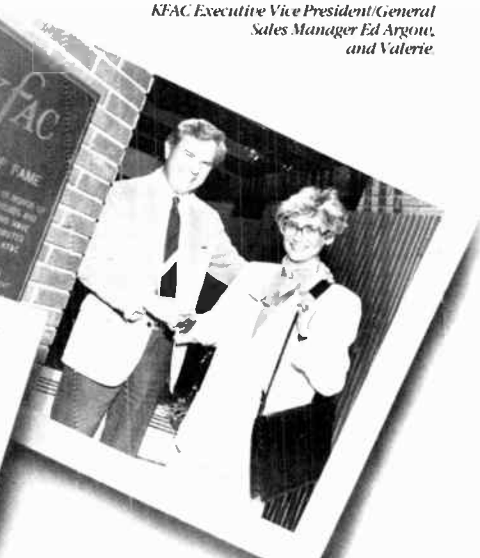
"I experienced such a feeling of energy and spirit of teamwork at KYUU that I can't wait to visit again. You really have to see San Francisco to appreciate the typography and importance of KNBR's AM signal. KFAC is in a class by itself–the station is phenomenal."

At McGavren Guild Radio we believe the best way for a national rep to sell beyond the numbers is to have reliable, first hand station and market knowledge through regular visits to our client stations.

Valerie, KNBR General Sales Manager Dave Kendrick and Sales Manager David Bramnick.



KFAC Executive Vice President/General Sales Manager Ed Argow, and Valerie.

KFAC National Sales Manager Susan Wallace, Promotion & Advertising Director Susan Tudisco, Valerie and Sales Assistant Denise Roberts

KYUU Vice President General Manager Terry DeVoto, General Sales Manager Bob Barnett and Valerie

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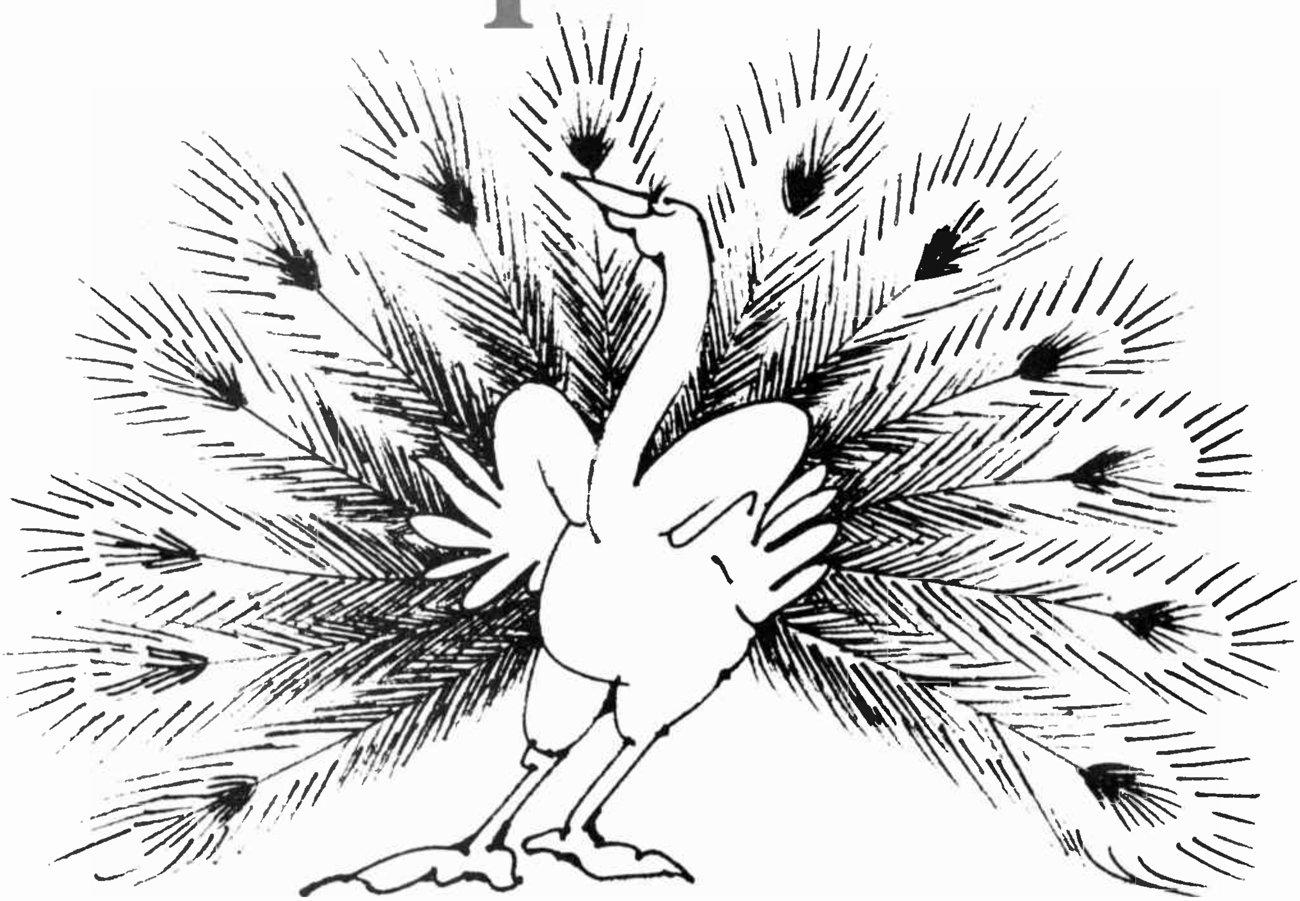

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Group, station execs acknowledge shakeout and 'temporary' dip in shares

Indie's growth is stabilizing; 1st-run key to future gains

By GEORGE SWISSHELM

Television/Radio Age

July 21, 1986

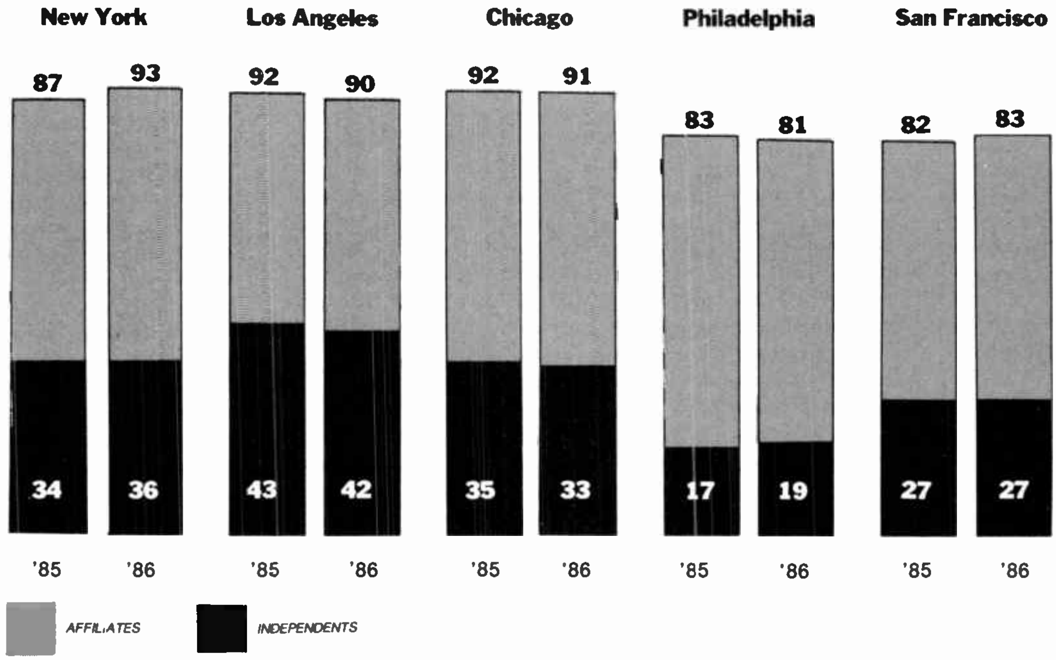
As independent television enters a new phase of consolidation and stabilization, most group and station executives see the recent period of rapid new station expansion receding from its 1984 and '85 peak. Many expect a shakeout and a few dropouts, as overpopulation of channels in some of the larger markets creates a Darwinian scenario that leaves the survivors stronger.

That overpopulation is believed to have aggravated the slowdown in national spot business which afflicted all TV during the first four months of the year. It may also have contributed to the slight leveling off of independent audience share increases in the top 25 markets as indicated in the May Arbitron sweep—the first sign of a drop in indie shares since TV/RADIO AGE began analyses of the top 50 Arbitron markets in the early '80s (*Spot Report*, July 7). But most independents see this dip as a temporary phenomenon and point to the new first-run programming entering the syndication pipeline. As one station executive explains: "The real independent story today is the new shows on the way" (See programming stories on pages 38 and 41).

The long-term prognosis for independent television is "extremely favorable," says Harry Pappas, president Pappas Telecasting. "Where an independent has coverage parity with its affiliate brethren and a well developed and well balanced program schedule, the advantage of controlling all, or nearly all, of your program inventory can make that independent the top or near-to-the-top revenue producer in its

The glut of independent stations may be a factor in leveling of indie share increases in the top 25 markets.

Share changes in top 5 ADIs*



* Mon.–Sun., sign-on to sign-off, HH shares for stations with recorded viewing, Arbitron May 1985 & 1986

market. We've seen it happen in the top 10 markets, in the top 20, the top 30, and in markets below the top 50. This is the case with our own station in California, and more independents are now entering this stage of their development."

Derk Zimmerman, president, Fox Television Stations, agrees that the long range outlook for independents is healthy. He's not too concerned about the recent slowdown in national spot activity, because, "You make it up in local." He observes that the current period of disinflation "has mitigated the increases we've seen in the past. The way to make up for that and put revenues back on track is to work on increasing your audience shares, and the way to do that is to air quality programming. That's why independents are interested in the new sources of programming opening up, including our own."

In Philadelphia, Gene McCurdy, chairman of the Association of Independent Television Stations (INTV) and president of WPHL-TV, believes that independents are "moving in the direction of less reliance on off-network product. And while barter syndication continues to be an important program source, I think the barter distributors will increasingly find themselves in head-to-head competition for clearances with the so-called 'fourth network' offerings."

Jim Dowdle, *president of Tribune Broadcasting, sees a period of consolidation of independent gains to date replacing the recent period of rapid expansion of independent station sales growth.*

Jim Dowdle, president, Tribune Broadcasting, sees a period of consolidation of independent gains to date replacing the recent period of rapid expansion of independents. He observes that, "There have been a lot of changes in the past couple of years that the marketplace has to absorb. Besides the many new independents adding to viewer and advertiser alternatives, additional cable and videocassette alternatives have also developed. At the same time there are also all the many changes in agency and client relationships that the marketplace will have to accomodate until all the merger dust clears."

Tim McDonald, president of the TVX Broadcast Group, sees independents "entering a period of stabilization. All these new-builds have been driving up prices of syndicated product, and in some markets have dumped enough new inventory into the marketplace to drive the price of advertising time down. But now, with the number of new builds leveling off, it will take some truly spectacular first-run product to push program prices up."

One result, says McDonald, is "a softening of half-hour prices compared to what we've been up against most of the time over the past five years. I've recently bought half hours, and hours, too, at more reasonable costs."

Also pointing to new stations and their additional inventory of time, Dudley Taft, president, Taft Broadcasting, characterizes advertising activity generally as being in a trough. "First, there's the general market softness that's affecting everybody. Then there's the additional inventory available to advertisers through barter, and, in multistation markets, there's the additional factor of new stations that have moved in with still more inventory."

Taft is confident, however, that, "This will eventually level out and take care of itself as more advertisers are brought into television. But it could take awhile for equilibrium to come back and reassert itself."

Bill McReynolds, president of the Meredith Broadcasting Group, points to "a confluence of factors contributing to the general lethargy." For one thing, he says, the current softeness "is a natural result of many months of disinflation in the general economy that has now caught up to the advertising marketplace, affecting magazines as well as television. Add to this the overlay of advertising dollars going into barter syndication, the general softeness at the networks which rubs off on national spot, and the number of new stations in many markets now competing for available advertising dollars. There's also the growing sophistication of local buyers and growing awareness of buyers at the national level of the clout the slowdown in the economy gives them. And on top of all this, computerization now gives buyers the information they need so much faster, that they no longer need so much lead time. Today they can buy later, much closer to start date for a schedule. That can make the sellers pretty edgy. We used to say sales departments of television stations were usually three weeks from panic. Today, with computers at the buyers' fingertips, there are times when the sales side is only three days from panic."

Temporary dip

Asked about the dip in independent audience gains that appeared in Arbitron's May sweep, most independent executives see it as temporary. In Minneapolis-St. Paul, Stuart Swartz, vice president, general manager of KMSP-TV, says he always looks at everything "as optimistically as possible, so I'd see it as a one-time fluke. In our market, we had some exceptionally good weather this spring. Up here in the Twin Cities we don't usually get that much that early in the year. So there were more kids and young people outdoors and fewer in front of the set in early afternoon and the prime access period. But once the sun went down and everybody came back in, it didn't affect our pri-

Bill McReynolds, *president of the Meredith Group, says the current softness of the market is a natural result of the many months of disinflation in the general economy that has now caught up to the advertising marketplace.*

Tim McDonald, *president of the TVX Broadcast Group, says the abundant new-builds have been driving up prices of syndicated product but that with new-builds leveling off, it will take spectacular product to continue this trend.*

metime performance. Our primetime audiences continued strong."

Gerald Walsh, president and general manager of Gannett's WLVI-TV Boston, predicts that for stations "who sit back with old black-and-white movies and let the competition kill them, whatever they lost in the May sweep is likely to keep happening to them. But it doesn't have to be that way. It won't be for the stations that stay two steps ahead of everyone else and program in unique ways. offering viewers an attractive difference."

For his station, says Walsh, "That difference is the Celtics and our *10 O'-Clock News*, the only one in the market. *Operation Prime Time* has been very successful. And so are stunts, like *The Mystery of Al Capone's Vaults*, with all those viewers tuning in out of curiosity, to see what was in the long-locked safe. And some first run barter movies are successful. But you have to make sure it's your station that gets them."

Programming variety

Tribune's Dowdle says that the good news for independents is that "There's new programming in development from a growing number of sources. One effect of this is that while independents will continue to buy programs from current syndication suppliers, including off-network series, we may not have to buy so much of it, and we and our viewers will all benefit from a much wider choice."

He adds that the new first-run programs on their way "help all television, independents and affiliates alike. A number of affiliates are also signing up for some of the new first-run sitcoms."

Kevin O'Brien, vice president, general manager of Cox Enterprises' KTVU(TV) San Francisco, agrees that the long range outlook for independents is "very positive, particularly from the programming standpoint. We're excited about the new Fox network, about the continued availability of quality, first run children's programming, and about the success of the various barter networks. The more players who enter the program production game, the more options that provides to all broadcasters."

The way O'Brien sees it, the Fox network, "is one of the best things that could happen at this stage of independent development. I'd urge every independent management team to get behind it and do everything they can to make the Fox initiative a success."

Meredith's McReynolds says he's not sure how much effect some groups' ability to produce their own shows "is likely to have on the rest of us. Like the traditional network O&O deal, owning their own six or seven stations will give any program a group turns out a start. But the guarantee of a start is not necessarily a guarantee of success."

McReynolds says the chief advantage to all television is that product made by more groups will increase the pool of programming available. And that, he adds, "will increase the likeli-

Harry Pappas, *president of Pappas Telecasting, observes that in markets where independents took audience dips in the May sweep, it may be the temporary effect of so many series running into their third or fourth season.*

Gene McCurdy, *INTV chairman and president of WPHL-TV Philadelphia, says failures may be likely in some of the major markets, due both to insufficient ad dollars and insufficient supply of programming.*

hood that every now and then a real gem will emerge. Anything that increases the chance of adding to the total stock of quality programming will be good for everybody."

Taft observes that, "Assuming the new programming from the groups performs well, having access to their own source of supply for their own markets could give groups a competitive edge. And we think that a lot of good product is coming on line. We co-produce *Throb* with Procter & Gamble for barter syndication, and we're in discussion with Fox for *Joan Rivers* for Philadelphia and Miami when it starts this fall. We're also interested in Fox's Saturday and Sunday lineups that should be ready for spring. But all of this, including *Joan Rivers*, is yet to be resolved."

Back in Minneapolis, Swartz agrees that more product from the station groups "should be good for all stations. If these groups can produce enough successful programming, it should help lower program costs. And I don't think Fox will be the only company with a major studio in on it. I think some of the other big film studios will also be getting into more program production for television."

Pappas observes that in those markets where independents took audience dips in the May sweep, "One book does not a trend make." He notes that, "It may be a temporary effect of so many series this year running into their third or fourth season, causing a boredom factor to start setting in. But if this is the case, that should turn around

(continued on page 70)

INDEPENDENT TV SCENE

Off-network premieres include hour adventure series, only two sitcoms

Fall first-run focus on weekend sitcoms, late-night comedy

By LES LUCHTER

Flashback to one year ago. Independent television stations and their reps were all abuzz about an upcoming program innovation that promised to change the shape of daytime. Remember something called Inday?

These days, the focus has shifted to new late-night Monday–Friday talk shows and first-run sitcoms for weekend early fringe. The most confident talk, however, centers around the sitcoms.

Their acceptance at this year's NATPE convention was stronger than expected and by this coming fall, 11 of these weekly shows will be on the air with a 12th scheduled for January, 1987 (see *First-run sitcoms expected to triple by fall '87 season*, May 26). Of the 12 first-run sitcoms for the '86–'87 season, seven have not previously aired in syndication.

Some are bound to fail this time around, predicts Sharon Wolf, vice president of research and programming for Independent Television Sales, because of the almost unanimous decision by indies to program them in weekend blocks, sure to pit the shows directly against each other in major markets. "You just have to hope the ones you selected are better than the ones your competitors selected," notes Greg Miller, vice president, television and cable broadcasting, Taft Broadcasting.

Off-net scarcity

Two Taft stations may even run the off-network *Silver Spoons*, as part of their weekend sitcom blocks rather than as a daily strip, Miller reveals. *Facts of Life* is the only other major off-net sitcom premiering in syndication this fall, and Wolf says this scarcity of new off-net product places an even greater importance on the first-run fare. "The first-run sitcoms are of particular interest to those independents who don't have a lot of off-net sitcoms in their library," she continues. "This is something new and fresh for them for the fall." Both *Silver Spoons* and *Facts of Life* are products of Embassy Television.

A station can't add something to a schedule without dropping something else, but indies appear to have few problems making room for the new shows. "We're either dropping other sitcoms or dramas that we've had before," says Miller, "and maybe a half hour or hour of movie time."

Ironically, the first-run sitcoms may actually serve to extend the runs of the very off-net sitcoms they're replacing on the weekends. John von Soosten, vice president and director of programming for Katz Communications, explains that since stations buy an off-net show for a certain number of runs, "you may be able to prolong the life of a show by running it five days a week rather than six."

Jack Fentress, director of programming at Petry, sees "marginal off-net programs" falling by the wayside. The sheer number of indies now on the air is all that's keeping these shows in syndication, he maintains, and eventually either their costs will be forced down or they'll be replaced by first-run fare. "With first run," Fentress states, "you're not tied up for four to six runs over five or six years. First-run is theoretically on a year-to-year basis, almost like pay-as-you-go. If it doesn't work, you're not stuck with a white elephant on the shelf."

"What so many independents prefer about the sitcoms in general is flexibility," says Wolf. "They can always move them to other dayparts."

New first-run sitcoms for fall '86 are: Colex's *Gidget*, Lorimar-Telepictures' *Mama's Family* and *One Big Family*, 20th Century Fox's *9 to 5*, Worldvision's *Throb* and Viacom's *What a Country*; new for January '87 is MCA TV's *Charles in Charge*.

First-run sitcoms having aired in

L-T's 'Mama's Family'

20th Fox's '9 to 5'

MCA TV's 'Charles In Charge'

syndication prior to fall '86 are: Taffner's *Check It Out* and *Ted Knight Show*, Lorimar-Telepictures' *It's a Living*, 20th Century Fox's *Small Wonder* and Colex's *What's Happening Now!!*

Big test for hours

Hour-long off-network programs are still considered a question mark. "There is particular resistance to hours," says Janeen Bjork, associate program director at Telerep. "People saw a couple of hours work in the past but what they didn't get, with the exception of *Little House on the Prairie*, was a long-term franchise that was going to work year after year. You can run good sitcoms like *Three's Company* without a rest for three or four years."

MCA TV's *Magnum P.I.* and 20th Century Fox's *The Fall Guy*, sold to stations at premium prices in advance, will hit the indie airwaves this fall. "They paid a lot of money for them, so they'll be running them," says Bjork. But the future of syndicated hours may indeed rest on Tom Selleck's shoulders. "If *Magnum* does not achieve what a number of people have projected for it, there will be less of an interest in purchasing hours," says Zvi Shoubin, program director for WPHL-TV Philadelphia.

Costs, of course, are a prime factor affecting the future of off-net hours. "If syndication prices continue to increase," Shoubin says, "it behooves independents to go into first-run programming." In some markets, the future has already arrived. "There are high profile off-net programs still available in Dallas/Ft. Worth, simply because the costs were just outlandish," says Clem Candelaria, program director for Gaylord Broadcasting's KTVT(TV).

High costs for syndicated fare may eventually convince stations to seek other kinds of programming, Candalaria maintains. "Stations will have to look very carefully," he says, "at either going into sports franchises, doing some local programming, or getting into co-productions."

But local programming isn't cheap either. WPHL-TV is looking to add more such programming—namely a game show—to its lineup in the next six months, but Shoubin says research and development will not proceed without initial sponsor interest. Local programs have appeal, Shoubin says, because "it makes us different from the other stations, which rely primarily on off-net syndication and movies."

What appears to be a trend of network affiliates cutting back on early evening local news could adversely affect indies' ratings during early fringe, however. "The affiliates have finally figured out that they're losing audience shares," says Farrell Meisel, formerly vice president and director of programming at Seltel, who just joined New York's WOR-TV as program director. "There's a tremendous glut of news, and the O&OS and major market affiliates have invited viewers to tune in to independents for pure entertainment."

Late-night competition

On the late news front, meanwhile, all eyes await the arrival of Joan Rivers whom Fox Broadcasting is sending into head-to-head competition with affiliates' newscasts at 11 p.m. (ET).

Mike Levitan, vice president of programming at Blair Television, says this represents a major change for stations—starting an hour program up against the half-hour newscasts, instead of the traditional half-hour sitcom followed by something else against *Johnny Carson*.

Viacom's 'What A Country'

The most confident talk among independents centers around first-run sitcoms. By this coming fall, 11 of these weekly shows will be on the air, with a 12th scheduled for January, 1987.

Worldvision's 'Throb'

Colex's 'Gidget'

Rivers

'Night Life' host David Brenner

All *eyes will be on late night, where two new shows will premiere—Joan Rivers from Fox and 'Night Life' from King World.*

According to one rep, who asked not to be identified, it's during this first half hour that Rivers and Fox face their greatest challenge, not during the half hour up against *Carson*.

"Historically, the independents that have succeeded against the news were running young-skewing sitcoms," the rep explains. "People who watch the news are people who would watch Joan Rivers on *The Tonight Show*. It's a nice flow for an NBC affiliate to go from the news to *Tonight*, and independents going with a talk show like Rivers are going after the same audience as the news. Putting Joan Rivers up against the news will help other independents, not the independent running Joan Rivers."

Fox's late announcement of the Rivers program has thrown a quagmire into most independents' late-night scheduling plans. With affiliation negotiations still going on in most markets, program directors still don't know if they have to make room for Rivers or plan counterprogramming against her.

This year's fall independent schedules may, in fact, be finalized much later than usual. "There are more things for us to take a look at," says Candaleria. "It's a late acquisition-type approach, to be able to place lead-ins and lead-outs to the properties that become available to us."

"Some final decisions will have to be later," adds Wolf, "since some stations are suddenly purchasing something that's been recently introduced." Also, she notes, stations experimenting with schedules this month want to see the July rating books before deciding on their exact fall programming.

Meisel adds that stations are being more cautious than usual in finalizing schedules partly because they're watching their expenses more closely and because of the soft spot business. And he points out that fourth quarter upfront buying could be affected by late schedule announcements.

Fentress also feels that schedules set too late could affect the ability of rep firms to maximize their sales for stations. But, he says, "The fall schedules are being put to bed as late as possible to get the best possible competitive advantage."

All this may be true but none of it is new, insists David Simon, vice president of programming for Fox Television Stations. "Traditionally, at least in highly competitive markets," he says, "stations usually hold the schedules out until the very last minute—until they have to give them to *TV Guide*."

Children's expansion

Besides the first-run sitcom blocks and the late-night premieres (Rivers and David Brenner's *Night Life* from King World), the most obvious schedule changes at the indies are expected to be outward expansion of Monday–Friday childrens' blocks and an explosion in monthly bartered "premiere" movies (See separate story on movies, page 41).

Wolf expects afternoon blocks to start as early as 2 p.m. and to run as late as 5:30 p.m., and morning blocks to begin before 7 a.m. and end after 9 a.m. She feels that such older off-net shows as *Gilligan's Island* and *The Brady Bunch* may get displaced by anima-

(*continued on page 74*)

Only *two major off-network sitcoms are premiering in syndication this fall.*

Embassy's 'Silver Spoons'

Embassy's 'Facts of Life'

INDEPENDENT TV SCENE

Stations object to long cash availability dates; ad-hoc webs get mixed ratings

Movie prices level off; barter packages continue to surface

After last year's frenetic and fast-changing environment, paced by the growth of ad-hoc networks, the movie syndication marketplace in primetime this year represents what may aptly be called "Movies: The Sequel," for independent stations. As movie packages roll out, the scenario being followed has a familiar ring: theatricals continue to be the dominant genre, making it a rarity for any made-for-TV movies to be included in any of the recent packages being offered for syndication; first-run barter movie packages are proliferating, but not at the same rate as last year, when at least a half-dozen entered the arena; and new cash theatrical packages continue to roll out by most major studios.

But while the activity reflects 'Year II' in some cases, there are several major differences between both years, most notably that movie prices appear to be leveling off from their sharp rises of the past number of years, with but a few exceptions. Cited as reasons are the soft national and spot syndication marketplace until May. (See *TV Business Barometer*, page 22), the questionable value of movies in light of their exposure pre-syndication, and what is being considered a glut of barter/cash packages.

Based on interviews with indie station executives and reps, the following has also surfaced:

- Availability dates on cash movie titles are stretching into eight years or more from initial offering date. Stations are reporting reluctance in buying these packages because of the uncertainty involved in their worth down the line.
- Ad-hoc barter networks are getting mixed to good ratings, or at least holding their own, with the performance depending on the individual title. Some syndicators, bullish on their movie networks, have launched new titles for a second year or have followed up their initial entry with a new package.
- Repackaging of movies is accelerating, representing a viable opportunity to indie buyers who have passed on the originals or who are looking for cost-efficient purchases. Prices on the repackages are much less than the fresh ones, report the stations.

Cash packages

In the theatrical arena, several major packages were introduced just before, during or have premiered since the 1986 NATPE convention. Those sold for straight cash include 20th Century Fox' Century 13, which consist of 26 titles such as *The Chosen*, *Romancing the Stone*, *Max Dugan Returns*, and *Without a Trace*, with five runs over four years; Columbia Pictures Volume 6, which has 21 titles, with eight runs per title over 48 months, including

MCA TV's 'Stick'

Only two new ad-hoc movie networks are being introduced this year: by Paramount and MCA TV

Paramount's 'Beverly Hills Cop'

Against All Odds, *Starman*, *Ghostbusters*, *The Front*, *Moscow on the Hudson* and *Jagged Edge*.

Also among the majors, Paramount Pictures has two cash packages: Paramount's Special Edition II and Paramount's Preview III. The former has 40 titles, and consists mainly of movies from the 1950s to the early 1970s; Preview III, which embraces 20 features such as *Alphabet City*, *American Hot Wax*, *1984*, *Joy of Sex* and *Serial*; MCA TV, with 26 titles, which go under the umbrella name of Universal Pictures Exploitable 13 and Prestige 13. Exploitables includes *Alfred Hitchcock's The Trouble With Harry*, *Moonlighting*, *Under the Volcano* and *Hanna*, while Prestige's features include *Repo Man*, *Cheech and Chong's Next Movie* and *Terror in the Aisles*.

Other new cash packages are Blair Entertainment's Revenge, which consists of 12 first-run suspense mysteries including *Whispering Death*, *Mean Frank and Crazy Tony* and *Order to Kill*, and Blair's Passion, which totals 15 first-run movies, such as *Deathmark*, *Clown Murderers* and *Flash Point Africa*, among others. Revenge has a present lineup of 39 markets, including recent sales to WSET-TV Roanoke-Lynchburg and WGBA-TV Green Bay.

Still another film package consisting of theatricals is being pitched by Orbis Communications, which will distribute 15 adventure films from Pacific International Enterprises. Orbis will distribute the films under the Pacific International Television Network banner. Three of the films have had limited prior network exposure, with high share averages: *Wilderness Family* and *Challenge to Be Free*, each of which averaged a 30 share on ABC in two runs, and *Across the Great Divide*, which did a 29 share on one CBS run, according to Orbis. Other films in the package include *Across the Great Divide* and *Sacred Ground*. At presstime, marketing on the PITN was being worked out.

When it comes to prices, there ap-

20th Fox's 'Max Dugan Returns'

Columbia's 'Ghostbusters'

Stations report that cash fees for movies are not escalating as sharply as they have in previous years.

Paramount's 'Serial'

MCA TV's 'Repo Man'

Blair's 'Mean Frank'

Embassy's 'Road Games'

MCA TV's 'Firestarter'

TV NET's 'Tender Mercies'

One indication of how well ad-hoc network features are doing is that a few syndicators have recently announced extensions of their original package.

pears to be a leveling off, with stations reporting that the fees for movies are not escalating as sharply as they have in previous years. WOR-TV New York was said to have paid about $160,000 per title for Columbia's VI, and 20th Century Fox reportedly got about $100,000 per title from WGBO-TV Chicago, for its Century XIII package, both prices considered good buys by reps. However, in markets where the demand is feverish, such as Los Angeles, movie prices continue to skyrocket. For example, according to industry sources, the Paramount Portfolio XII a barter-then-cash package, fetched about $420,000 per feature from KCOP (TV).

But Mel Smith, vice president of programming at the Tribune Broadcasting Group, says that the prices paid in Los Angeles are the exceptions to the current rule. "Generally, there's been a leveling off of prices in all markets that we are involved in. But some of the major studio packages are still able to garner top prices. However, out of 24 or 25 titles, syndicators have to have eight really top-notch titles if they expect to get real top prices in any given market and to remain competitive."

Smith says the intensification of competition among the major studios in offering syndicated movies, plus the added supply of syndicated features coming from independent productions, is one of the reasons prices are lower than the syndicators expected. Matt Shapiro, vice president, director of programming at MMT Sales, agrees that a lot of packages coming out all at once have contributed to stabilizing prices.

Soft marketplace

Also, he points out, the soft syndication marketplace has hurt the stations in spot as well. Shapiro notes that strong markets such as Houston and Dallas "have slowed down quite a bit. It has not been a good year for stations generally.

"Stations are struggling to meet their bottom line budgets on sales," he continues. "When you're having trouble meeting payments, you are more cautious about spending money. Also, a lot of packages have come out over the past couple of years in a concentrated period of time and there is some apprehension on how valuable these movies will be because of the pre-broadcast exposure."

Shapiro adds that most of MMT's stations take barter into account as a cost, and factor in what the lost inventory is worth when they figure a buy. What will affect future barter buys is tha the market is also slow, along with syndication and network, Shapiro says.

But a soft barter marketplace has its advantages, sources also point out. Serge Valle, vice president, director of programming, at Katz Independent Television notes that because sales are soft the stations to some extent don't feel they are sacrificing that much in giving up inventory in the bartered movies. "However," he adds, "this can change swiftly." Sandra Pastoor, program director at WTTG(TV) Washington notes that the sell-out factor is not as tight in a soft marketplace, so a station is more apt to take a barter movie package then when the marketplace is booming.

But because most of the ad-hoc movie packages are first-run, Pastoor continues, the titles are sold at a premium, regardless of the marketplace's economic conditions. "The fact that they are first-run makes them highly promotable and that they are barter is almost inconsequential. Good first-run titles can offset a soft marketplace." At WKBD-TV Detroit, however, the policy is to limit its primetime movie inventory to 16 minutes per film and, consequently, the station has more to lose when it comes to giving up inventory than other stations, which generally follow the usual commercials route of 20 to 24 minutes per film.

Charging a premium

Paul A. Prange, program director at WKBD-TV, notes that because of its limited inventory policy, the station has a good chance of selling out on its primetime movies. At this point he is resisting buying additional movie packages because it may lead to overkill. He says that by charging a premium on its movies, the station can offset the limited inventory, but any additional purchases would reach the point of diminishing return. "There are so many barter movies, it's turning into a negative, whereby the difference given up in inventory almost can't be replaced." Consequently, he continues, the station will take a "very, very hard look at what WKBD will clear in barter movies."

Valle at Katz says that the renewal

(continued on page 77)

Wall Street analysts feel acquisitions make sense if kept in proper perspective

Station purchases by TV syndicators: What are the limits?

Is the current flurry of activity by program suppliers in acquiring television stations a long-term development, or will it be limited by the number of outlets and size of the markets in which they are available?

That's the question being pondered by financial analysts as they wait for the next shoe to drop following Lorimar-Telepictures' agreement to purchase six Storer Communications stations and one Wometco outlet, MCA's pending purchase of WOR-TV New York from RKO, and what many consider the trendsetting deal—Twentieth Century Fox's buy of the former Metromedia stations.

The movement in this area, analysts agree, is a classic case of vertical integration. But they disagree over how effective the strategy will prove below the very largest markets. And they point out the problem of possible conflicts between a parent company selling its programming and strong-willed station management attempting to exercise its autonomy and protect its bottom line.

"The tendency toward integration of businesses is so universal," says Alan Gottesman, vice president of L. F. Rothschild Unterberg Towbin, "that the fact it's happening in this business is not remarkable. Guys who've made stuff have always tried to control where it's sold."

Adds Fred Anschel, vice president, Dean Witter, Reynolds: "It's a form of vertical integration. People want to control their business outlets. It's normal business strategy."

Top markets only?

But is there room for everyone?

John S. Reidy, vice president and media analyst at Drexel Burnham Lambert, believes "it's tough when you get beyond New York, Los Angeles, Chicago and Philadelphia. You're not going to get into New York with Kansas City or Phoenix."

But a more flexible view is taken by Ed Atorino, first vice president at Smith Barney Harris Upham & Co. "It's easier with the big markets," he says "and the more stations a program supplier has, the more leverage it gives him. But I don't think it's limited to the biggest markets. I don't know where the break point is."

Dean Witter's Anschel believes "it makes sense if you can get a package within the top 25–30 markets—especially if they're attractive markets."

Mark Riely, broadcast & cable analyst at Eberstadt Fleming, points out that "program suppliers tend to have a herd instinct; if they sense one of their brethren is getting leverage by access to distribution, they tend to follow. They see Fox setting itself up as the core of a fourth network. MCA, being a very savvy operator, saw New York as a bottleneck."

At Goldman Sachs, Barry Kaplan, media analyst, believes the benefits in terms of controlling distribution are "more theoretical and conceptual" than practical. "Tribune," he says, "had some clear benefits in buying KTLA [Los Angeles].

"The Storer stations and WTVJ [Milwaukee] bring something of value to Lorimar-Telepictures, but what this is will be answered over the next few years.

Drexel Burnham's Reidy:

"Fox obviously precipitated some of the others."

"Rupert Murdoch," he continues, "clearly did not buy stations based on their cash flow. He saw it as an opportunity to do his thing."

4th network opportunity

The impact of the Murdoch Metromedia acquisitions is emphasized by Drexel Burnham's Reidy. "Fox obviously precipitated some of the others," he says. "It's clearly the belief of Rupert Murdoch that there's a fourth network opportunity. I suspect some of the other programmers want to be sure they have a window."

He believes this was the case with MCA's decision to acquire WOR-TV. "It's a rare opportunity for a New York station to become available," he says. "The feeling [on MCA's part] is 'we don't want to be shut out.' "

Pointing out that "you have to be a pretty big program supplier to justify the expense," Anschel states that, "MCA can afford it. They feel it's important, especially with Fox having New York's channel 5 (WNYW) and Tribune owning channel 11 (WPIX). They needed a window in New York for their syndication product. It will probably hurt their earnings slightly, but it doesn't make that much difference. It's very rare that you can buy a New York station. It's an opportunity they didn't want to pass up.

"Everybody seems to overpay, but they end up smelling like roses three or four years later."

Tony Hoffman, investment banking specialist at Union Bank of Los Angeles, believes "MCA would like the top five markets to use as a way of starting their own MCA network."

As for Lorimar-Telepictures, William Suter, vice president, Merrill Lynch Pierce Fenner & Smith, says "The Storer stations are a great buy," but he's unsure of their value as an outlet for programming because they're "mostly affiliates."

Smith Barney's Atorino has similar reservations, pointing out that, "Lorimar-Telepictures can only fill up fringe. Maybe they can bump the network here and there, but as long as the affiliate relationship remains as it is, they can't do primetime or daytime."

Adds Riely: "Lorimar-Telepictures has to be nervous about that acquisition. Even in some of the larger markets, I have doubts as to how much synergy is there."

But Reidy asks, "How often does a group like the Storer stations become available?"

Lorimar-Telepictures last month announced that it was restructuring the plan under which it hopes to acquire the seven television stations (six from Storer and one from Wometco). Under

Smith Barney's Atorino:

"I don't think it's limited to the biggest markets."

the new plan, L-T would purchase the stations in a newly formed subsidiary that will be at least 80 per cent owned by it, with the remainder of the stock publicly held.

Before completing the purchase, Lorimar-Telepictures will transfer all of its existing businesses into another subsidiary and ultimately offer up to 20 per cent of the shares of the new subsidiary to the public.

The new structure, according to Merv Adelson, chairman and chief executive officer, "will provide significant tax savings to the current operations and give our shareholders a minimum of an 80 per cent participation in the upside potential of the new stations."

In addition to guaranteeing distribution of their product, another motivation for program suppliers buying stations, says Union Bank's Hoffman, is the cash flow generated by well managed properties that, in effect, will increase the borrowing power of the parent company.

"This business," he explains, "is cyclical. Right now, program prices are slipping." Companies, he says, "are diversifying to maintain their profitability."

So, he concludes, "several people in the programming business are not necessarily looking at synergy; they're investing in businesses that will give them the ability to borrow large sums of money that can be invested in program rights and acquisitions."

Seller-buyer conflicts

Analysts believe most companies are smart enough to see the pitfalls of trying to force unwanted programming down the throats of their owned stations. But they concede that insensitivity to autonomy of station management could present problems.

"It could be a point of real friction," says Hoffman. "When you have a show of secondary quality, that's when you get into problems. You have to be mindful of what the station managers are telling you."

Atorino points out that "a station manager's salary and bonus are based on performance, and if company management says, 'we want you to take this show,' there could be some problems. I can't see programs being forced on stations, but there will be some mistakes made."

The possibility of such conflicts is one reason Kaplan believes much of the acquisition strategy may be 'theoretical rather than practical." But he adds that, "no parent company is going to want a station to schedule a program with lousy ratings just because the parent company is making it."

Riely says that "in reality, people should take the best programming, wherever it comes from."

However, he points to the network-owned TV stations, which, he says, "would be more profitable if they didn't have to take all the network programming."

Book industry comparison

One analyst, requesting anonymity, compares the current activity to a similar scenario in the book industry when hardback firms were buying up paperback companies to ensure distribution rights.

A broadcast company that has owned stations and a program production company for some time is Westinghouse Broadcasting & Cable. William Baker, president of the Television Group, states that, "Without question, we operate both [television stations and Group W Productions] on an arm's length basis.

"If the production side knows there are automatic clearances," he continues, "it loses its creativity. And if a television station has an automatic mandate, then you can't have the kind of management you want. In our particular case, we have a very good inter-divisional working relationship." Acknowledging that the production and station arms "often don't see eye-to-eye," he says the production company has used the knowledge gained from the broadcasters "to find out the real needs of the stations, rather than living in a never-never land."

"Program suppliers," say Eberstadt Fleming's Mark Riely, "tend to have a herd instinct; if they sense one of their brethren is getting leverage by access to distribution, they tend to follow. They see Fox setting itself up as the core of a fourth network."

Union Bank's Hoffman:

"Several people are not necessarily looking at synergy."

Union Bank's Hoffman believes there can be an advantage to bringing people from the selling side into TV station management. That's why, he says, some program suppliers may be interested in acquiring independent stations that are performing poorly.

"The most important management technique," he says, "is the buying of programming rights at attractive prices. If you buy programming that's too expensive and that doesn't perform up to expectations, you can lose your shirt."

One characteristic of unsuccessful stations, he says, is management "that has been overpaying for program rights. If you have people experienced in selling and you put them on the other side of the fence, you have a distinct advantage."

More deals to come?

Just when the next station "opportunity" will present itself is anybody's guess, but rumors continue to circulate that all or some of Taft Broadcasting's independent outlets might be sold (see

(continued on page 74)

Commercial broadcast revolution seen raising the ante; global posture spurned

Overseas prospects for big ad spending eyed by agencies

By EDMOND M. ROSENTHAL

U.S.-based advertising agencies, with their expanding multinational capabilities, are looking to the overseas marketplace for an important share of their growth potential. Along with their anticipation of a consumer spending boom in many countries, international executives at agencies also cite the recent and potential growth of commercial broadcasting overseas as a factor that will expand overall advertising expenditures.

Comparing opportunities in the U.S. to those overseas, Gordon Link, executive vice president/worldwide media director for McCann-Erickson, states, "The U.S. is a mature advertising economy. The ratio of advertising investment to gross national product elsewhere is only half of what it is in the U.S. The U.S. has about 5 per cent of the world population and 60 per cent of the advertising investment. So the major growth will come from outside the boundaries of the U.S."

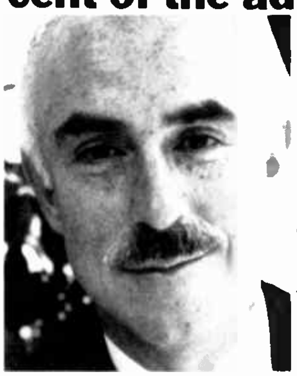
The important current growth is seen in Western Europe, where Italy has moved strongly into commercial broadcasting, with France following and countries like Spain and Denmark now beginning to remove the fetters. (For a comprehensive report on the expansion of commercial broadcasting in Europe, see *Television/Radio Age* International, April, 1986). According to Norman Vale, Grey Advertising's senior vice president and area director for Europe, Africa and the Middle East, "In Western Europe alone, there is about $4 billion worth of broadcast time on demand and unsatisfied."

But agencies are looking well beyond Western Europe—particularly to the Pacific Basin. Aside from Japan, where the rising valuation of the yen is putting a damper on export growth, they're eyeing the strong export economies of South Korea, Taiwan, Hong Kong and Singapore, while regarding China as a sleeping giant that can soon become a major factor in the world marketplace.

Norval Stephens, executive vice president, international at DDB Needham Worldwide, predicts, "The Pacific Basin, including China, will pass Western Europe between 1990 and 1995 as the second largest region in gross regional product after North America. Between 2000 and 2010, it will be as large as North America." One of the reasons it will surpass Western Europe, he explains, is that government control of the economy in the latter area is "producing structural inefficiencies that are resulting in knocking out 1–2 per cent growth per year." Of the Pacific Basin, he observes, "Advertisers have got to be sure to be there and put the right kind of talent in those countries."

Despite the growth that agencies see coming overseas, they don't particularly see the mushrooming advertising expenditures coming any more heavily from U.S. or global products than from indigenous ones. While agency executives see some rise in global marketing strategy for certain goods, they contend that the concept of global advertising is largely wishful thinking. They point out that even multinational manufacturers find that brands often must be produced for each country and that few advertising campaigns can be equally effective in all countries. Their main hope is for strong overseas branches that can obtain a good share of the business originating in their respective countries.

"The U.S. has about 5 per cent of the world population and 60 per cent of the advertising investment. So the major growth will come from outside the boundaries of the U.S."



Gordon Link
Vice president
McCann-Erickson

Growth projections

As for near-term growth overseas, healthy dollar increase figures are largely a function of the economic catch-up of foreign currencies to the U.S. dollar, according to Robert J. Coen, senior vice president, director of forecasting at McCann-Erickson. For 1986, he's projecting a 26.7 per cent increase in total dollar advertising expenditures outside the U.S., compared with 7.6 per cent for the U.S. (see table for historic data). Putting comparative monetary valuations and inflation aside, he estimates this represents about 4 per cent real growth in the U.S., compared with about 5 per cent elsewhere. He projects overseas advertising expenditures in '86 will be about $78.3 billion, compared with $101.9 billion in the U.S.

For 1987, he says the combined result of local currency ad growth and some continued foreign currency appreciation will be an increase of about 15 per cent in the rest of the world, compared with 8 per cent in the U.S. This would make for $90 billion overseas and $110 billion in the U.S. Of the 15 per cent gain overseas, he estimates, 8½ to 9 per cent represents gain in local currency, outpacing the 8 per cent in the U.S.

Coen sees a number of countries "coming out of a trough and moving upward at a better pace." Comparing their growth rates in advertising expenditures in local currency with that of inflation, he reports the U.K. in 1986 gained 12 per cent in advertising expenditures with 4 per cent inflation, while France gained 9 per cent with 3.2 per cent inflation (see table for other key countries).

Worldwide ad growth—1986

	U.S.A.		Overseas		Total world	
	Billion U.S.$	% change	Billion U.S.$	% change	Billion U.S.$	% change
1982	$ 66.6	+10.2	$58.3	+ 2.2	$124.9	+ 6.1
1983	75.8	+13.9	58.2	0.0	134.0	+ 7.3
1984	87.8	+15.8	59.4	+ 2.0	147.2	+ 9.9
1985	94.8	+ 7.9	61.8	+ 4.0	156.6	+ 6.4
1986	101.9	+ 7.6	78.3	+26.7	180.2	+15.1

Source: McCann-Erickson and International Advertising Association

Outlook in key countries in 1986

(Percent change in local currency over 1985)

Country	Inflation	Advertising
Japan	+ 0.8	+ 3
United Kingdom	+ 4.0	+ 12
West Germany	+ 0.5	+ 5
France	+ 3.2	+ 9
Italy	+ 6.5	+ 11
Canada	+ 3.7	+ 8
Brazil	+124.0	+131

Source: McCann-Erickson

Beyond economic and overall advertising expenditure trends, agency executives believe the development of commercial broadcasting will drive ad spending to even greater highs. "Political views are becoming more capitalistic in Western Europe," Coen observes.

According to Niels Menko, senior vice president, International Group, Young & Rubicam, beyond Italy and France, Belgium, Denmark and Sweden will be going more commercial and presenting greater advertising opportunities over the next few years. He contends this will not simply mean a shift of advertising dollars to TV but will present an opportunity for more media dollars.

Opportunity for broadcast expenditures is not yet seen in West Germany, according to John Cronin, vice chairman of J. Walter Thompson Co.: "West Germany is not showing any signs of liberalizing commercial television." While some speak of the advertising opportunities on the emerging multinational broadcast satellites, Cronin is conservative in this respect: "The satellites are not really a commercial proposition yet because of the limitations in language and in their coverage due to regulation."

Yet Cronin sees the transnational dilemma presented by these satellites as a forum for broadcast advertising development. He points out that the European Parliament, an interparliamentary body representing the Council of Europe with nearly 20 member nations, is studying a "green paper" that would liberalize transnational broadcasting. If transnational broadcasting is liberalized, he concludes, that would lead to unfettering of broadcasting within the member nations.

Similarly, Jerry N. Jordan, executive vice president and managing director of administration and development at N W Ayer ABH International, says nations with restricted or no broadcast advertising will be forced to change their tune in response to television coming across their borders by satellite or other means. Even without this invasion, he contends, acceptance of broadcast advertising is the general trend in Western Europe. Along with the trend toward privatization, he observes, government-owned broadcasters are feeling the growing need for additional revenues. He predicts a continued extension of the number of hours in which commercials can be run along with the overall extension of broadcast hours in general.

Link of McCann-Erickson points to Italy as a key example of what can happen elsewhere, with its advertising economy nearly doubling its rate of inflation and the liberalization of broadcasting opening up advertising in general. He also observes that the growth of commercial outlets in the U.K. has greatly increased overall advertising expenditures there. For West Germany even, he sees the major growth in cable penetration there offering advertising opportunities.

"In the western world's industrial countries, it's the hunger of the medium that fuels sales," asserts Grey's Vale. "In the government-controlled and quasi-controlled markets, there's an insufficient supply of broadcast time in relation to the demand." He points to controls in the Pacific as well as in Western Europe, noting, "In Singapore, the government controls which products can be advertised. I know that the minister of communications, just because of a personal incident, decided that a certain category couldn't be advertised.

"But we're on the threshold of independent TV operations being able to supply the time that's on demand. We're looking at more private television in Spain, and the government has just approved introduction of commercial TV in Denmark." The latter situation, he expects, will spill over into neighboring Sweden and Norway: "Denmark can beam right into Malmo, Sweden, and this will mean Swedish advertisers will be spending money in Denmark, so the Swedish government is likely to do something to bring those dollars back into the country." He also observes that broadcasts from Denmark's Jutland peninsula will affect Norway in the same manner.

Vale says he's optimistic that the European Parliament "green paper" will heighten the situation by leading to "TV without borders." Meanwhile, he discloses that Grey is "developing a capability for dealing with the electronic media on a worldwide basis." He declines to elaborate but notes that it could start with a regional or pan-Eu-

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"In Western Europe alone, there is about $4 billion worth of broadcast time on demand and unsatisfied. . . . In the western world's industrial countries, it's the hunger of the medium that fuels sales."

Norman Vale
Senior vice president
Grey Advertising

As deadline nears, it's compromise advocates vs. 'A-B switch' thinking

FCC appears split over must-carry

By HOWARD FIELDS

As of August 7, the Federal Communications Commission will get the plaudits or the blame for having made a decision to give new life to its cable must-carry rules first declared unconstitutional two years ago. But the real hero or goat may be Congress.

The pressure on the FCC to do something about the must-carry situation has been heavy since it began its current proceeding last November by agreeing to consider suggestions from the industry on how to make must-carry work within the limitations imposed by the U.S. Court of Appeals last year in the Quincy Cable case.

The pressure intensified June 9 when the U.S. Supreme Court made the FCC the court of last resort by refusing to hear an appeal of the Appeals Court case—to the great disappointment of broadcasters and to the great joy of the cable industry, whose First Amendment rights had shortly before been reaffirmed in a case that the high court did accept and rule on.

Reflecting the positions of the commissioners, the FCC staff, even a month before decision time, had tended to split along two lines in the must-carry issue—those who feel the compromise worked out between the cable and broadcasting industries is equitable and acceptable to the courts, and those who feel the commission should not be involved at all, that an "A-B switch," that would allow the viewer to switch from cable to over-the-air stations was a simple, non-governmental answer to the problem.

Generally two commissioners, Chairman Mark Fowler and Dennis Patrick, have been opposed to reopening the must-carry issue, and are believed to side with those who propose an A-B switch solution. James Quello has sided with broadcasters and is believed favoring a rule embodying the industry compromise; and Mimi Dawson is considered similarly inclined. That leads to a tossup, but Patricia Diaz Dennis became the fifth commissioner early in July. Her office refuses to say, however, even whether she will participate in the must-carry case, much less whether she will cast a vote August 7.

Now a key congressional staffer has attempted to fashion a compromise between the FCC factions so they come up with a proposal the commission can act on at its August 7 meeting. But even that proposal encountered objections as it made the rounds of the different government and industry participants in the issue.

Subjected to pressure

Even the development of two factions within the commission staff was the result of pressure. Without the pressure, there is every reason to believe that the FCC would have dropped the matter entirely and withdrawn into its long-held belief that the marketplace can take care of the situation. It didn't even want to defend its original must-carry rules before the high court.

First, the FCC was forced to agree to decide the matter and then, after uncharacteristically sitting on the issue for six months, to promise to Congress that a decision would be made before the commission took its summer vacation after August 7. Since the panel couldn't complete the proceeding before any meeting scheduled before that date, August 7 became the decision time.

Since the time in June when Fowler followed up the Supreme Court's turndown of review by making a promise at an open hearing of the House Telecommunications Subcommittee to act by that date, the pressure has been stepped up.

Although the proceeding has centered around an industry compromise worked out among the National Association of Broadcasters, the National Cable Television Association, the Association of Independent Television Stations and the Community Antenna Television Association, the long delay by the FCC in acting has allowed the compromise to unravel a bit.

The compromise basically said that systems with 21 to 26 channels would be required to carry broadcasting stations whose city reference point is within 50 miles of the cable headend, which receive a 2 per cent share, and have a 5 per cent net weekly circulation in non-cable homes in the county. The system would not have to carry more than seven of those stations. Systems with 20 or fewer channels would be exempted from any must-carry rules, and systems with 26 or more channels would not be required to carry more than 25 per cent of the qualifying channels.

(continued on page 75)

Senate and House leaders have separately bid the FCC to rule out the A/B switch solution.

Sen. John Danforth (R-Mo.)

Rep. John Dingell (D-Mich.)

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Buys should be based on demos, not households/55

TELEVISION/RADIO AGE

Spot Report

July 21, 1986

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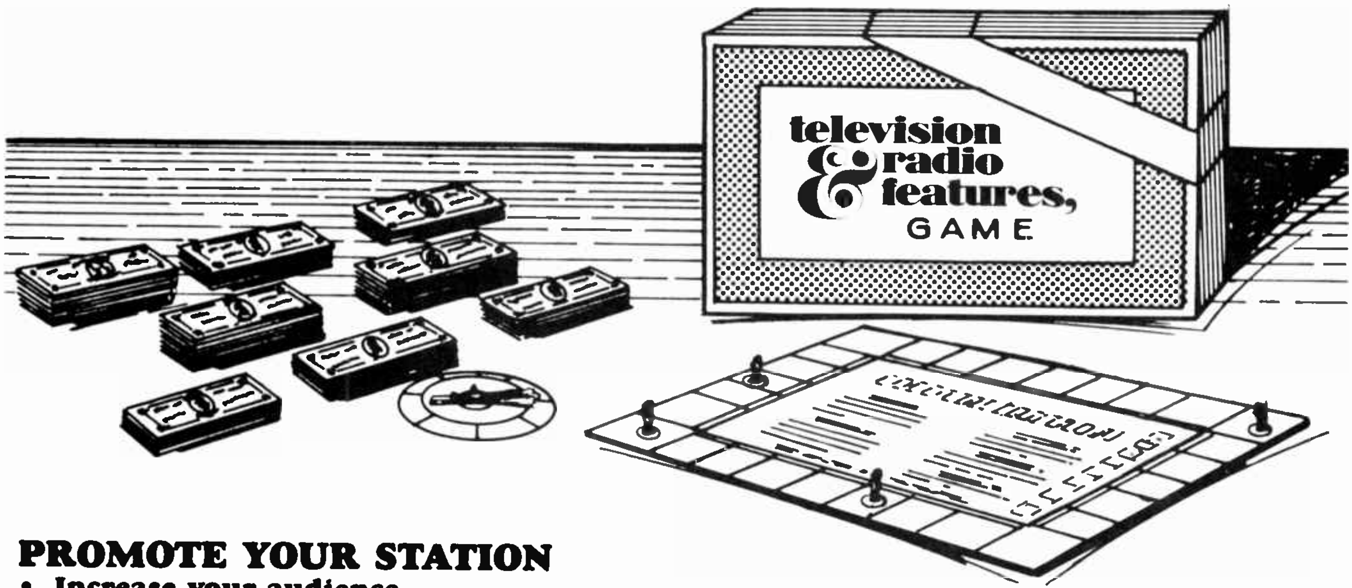

PROMOTE YOUR STATION

- **Increase your audience**
- **Increase your ratings**
- **Increase your sales**
- **Increase your profit**

RUN YOUR OWN PROMOTION

• Bumper Sticker • Remotes • Write-Ins • Clubs • Trivia • Community Affairs

CLIENT TIE-IN

Tie in with an advertiser and sell a complete package!!!

SPECIAL PROMOTIONS:

• Grocery • Valentine • Easter Candy • Spring Car Care • Mom & Dad's Day • Summer Outdoor • Back-To-School • Halloween Candy • Christmas Toys

SAMPLE CLIENT ROSTER

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- Encyclopaedia Brittanica • Ames Garden Tools
- Teledyne-Water Pic • Longine-Wittnauer
- Carter Wallace, Inc. • General Electric
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Spot Report

July 21, 1986

Arbitron meter placement still at issue in L.A.

In Los Angeles, where TV stations have been back and forth with both Arbitron and Nielsen over the discrepancies in their HUT levels, a recent decision by KNBC(TV) to stop using Arbitron market reports centers around meter placement. John Rohrbeck, vice president and general manager of the station, says it will continue to pay for the service for the remaining two years of its contract but that the research for Los Angeles will be completely ignored by both the station and NBC Spot Sales.

With Arbitron's HUT levels running conspicuously lower than Nielsen's NSI, KNBC had compared data from both on the placement of meters by ZIP code. Rohrbeck observed that, out of 500 meters in the ADI, Arbitron had 10 in the Mission Hills area, which has only some 30,000 households, and none in the ZIPs that make up Santa Monica, Malibu, Westwood, Beverly Hills and Pacific Palisades—affluent West Los Angeles areas that he says total 300,000–400,000 households.

But Pete Megroz, vice president, television sales and marketing at Arbitron, says the areas named comprise less than 2 per cent of the households in the ADI. With about 530 ZIPs and 500 meters in the ADI, he says, some have to be left out. The Mission Hills situation, he counters, only represents an aberration caused by taking a "snapshot" of a continual turnover in metered households.

Weighting. Hearing from Nielsen that Arbitron's weighting of the sample for representative demographics only compounds the probability of error, Rohrbeck says he doesn't know who is right—but he asserts that Arbitron does not have equally parallel data between its diary and meter to that of Nielsen.

Megroz points out that, until about a year ago, Nielsen always had a Los Angeles HUT level in its NSI that was 14 per cent lower than that for NTI. He contends stations "intuitively want to believe Nielsen is right" now that it provides a higher HUT in the market.

More than a year ago, KABC-TV dropped Arbitron, but Megroz says that was a result of contract negotiations and was mostly a matter of economics rather than methodology. He says Arbitron is having discussions with the station toward resuming the service.

Assets of Gillett station buy

Some clearcut synergistic effects are seen by George N. Gillett, Jr., sole owner of Gillett Group, in his expected acquisition, pending FCC approval, of WMAR-TV Baltimore and WRLH-TV Richmond from The Times Mirror Co. He says the Baltimore station will give the currently seven-station group (two others are partly owned by Gillett) not only its largest market but expertise in sales, market research, co-op marketing, retail sales development and particularly in management information systems and such engineering skills as satellite newsgathering and remote signal origination.

Meanwhile, his current group, he says, offers expertise in news, promotion and in the audience flow concept of programming. Flagship station WSMV(TV) Nashville, he notes, won 17 national news awards in the first six months of this year and has won the Edward R. Murrow Award in the South for four consecutive years including the national award this past year.

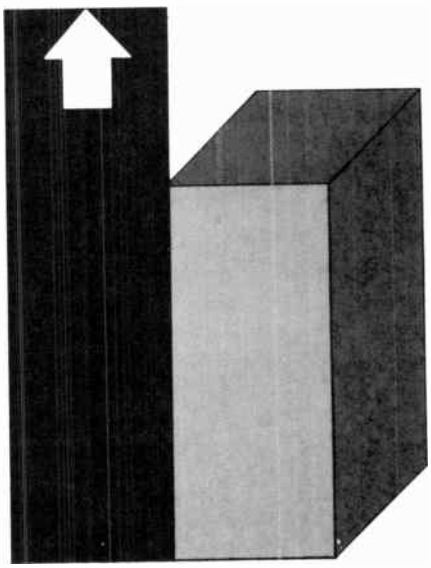
Times Mirror's sale of the two stations to Gillett for more than $200 million in cash is occasioned by the FCC's station-newspaper cross-ownership regulation as it relates to TM's acquisition of A. S. Abell, newspaper and station owner. All of Gillett's stations are affiliates, and the Richmond station will represent the group's smallest market, Gillett reports.

Gillett Group was formed in 1977, Gillett reports, with KXON-TV Mitchell-Sioux Falls as its first station and two other TV stations following soon afterward. The group is affiliated with all three networks.

May

National spot business

+12.6



1986: $576.5 **1985: 512.0**

Complete TV Business Barometer details p. 22

Spot Report

Campaigns

A&W Beverages, Inc., TV
HBM/Creamer/Boston
ROOT BEER is being advertised for eight weeks that started in early July in a select but widespread list of southeastern and midwestern television markets. Buying team worked with fringe placement to reach adults 18 and up.

Fuji Photo Film, USA, TV
Geers Gross Advertising/New York
PHOTOGRAPHIC SUPPLIES and SERVICES are being featured for 12 weeks that started in mid-May in a select but nationwide list of television markets. Buyers used the full range of dayparts to reach adults 18 and up.

Grossman Lumber & Building Supplies, RADIO
Emerson Lane Fortuna/Boston
HOME IMPROVEMENT is being advertised for 15 or more weeks that started in late April in a good many northeastern radio markets. Media lined up schedules to reach men 25-plus.

Hyundai Motor America, TV
Backer & Spielvogel/Huntington Beach, Calif.
CARS are set for 13 weeks during third quarter in a nationwide selection of larger television markets. Buying group worked with primetime, news, sports and fringe inventory to impress both men and women 25-plus.

Jerrico, Inc., TV
Foote, Cone & Belding/Chicago
LONG JOHN SILVER'S SEA FOOD SHOPPES will be seen for 26 weeks during second half as a result of advertising that started in early July in a long list of television markets across the country. Negotiators scheduled fringe and primetime showings to attract both men and women 18 and up.

S.C. Johnson & Son, TV
Foote, Cone & Belding/Chicago
RAID is being recommended for 13 weeks during third quarter in a long and coast-to-coast lineup of television markets. Negotiators placed daytime, fringe and primetime inventory to reach women 25 and up.

Miller Brewing Co., TV
Backer & Spielvogel/New York
MEISTER BRAU and OTHER BEER LABELS are using four to 10 weeks of spot inventory that started on various July air dates in a nationwide list of larger television markets. Media group lined up fringe and primetime adjacencies to reach men of legal drinking age in the target markets.

Pillsbury Co., TV
J. Walter Thompson, U.S.A./New York, Atlanta
BURGER KING CHAIN is using four to six weeks of spot advertising that started on various June, July and August air dates in numerous southeastern television markets. Buying group placed a full range of daypart inventory to reach kids and young adults.

Pinkerton Tobacco Co., TV
McKinney Silver & Rockett, Inc./Raleigh, N.C.
CHEWING TOBACCO is being offered for six weeks that started in mid July in a good many midwestern and southeastern television markets. Media worked with fringe, sports and primetime placement to appeal to men 18 and up.

Mrs. Smith's Frozen Foods, TV
Leo Burnett Co./Chicago
EGGO WAFFLES and OTHER FOOD ITEMS are scheduled for nine to 10 weeks of spot appearances that started in early July in a long and nationwide spread of television markets. Media team worked with a variety of dayparts to reach men, women and children.

Warner-Lambert Co., TV
Ted Bates Advertising/New York
CERTS and OTHER ITEMS are set for four to nine weeks of advertising that started on various June and July air dates in a long and coast to coast lineup of television markets. Negotiators lined up daytime and fringe inventory to attract adults 18 and up.

New rep

Martin Antonelli, president of Antonelli Media Training Center and Jack Myers, a former director of marketing for CBS Television, have formed a new sales representation firm, Antonelli & Myers Media Sales, a U.S. rep for international media, program syndicators, cable interests and home video distributors.

First clients include CHUM Group, Canada, CITY-TV Toronto, CKVR Barrie, Ontario; ATV Network, Canadian Maritimes; MuchMusic Network, Canada; and Quatre Saisons, Montreal, New York phone number of the new company is (212) 206-8063.

Appointments

Agencies


Loretta Volpe and **Alan Jurmain** have been promoted to senior vice presidents at SSC&B:Lintas USA. Both joined the agency in 1981 and both are group media directors.

Dave Robins has been elected a senior vice president of BBDO/New York. He came to the agency in 1976 as an account research manager, was named a vice president in 1981 and is now associate director of research.

Rosemarie O'Connell has been named vice president, associate national broadcast director of Foote, Cone & Belding's National Broadcast Unit in Chicago. She steps up from national broadcast supervisor to succeed **Bob Rogers** who has retired.

NYMRAD elects

Mike Kakoyiannis, vice president, general manager, WNEW AM-FM New York is the new 1986–'87 chairman of The New York Market Radio Broadcasters Association. Other new officers elected July 1 are Mark Bench, vice president, general manager WNSR(FM) as new vice chairman of NYMRAD; Matt Field, vice president, general manager, WNCN(FM), secretary; and Pat McNally, vice president, general manager, WHN/WAPP(FM), treasurer.

New NYMRAD board members are Warren Bodow, president and general manager of WQXR AM-FM; Mike Ewing, vice president, general manager, CBS Radio Network; Jim Haviland, president, general manager WNBC; and Dick Romanick, president, Katz Radio.


Jane Bookbinder and **Rhonda Cooper-Bruder** have been elected vice presidents of DFS Dorland/New York. Cooper-Bruder joined the agency in 1979 and is now an associate buying director, coordinating CPC spot TV agency of record assignments. Bookbinder is an associate media director on Procter & Gamble, Department of Citrus and the RH Donnelley business.

Jim Gagen has been promoted to associate media director on the Whirlpool and Pontiac accounts at D'Arcy Masius Benton & Bowles in Bloomfield Hills, Mich. He came to the agency in 1984 as a planner and now moves up from media supervisor.

Carol Rye has joined BBDO/Chicago as a senior media planner, reporting to **Kathleen R. Segal,** vice president, associate media director. Rye moves in from Dallas where she had been a planner with Tracy-Locke.

Barbara Bekkedahl is now a network buyer with SSC&B:Lintas USA. She had previously been a network buyer for BBDO.

Eric Bowe has joined Ross Roy, Detroit as a media research analyst. He had formerly interned in the media planning unit of Inwords, Inc. in East Grand Rapids.

One Buyer's Opinion

Single source media and purchase data will miss many marketing variables

Phelps

As a participant in the ARF Symposium last fall on single source, I am convinced more than ever that we should *not* look to single source as the "single answer" to all of our media planning and buying needs. While this conclusion appears to fly in the face of such recent corporate mergers as that of SAMI/Burke/Arbitron, it is largely due to this headlong rush toward tomorrow's technology that drives me to voice a note of caution.

My concern stems not so much from the media application value of marrying purchase-based information with media habits (even if the concept were to be carried into the broadcast negotiating arena), but from recognition of what the service will *not* be able to provide: the entire picture of the advertising process. Just because we can now capture both message exposure and sales data across the same sample group does *not* somehow magically create a one-to-one connection or direct cause-effect relationship between the two sets of information. Although the media data may become more timely and accurate as we move toward single source technology, it is still only one more, although more sophisticated, dimension of potential audience delivery, namely vehicle ratings.

Although the advertising message follows a singular mass media track to the consumer, evidence of the effect of the message, or feedback, can take any one of three forms: vehicle ratings, which measure the *potential* exposure of the message to a defined target group; recall and attitudinal measures to gauge the relative impact of the message in achieving recall and awareness changes; and sales results, which reflect the success of the overall marketing effort, not the least of which is the advertising.

Back then to single source. If we were to assume that sales results were directly attributable to the ad exposure, we could be overlooking not only significant aspects of the total marketing mix that more directly impact sales, but also the possibility that the vehicle carrying the message may be contributing to or taking away from its success. Marketing variables not readily apparent from single source could include such promotion efforts as consumer couponing, marketing moves in such areas as distribution, pricing and sales force activity, or competitive efforts in any one or all of these areas.

As for the advertising itself, there can be variables in the creative strengths and/or weaknesses of the commercial, in the potential impact of the media environment surrounding the commercial, and in the level of the commercial's repeat exposure. Frequency of exposure will be of even more interest as we examine the potential of converting all or some of our 30-second commercials to stand-alone 15s.

And of course these items are only a few of the many variables that could have a direct bearing on the overall success of our communication effort. The real challenge becomes one of looking beyond single source, to the theories and constructs that will ultimately help us to better understand the contribution of advertising alone to the success of our total marketing efforts.—**Stephen P. Phelps,** *senior vice president, deputy director of media services, D'Arcy Masius Benton & Bowles, St. Louis*

Representatives

Catherine Shaffer has joined Harrington, Righter & Parsons as manager of the Boston sales office. She moves in from Lansing, Mich., where she had been general sales manager of WLNS-TV.

Jim Bernardin has been appointed Detroit regional manager of Torbet Radio. He had been national sales manager of WRIF(FM) Detroit and now succeeds **Steve Hill** who has been named Detroit manager of the Satellite Music Network.

Scott Gudzak has been promoted to manager of Katz Television's Jacksonville sales office. He came to the Jacksonville office as a sales executive in 1983 and before that he had been with Kelly Konsolidated.

Stockton Holt has been named sales manager of the Charlotte office of Petry Television/Petry National Television. He joined Petry in 1984 from sales posts with WECT-TV Wilmington, N.C. and WTVR-TV Richmond.

Mary Jane Hayes has been promoted to manager of Blair's NBC Red Team in New York and **Fran Kaufman** joins Blair Television as marketing manager. Kaufman had been Eastern marketing manager/marketing services manager with CBS Television Stations and Hayes, who joined Blair in 1980, now steps up from account executive.

George Peter has joined Weiss & Powell as vice president, station relations/sales. He moves in from Select Radio Representatives, formerly Selcom/RAR, where he had been an account executive.

Laurie Bonney has transferred to the Chicago sales team of Major Market Radio Sales, reporting to vice president, Chicago manager **Dana Boltax.** Bonney had been director of communications for MMR in New York.

Stations

Bill Jenkins has been elected to the new post of executive vice president of the Television Division of Malrite Communications Group. Jenkins has been with Malrite Television since its inception in 1977 and will continue as vice president, general manager of WXIX-TV Cincinnati.

Harvey R. Mars has been named vice president/general manager of Gannett's WXIA-TV Atlanta. He joined the station in 1982 and now steps up from station manager to replace **Cecil L. Walker,** now president of Gannett Television.

Barry K. Brown has been named general manager of WBBE/WRMA(FM) Lexington, Ky., recently purchased by Audubon Broadcasting's Maycourt Co. division. Brown had been with the sales staff of WNOK AM-FM Columbia, S.C., also an Audubon station.

Bill deTournillon Jr. has been named general manager of KCBD-TV Lubbock, Texas. He moves up from station manager of the Caprock Telecasting station to succeed **Carl Minor** who has retired.

Brian Holton has been promoted to general manager of KTSF-TV San Francisco. He is succeeded as station manager by **Michael J. Sherman** who has been director of operations for the Lincoln Broadcasting property.

Alan H. Buder has been named director-development of American Media Inc., San Francisco. Before joining the radio station group owner Buder had been director of Finance at Tri-Star Pictures, Inc. in New York.

Dan Conway has joined WXLY(FM) Charleston, S.C., as general manager. He comes to the Bahakel station from WSKS Cincinnati.

Dale Coloma has been promoted to sales manager of KPDX-TV Portland, Ore. He joined the station in 1983 and now advances from national sales manager.

Rick Mills has been appointed general sales manager of Gaylord Broadcasting's KTVT(TV) Fort Worth-Dallas. He was formerly general sales manager of WITI-TV Milwaukee.

Lee Stacey has been named general sales manager for WVBF(FM) Boston. He moves in from CBS' RadioRadio where he had been director of sales.

John C. Deushane has been promoted to general sales manager of WEEK-TV Peoria, Ill. He joined the station in 1976 and now moves up from local sales manager.

Mark Altschuler has been appointed national sales manager of WGN-TV Chicago, based in New York. He had been a vice president of Antonelli Media Training Center in New York.

Robert D. Grissom has been named national sales manager of KMOV-TV (formerly KMOX-TV) St. Louis. He was formerly national sales manager of KWCH-TV Wichita-Hutchinson.

Bill Daddio is now national sales manager at WTAE-TV Pittsburgh. He came to the station in 1979 and is now replaced as local sales manager by **Steve Carlston.**

Media Professionals

We have demographic data, so why base buys on homes?

Leonard Kay

Senior vice president, Director of media operations
Kelly, Scott and Madison, Inc.
Chicago

Len Kay of Kelly, Scott and Madison observes that while 99 out of 100 furniture polish salesmen prefer talking to the lady of the house instead of to her furniture, many advertisers still plan broadcast media on the basis of household ratings instead of demographic ratings. And he asks, "When was the last time you saw a household at the checkout counter?"

Kay points to the large body of research that profiles consumers of hundreds of products, noting that, "These are the kinds of data that can help define the differences between just any woman and the woman who buys certain brands of furniture polish or the man most likely to buy anti-freeze and so on. And we have data telling us which media are most appropriate for reaching these consumers."

But he adds, "Nowhere in the literally thousands of pages of research is there one iota of information about 'homes' using a product or service. Even with items like refrigerators or garage door openers, there is a human purchase decision maker. We don't know for certain why some advertisers still cling to the outdated household strategy. Years ago, before broadcast audience measurement techniques were refined, all we could get were household ratings. But that hasn't been the case in decades. In fact, the television industry is presently converting to state-of-the-art people meters using microprocessing technology—all for the purpose of obtaining more accurate *personal* viewing data."

Kay suggests, "There may be an element of self delusion in planning against household ratings, since the numbers in terms of GRPs will always be larger than the demographic ratings on a dollar-for-dollar basis. For instance, if we budget for 100 GRPs in early news, we'll get only 44 women 18–34 GRPs, and 54 men 25–54 GRPs. But some advertisers may feel better about '100' than about only '44' or '54'."

Nevertheless, Kay says that his company encourages its clients "to think in terms of reaching people—the right people at the right time in the right place."

New Stations

Under Construction

Wvci-tv Flint, Mich.; Channel 61; ADI, Flint-Saginaw-Bay City. Licensee, VistaCom, Inc., 9 Harding Drive, Weatogue, Conn. 06089. Telephone (203) 651-3943. Bruce C. Mayer, vice president, general manager; Dexter Merry, director of engineering. Target air date, second half 1987.

Buyer's Checklist

New Representatives

Christal Radio is now representing WZOQ(FM) Lima, Ohio; WOCB/WJFK(FM) West Yarmouth, Mass. and WADB(FM) Long Branch-Asbury Park, N.J. WADB programs a beautiful music-easy listening format, and WZOQ plays contemporary hits. WOCB features country music and WJFK offers an adult contemporary format.

Hillier, Newmark, Wechsler & Howard have assumed national sales representation of WZFX(FM) Fayetteville, N.C. and KPEZ(FM) Austin, Texas. KPEZ features a Bonneville easy listening format and WZFX offers an urban contemporary sound.

Independent Television Sales has been appointed national sales representative for WPXT-TV, the new and only independent serving Portland, Me. The station plans to hit the air in September.

Katz Continental Television is the new national sales representative for KAVU-TV Victoria, Texas. The station is an NBC affilate.

Major Market Radio has been named national sales representative for KTFX(FM) Tulsa. The country music station is owned by Central Broadcasting Co.

Masla Radio has been appointed national sales representative for WJJS/WXYU(FM) Lynchburg, Va. and WKNY Kingston, N.Y. WKNY and WXYU program adult contemporary music and WJJS features an urban contemporary format.

Northwest Television Sales has purchased representation contracts for three more television stations from **S/R Reps,** which will now be selling exclusively for radio stations. The new NTS client stations are KMTR-TV Eugene and KDRV-TV Medford, both Oregon, and KTBY-TV Anchorage, Alaska.

Petry National Television has been appointed national sales representative for KTNV-TV Las Vegas. The ABC affiliate is owned by the Milwaukee Journal Co.

New Affiliates

ABC Entertainment Network has added WSNE(FM) Providence, R.I. It's the network's 500th affilate and is owned by Beckross Communications.

New Call Letters

Gannett Broadcasting's WDVM-TV Washington became WUSA on July 4, like some of the company's other broadcast properties. The parent company also publishes *USA Today.*

Kmov-tv is the new name of KMOX-TV St. Louis. The switch grows out of the station's sale to Viacom by CBS, which retains the KMOX calls for its St. Louis AM radio station.

Wmrq(fm) is the new call designation of CBS-owned WHTT(FM) Boston. The format is also new as the former CHR station switches to a soft AOR format "specifically created for the Boston market," says vice president, general manager Bob VanDerheyden.

Transactions

JAG Communications has agreed to acquire WWWZ(FM) Charleston, S.C. from **Millennium Communications** of Charleston, Inc. for $2 million cash plus $250,000 for a four-year non-competition agreement, subject to FCC approval.

Steere Broadcasting will purchase WQFX AM-FM Gulfport, Miss. from **Caravelle Broadcast Group** for $1,250,000. Steere is headed by David Steere and Caravelle is principally owned by Howard Schrott, Robert Beacham and Rick Bernhardt. Broker in the transaction is Chapman Associates of Washington.

New media service

Larry Cummings, former vice president, media for Michael R. Ellison, Inc. of Phoenix, has opened Cummings Media, Inc., also Phoenix. Other principals of the new media service are Peggy Kinner, a former television buyer with the Ellison agency, as vice president-media, Sharon C. Cummings, vice president, and Eugene A. Sauder, vice president-finance.

First client is Kenneth Copeland Ministries, a religious broadcaster. Cummings says his firm will also act as a programming representative for new television stations wanting religious programming; and will also be starting nationwide syndication for World Wide Wrestling of Charlotte and other entertainment programs. Telephone number is (602) 468-7800.

Researchers honored

Mike Naples, Hugh M. Beville and Herta Herzog have been inducted into the Market Research Council's Market Research Hall of Fame. Herzog was the research director at McCann-Erickson who pioneered extension of qualitative research analyses into the area of motivation. Beville is the former research director of NBC who recently retired as head of the Broadcast Rating Council, now the Electronic Media Rating Council. Naples is president of the Advertising Research Foundation and a former research director for Lever Brothers.

Meanwhile, the Council has elected new officers for 1986–'87. They are Sonia Yuspeh, president of Sonia Yuspeh, Inc., president of the MRC; William S. Rubens, vice president, research, NBC, vice president; Gale Metzger, president, Statistical Research, Inc., secretary-treasurer; and Arthur Kover, senior vice president, research at Cunningham & Walsh, council-member-at-large. Past president is B. Stuart Tolley, vice president, research at the Newspaper Advertising Bureau, and Bob Coen, senior vice president, forecasting at McCann-Erickson was chairman of the MRC's Hall of Fame Committee.

Viewpoints

Martin Rubenstein

President and CEO, Corporation for Public Broadcasting, in a speech before the annual meeting of the Better Business Bureau of Washington, D.C.

Public, private broadcast play complementary roles in serving the U.S. public

During the 1950s and '60s, while commercial television was in its Golden Age, public-service, educational television was sprouting up across the country. By the mid-60s it was felt that a national effort was needed to develop noncommercial public television and radio. The Carnegie Commission was assembled, and in 1967, the Public Broadcasting Act was passed creating the Corporation for Public Broadcasting.

CPB's mission was to establish a *national* public radio and television system, specifically funding stations and programming for national audiences. Our hallmark would be quality, risk taking, public service, education, and diversity in programming and audiences.

There is a long-held perception that the broadcast industry in this country is divided into two parts. Sort of an *Upstairs, Downstairs*. The commercial networks do the soaps and *Wheel of Fortune*. Public broadcasting is the "alternative." I believe this perception is fundamentally wrong.

In truth, we are one industry, each sector dependent on the other. By considering broadcasting as a fabric whose interdependent parts make up the whole, you begin to understand the genius of our industry. We are not in competition. We complement each other. Public broadcasting performs a special service that commercial broadcasting does not. The reverse is true as well.

Educational role

For example, public television educates 18½ million school children every day in their classrooms through instructional programming. Children's programming is one of our priorities. Public television also provides specialized programming for over one million adult learners. Our mission, in short, is different from that of commercial broadcasters. It is to educate, stimulate, and enrich the community as a whole through quality programming even as we target specialized audiences: children, ethnic minorities, senior citizens, the print-handicapped, the hearing impaired, or adult illiterates.

Yet commercial broadcasting has the power to help us in this effort.

In a historic first partnership, public television and ABC are joining together to combat adult illiteracy. Through a concept called "outreach programming," public television stations around the country, along with ABC affiliates, will mount a national media effort to expose the problem and reach adult illiterates. Project Literacy, U.S., or PLUS, began last December. This fall you will see the literacy theme run through many prime-time programs.

I believe public television and radio are special. Even when I was on the commercial side, I was attracted to the innovative programming found on public radio and television. I also learned that the name of the game in broadcasting is promotion. Both media over the years have moved beyond their mandated constituencies to create one of the most discerning of audiences. I believe that the qualitative nature of this audience alone distinguishes public broadcasting. It is a distinction that I believe every marketing director should build into his or her overall marketing plan to reach the public. Public broadcasting should be viewed for what it is—an audience that is highly educated, literate, and capable of influencing others.

Tv's responsibility

There are other aspects to the fundamental changes in the broadcast industry that need to be looked at carefully by community leaders: the increasing concentration of ownership, the ability of the media as a messenger to influence the framework of national public debates, the need for both public and commercial broadcasting to take risks in programming. We can never have enough programs that make us think about where our country is going—that reflect the finest of our national and local cultures and spur us on to get involved in our communities.

Unquestionably this country has spawned the freest, most creative and innovative communications system in the world. The choice in news and entertainment is not matched anywhere else. Indeed, much of the world's television is American television. *Knight Rider* is the most popular program in Nicaragua. *Bill Cosby* is ranked number one in South Africa. *Dynasty* dominates European television. and *Sesame Street* is adapted and broadcast for young audiences in 75 foreign countries.

The diversity in electronic communications is likewise unparalleled and changing anew every day. The new technology combined with the American public's increased desire for choice will lead to new forms of communication, which in turn will fundamentally alter our everyday pattern of living. There will be no status quo in our business for sometime. Great fortunes will be won and lost in the process. The American people as a whole will profit.

Programming/Production

Syndie trend: First-run made-fors

At least one station group and a major syndicator are mulling producing made-for-TV movies or special events on a regular basis, in what is seen as developing trend and as the next logical step to follow the rash of first-run sitcoms currently being produced by syndicators. One company, Columbia Pictures Television, has already produced three made-for TV movies and is scheduling more.

One of the major reasons for the flurry of first-run production activity—present and planned, in both sitcoms and made-fors—is to offset the high prices being charged for off-network sitcoms and for movie titles. In an interview, Mel Smith, vice president of programming at the Tribune Broadcasting Group, says that the high license fees are driving stations and station groups to produce their own first-run product.

Smith is not suggesting that syndicators are pricing themselves out of the market with movie packages, but with movies getting $420,000 per title in Los Angeles, he says it makes sense for stations to combine efforts in producing movies of their own, with the advantage of retaining all rights and ancillaries. "I imagine you will see a number of made-for-TV movies and miniseries being produced because of the high prices charged for movies."

Advantage. Another advantage to the do-it-yourself movies is that the producers can have control over the movies, notes Smith. "You can say what kind of movies you want, action/adventure or comedy or western, instead of seeing what the studio comes up with. Also, the movie has a premiere value, plus perhaps some residual value downstream." Tribune Broadcasting, Smith says, is investigating moving into doing its own first-run movie production. "We are already priced into the first-run sitcom syndication market, and are being priced into the made-for-TV movie market or into special events each year.

"If we come up with two or three each year, others with similar interests and needs will have a tendency to join in and, hopefully, other groups can develop product and we can take product from them."

Viacom Enterprises, according to Joseph Zaleski, president, domestic syndication, is exploring producing made-for-TV movies for syndication, possibly with Tribune. Tribune Entertainment and Viacom are already involved in TV NET, an ad-hoc movie network whereby Tribune sells the barter time and Viacom clears the stations, and in several first-run syndication programs under a similar arrangement. (See story on *What a Country!*, this section).

Environment. "This is a changing environment and there are many alternatives available in programming," says Zaleski. "You have to swing with the times, and I think we will put our own made-for-TV movies into gear, because that's a sense of where the business is going." He continues that Viacom is looking into doing the first-run movies because as a form they have had no previous exposure on pay-TV or from videocassettes, and have performed well on the networks.

As to Columbia, its first production was *It Came Upon the Midnight Clear*, produced a few years ago for Colex Enterprises, a joint distribution venture with LBS Communications. *Midnight Clear* has been shown annually around Christmas time and a 1986 date is being firmed. The second first-run made-for production was *Miracle of the Heart: A Boys Town Story*, which aired in March. *Reunion at Fairborough*, another made-for-TV movie, aired in June, and *The Canterville Ghost* produced by Pound Ridge Productions Ltd. and Inter/Hemisphere Productions in association with HTV Ltd and CPT, will play in October.

Fox orders episodes

Fox Broadcasting Co., continuing to put a first-run schedule in place, has ordered 13 one-hour episodes of an action/adventure series from Stephen J. Cannell Productions. The new series will premiere the programming service in March, 1987. The series, as yet untitled, will be created by Cannell, and Patrick Hasburgh will share in the co-executive producer credit.

Cannell's credits include current network shows such as *The 'A' Team*, *Hunter* and *Stingray*, as well as past series including *Riptide*, *The Rockford Files* and *Hardcastle and McCormick*.

May Cassandra report

Wheel of Fortune and *Jeopardy!*, two King World syndicated strips, are still delivering the one-two punch as the two top-rated syndicated series in May, according to Nielsen's Cassandra report ranking of syndicated programs. *Wheel* had a 17 rating and 33 share, while *Jeopardy!* had a 10.3/25. *M*A*S*H*, the perennial favorite among the top 10, was third with an 8.4/21. *The New Newlywed Game* and *PM Magazine* tied for the fourth slot, with a 7.7/18 for the former, while *Magazine* had a 7.7/15. *Entertainment Tonight* was next with a 7.4/16, followed by *People's Court's* 7.2/21, and the *Phil Donahue Show's* 7.1/31.

According to a Petry Television report of the top 20 syndicated programs, based on the May Cassandra, *Wheel* remains unchanged in household shares over the past year, with two stations added to the lineup since February, for a 99.3 coverage, or 195 markets. The rep company's conclusion on the show is "that it may have reached its peak, but is not showing signs of erosion. *Jeopardy!* has also leveled off in share, while increasing its coverage, Petry reports. *M*A*S*H* is virtually unchanged, while *The New Newylwed Game* dropped 2 points. *PM Magazine* is losing markets and coverage as well as a share point from February, 1986, but moved up to fifth place because *Three's Company* dropped 2 share points to rank 10th. The only program which had a share gain of 2 points or more was *Sale of the Century*.

In the way of new strips, the top five are *The New Newlywed Game* (7.7/18); *Price Is Right* (6.8/17); *Gimme a Break* (5.8/13); *The $100,000 Pyramid* (5.6/13); and *The Million Dollar Chance of a Lifetime* (5.4/14), notes the Petry report. In the way of weekly programs, *Small Wonder* is on top, with a 5.3/14, picking up more stations since November, 1985. However, it lost 2 share points from February, 1986, to the May report.

The Ted Knight Show, a newcomer, is in second with a 4.5/11, replacing *Too Close for Comfort*, which did a 15 share in February, 1986. *What's Happening Now* (3.8/11) is third, and has added stations with each passing book. *Star Games* (2.5/9) increased its lineup and now is the leader in station lineup for weekly shows. Newcomers to the weekly list are *Check it Out!* (2.6/7) in 57 markets, and *MTV Top 20 Countdown* (1.6/8), with a lineup of 103 markets.

Syndication shorts

Fries Distribution has cleared **Gaylord Production Co's.** *Off the Wall* in 70 per cent of the U.S., including nine of the top 10 and 19 of the top 20 markets. The first-run show is designed for Friday or Saturday late-night viewing and is offered on a barter basis. Twenty-six half hours will be produced initially, for airing this fall. Lineup includes all

Gaylord stations, all United/Chris Craft outlets and all Group W outlets, with the exception of San Francisco.

MCA TV's off-network ad-supported hour series *Voyagers/Whiz Kids* and *Street Hawks/The Insiders* will return for a new season. *The Insiders* makes its off-network debut in the fall. It aired on ABC in primetime.

Harmony Gold has acquired all rights in the U.S. and Canada to the four-hour Australian miniseries, *Shout! The Story of John O'Keefe*, Australia's king of rock 'n roll.

Lorimar-Telepictures' *Love Connection* has been renewed in 123 markets representing 84 per cent of the country, for its fourth season in first-run syndication.

Blair Entertainment's *Road to the Super Bowl '87*, one-hour special, has been cleared in 75 markets, covering 70 per cent of the U.S., with seven of the top 10 including all the NBC-owned stations. Last year's NFL Films production achieved a 10 NTI and was sold out. Other stations cleared include WNEV-TV Boston, WTVJ(TV) Miami, WTVT(TV) Tampa-St. Petersburg and KFMB-TV San Diego.

Access Syndication has acquired two one-hour sports specials from Associated Television International: *The 1986 U.S. Open Frisbee Disc Championships* and the *Summer Sports Special*. The shows are being offered via barter. Access's *The Exciting World of Speed and Beauty* has been sold to five stations, making a total of 83 markets. These are WFFA-TV Dallas-Ft. Worth, KGET-TV Bakersfield, KTXS-TV Abilene, WBOY-TV Clarksburg and WMBB-TV Panama City. Current coverage is 64 per cent of the U.S. Barter split is four minutes for local and 2½ for national sale.

D. L. Taffner/Ltd. has cleared 13 additional stations for *The Ted Knight Show*, increasing the market total to 95. Among the new stations are WKFT-TV Raleigh-Durham, WVAH-TV Charleston, WGGT-TV Greensboro and WKAF-TV Syracuse. Also, Taffner has sold *The Benny Hill Show* to 12 outlets, bringing the new total to 92. New outlets include WALA-TV Mobile, WTGS-TV Savannah, WVAH-TV Charleston, and KPHO-TV Phoenix.

Program Syndication Services has cleared *Morning Stretch* in five new markets. New stations are CBET-TV Detroit (Windsor, Ont.), KIRO-TV Seattle, WGGT-TV Greensboro, KRZB-TV Little Rock and WCEE-TV Cape Girardeau-Paducah-Harrisburg, bringing the total coverage to 111 for the half-hour barter strip.

All American Television will be exclusive sales rep of **Group W's** *The Newsfeed Network*, satellite-delivered news service produced by Group W. *Newsfeed* is entering its sixth year and is cleared by more than 75 markets in the U.S. and throughout the world. Both companies are expected to launch *The Entertainment Report*, news service which will provide show business and entertainment news to TV stations.

King World will distribute *Motown Productions Motown 25, Yesterday, Today and Forever*, two-hour off-network special, and *Motown Returns to the Apollo*, three-hour special which aired in May, 1985 and will be rebroadcast by NBC in August.

All American Television is again offering *Elvis: The Echo Will Never Die*, one-hour special marking the ninth anniversary of the death of Presley. Program will air from August 11 to August 31. It originally aired the past January on more than 80 per cent of the country.

Heritage offering

Heritage Entertainment, Inc. is seeking approval from the Securities & Exchange Commission for a public offering of 1,200,000 shares of common stock.

The offering will be sold by a group of Underwriters led by E. F. Hutton and Company, Inc. The underwriters have also been granted an option to purchase an additional 180,000 shares to cover over allotments, if any.

According to Heritage, the proceeds of the offering will be used to complete the acquisition of Bill Burrud Productions, Inc., to repay bank indebtedness, and to develop new projects for feature films and made-for-television features.

The company recently co-produced *Stagecoach* for CBS-TV and *The Fifth Missile* for NBC-TV.

Viacom's 'Country!' marketing

Viacom Enterprises Domestic Syndication has devised an unusual marketing plan in selling *What a Country!* (formerly known as *Easy for You*), weekly first-run half-hour sitcom being spun off from *Mind Your Language*, successful British show. According to Joseph Zaleski, president of the Viacom division, the company is offering a production guarantee of 26 episodes of the Americanized version to stations in its initial outing this fall. The ultimate plan is to place *Country!* as a strip in 1988, after 26 additional episodes have been produced in each of the following two years, according to Zaleski, in an interview.

In marketing the series, Viacom will sell *Country!* on a barter-cash basis. Two runs will be barter and six runs will be offered for cash, says Zaleski "The first and second years will go the barter route, but in the third year, stations may run both seasons on a Monday through Thursday basis also via barter, but year three is to be shown on Fridays and goes for cash, as part of a strip, he explains. However, he continues, stations have an option of waiting until 1989 before stripping *Country!*.

Barter. The barter split is four minutes for local advertising and three for national. While half-hour barter series have generally been taking out six commercial minutes, Zaleski notes that a seven-minute split has become the standard recently on family entertainment shows. Also, he adds, *Country!* has no promotional announcements, as is the case with some of the game shows, "so basically our programming content is more than in these shows."

At present, *Country!* has a lineup of more than 60 markets, representing 78 per cent of the country, including 27 of the top 30. Tribune Entertainment, which brought the series to Viacom, is handling the barter end, while Viacom clears the stations and is in charge of the cash deals. Twenty-five percent of the lineup consists of affiliates, including KTVK-TV Phoenix (ABC); Viacom station, WVIT-TV Hartford-New Haven (NBC); and WKRC-TV Cincinnati (ABC), as to indies, Zaleski says that *Country!* has been bought in almost all cases by the top indie in the market. These include KTVU(TV) San Francisco, WKBD-TV Detroit and WLVI-TV Boston. All Tribune stations will air *Country!* as well.

Joseph Zaleski

Stations are being asked to air the series in a 6–8 p.m. slot, and most will air the show on Saturdays, says Zaleski, for a start on the week of September 29. While the lineup of stations is heavy, the advertising sales are going briskly as well, he reports. According to Zaleski, Tribune has sold out five of the six 30s available in each episode of the series over four years. The last unit may

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(continued)

be held out "to see if we can get a better deal after we have seen the show."

Shooting. Shooting on the series will be at the KTLA(TV) studios in Los Angeles. Viacom has already been able to cover the production costs, estimated by Zaleski at about $350,000 per episode, because of upfront cash commitments. "This guarantees that we will be able to spend that kind of money, so we can deliver 26 episodes at network quality." In a straight barter arrangement, deficit financing is necessary as a rule, and if the show doesn't generate good numbers, the production values may be trimmed, Zaleski points out.

Another advantage to stations is that the marketing arrangement on *Country!* allows stations to get a good bottom line on the back end. "If they promote the show properly, place it in the right time period and make it a hit, they can generate a large profit when it becomes a strip in 1988." Zaleski says the deal with stations is based on 35 per cent of the established price of *Family Ties*, *Cheers* or *Webster* in a marketplace. "The fee is not more or less. For example, if *Webster* at present sells in a market for $10,000 per episode, the station gets *Country!* for $3,500 in 1988.

Zaleski says Viacom has a follow-up first-run program in development. "If this marketing idea works, we can make not only sitcoms but other types of product as well." The follow-up will be an original idea, he says, and will be ready for the next NATPE.

Nederlander productions

Nederlander Television and Film Productions Inc. has moved heavily into the production arena and recently started production on its second CBS-TV movie, *Vengeance: The Tragedy of Tony Cimo.*

Vengeance will be shot on location in Jacksonville, Fla., marking the company's return to CBS following *Intimate Strangers*, Nederlander's first network television movie. *Intimate Strangers* was the third highest-rated TV movie of the past season, gathering a 26.4 rating and a 38 share.

The three-year-old company's heavy development slate currently tallies 17 hours of primetime network programming, including:

- *Payback*, a five-hour miniseries for CBS based on the book, *Payback: Five Marines After Vietnam*, by Joe Klein.
- *Wall Street Women*, a four-hour miniseries for CBS, which tracks the personal and professional triumphs and crises of three young women on the rise in the world of high finance.
- *Cruel Justice*, a two-hour suspence drama for CBS about a man who must protect himself and his family after testifying as a witness of a violent crime.
- *Gypsy Squad*, a one-hour series that focuses on the lives of several unconventional New York City cops who share a background in the performing arts.

Also, in association with Nexus Productions, Nederlander has *Private Battle*, a two-hour movie in which a U.S. Army sergeant returns to his hometown to avenge his sister's murder at the hands of a "militaristic" gang that has been terrorizing the neighborhood.

Before shifting its focus towards network programming, Nederlander—in partnership with RKO—produced more than 30 projects for pay cable.

Zooming in on people

Alfred Markim has been appointed chairman of the board and president and chief executive officer at **Four Star International,** following the resignation of Joseph A. Fischer from those positions. Markim will continue to be chairman and chief executive officer of VidAmerica, Inc., a distributor of prerecorded video cassettes. Also, Markim has been named chairman of the executive committee of VCA/Technicolor.

Alfred Markim

George Scott has been named station relations manager at **Buena Vista Television.** Prior to joining Buena Vista, Scott was an account executive at Parish/Segal Communications. Before that, she was manager, fulfillment services at International Media Services. Also at BV, **Kit Goodfriend** has been named director of advertiser sales, midwest division. She had held account executive positions at Turner Broadcasting, TeleRep and Blair Television.

The Entertainment Network has promoted **Ellen Ferrera** from associate director of syndication services to director, and **Mark Rafalowski,** from account executive to director of sales, midwest region. Ferrera joined TEN in March, 1985 and in July was promoted to associate director syndication services. Rafalowski has been with TEN since November, 1985.

Arthur Hasson has been promoted to manager, eastern division, at **Orion Television Syndication.** He joined Orion in 1983 as an account executive. Before that, Hasson was the director of station clearances at Telefeatures. Also at Orion, **Tom Cerio** has been appointed vice president, eastern division. He joined Orion in 1981 as northeast account executive. He was promoted to vice president, northeast, in 1985.

Valerie Cavanaugh has become senior vice president of **Reeves Entertainment Group.** After serving as practicing attorney for the law firm of Tuttle and Taylor, Cavanaugh joined MGM in 1980 as a staff attorney, and became senior vice president of television business affairs and administration in June, 1985.

Bruce L. Paisner has been elected executive vice president of the **King Features Syndicate** division of the Hearst Corp. He will continue to serve as president of King Features Entertainment, TV production and distribution subsidiary of King Features which he helped to form in 1981. Paisner before joining King Features, spent 13 years with Time Inc.

Jess Wittenberg has been named senior vice president, business affairs at **Fox Broadcasting Co.** Most recently, Wittenberg was vice president of business affairs at Home Box Office. Before that, he worked five years at Embassy Entertainment as senior vice president, programming, and senior vice president, business affairs at Embassy Television Television.

Leon Luxenberg has joined **Lorimar-Tele-Pictures Domestic Distribution Group** as vice president, media sales development and western sales. Luxenberg was senior vice president and director of network relations at J. Walter Thompson, Chicago.

Leon Luxenberg

Mike Moder has been named vice president of production for **Viacom Productions**. He comes to Viacom from Producers Sales Organization where he was vice president, executive in charge of production for the past two years.

Rita Scarfone has been elected to vice president, advertising and promotion, at **Worldvision Enterprises**. Prior to joining Worldvision, Scarfone worked for the American Broadcasting Co. Her varied positions at ABC included director of international development at ABC Video Enterprises and assistant to the president and manager of sales administration at the ABC-owned stations.

Rita Scarfone

Format, staff moves

Construction of KPSL, stereo station in Palm Springs, is currently underway, and the format will consist mainly of classical music and religious programming. State-of-the-art multitrack studio and recording facilities are expected to be operational this fall. The new station is owned and operated by Vista Communications Corp. Wolfram J. Dochtermann has been named president of Vista Corp. and general manager of the station. Community affairs, news, jazz and special features will round out the 24-hour programming.

Gary Parks has been appointed program director of Century Broadcasting's WCZE Chicago. He hosts the morning drive time, from 6–9 a.m., Monday through Friday. Before joining the station, Parks was program director at WBNS Columbus, for five years. In addition to programming WBNS, he set up the 44-station Ohio State Sports Network.

KGW Portland, Ore., has selected a new midday d.j., Corky Coreson, and a new sports director, Joel Franck. Coreson joins the station in the 10 a.m. to 2 p.m. slot, which opened when John Williams moved into the morning seat last spring. Coreson has 17 years of broadcast experience, most recently as morning man at KUPL Portland. Franck, the new director of sports, is also a veteran broadcaster. He has been with KGW since late 1985.

Mary McKenna, formerly of KMBZ Kansas City, has joined KFKF Kansas City to co-host the *KFKF Morning Drive Country Club* with Dan Roberts. At KMBZ, she was afternoon drive co-host and anchor.

Dave Mariah has joined WCIB(FM) Falmouth, Mass., as a member of the morning team and host of a new show, *Mariah in the Morning*, to be aired weekdays from 6–10 a.m. Mariah has 14 years of on-air experience with major radio stations across the country. His most recent stint was at KTRS(FM) Casper, Wyo.

Linda Lanci has been named assistant to the program director at WNIC-FM Dearborn, Mich. She previously was program director at WLNZ Lansing. Before that, Lanci was assistant program director at WWCK/WWMN(FM) Flint.

Matsushita company

Matsushita Electric Corp. of America has set up a new company within the corporation, Panasonic Broadcast Systems Co., designed for the sales, service and development of broadcast systems, led by the MII universal broadcast format. The new company will consist of two main divisions: one will concentrate on sales and marketing, and the other will focus on service and engineering, which will include product development.

Plans call for sale and service locations in key areas including New York (Secaucus, N.J.), Atlanta, Dallas, Chicago and Los Angeles. An initial staff of 60 will be increased in conjunction with the expansion of business. A chief executive officer of the new company will be announced shortly. Takashi "Tak" Urabe, Panasonic Industrial Co. senior vice president, will be senior vice president of PBS.

The MII format, which uses the half-inch cassette tape, offers pictures equivalent to the one-inch and two-inch tape formats; broadcast quality through multi-generations; cassette-based system with extended play-record time; NTCS bandwidth covered in one field; and universal interface capabilities for easy system integration. The format was introduced at the 1985 NAB show. Other products ranging from a camera/recorder studio VCR, portable VCR and a new edit controller were introduced at the 1986 NAB show, for autumn delivery in the U.S. Kiyoshi Seki is president and chief executive officer of MECA.

Producer exits WTVS-TV

Bill Pace, WTVS-TV Detroit Emmy award-winning producer of national productions, is leaving the station to form The Producers Group, Inc. The new company will produce feature films, made-for-TV movies and dramatic series for the commercial networks, cable and public broadcasting.

WTVS-TV and Pace are currently negotiating co-production arrangements for programming that would air nationally on PBS.

Netspan signs Chicago

Netspan, the entertainment network originated by Carlos Barba, president and general manager at WNJU-TV New York, has signed WCIU-TV Chicago, giving the network representation in the top three television markets. Previously signed was KVEA(TV) Los Angeles. The stations will participate in reciprocal concentrated sales efforts for national ad dollars in the billion dollar Hispanic market in their territories.

Barba says that "Chicago, although the sixth largest Hispanic population base in the country, has been underrated by advertisers in reaching Hispanic viewers. Chicago currently has an Hispanic population that exceeds 600,000 with more than 180,000 households available to watch Spanish TV television. These numbers translate favorably for potential advertisers."

Wussler to NATAS post

Robert J. Wussler, executive vice president of Turner Broadcasting System, has been named chairman of the board

Programming/Production
(continued)

of trustees of the National Academy of Television Arts and Sciences. NATAS president John Cannon made the announcement following elections by trustees. Wussler is a member of the Atlanta chapter of NATAS, and succeeds Richard Rector. Among other new officers elected is Sandra Pastoor, vice president and program director at Fox Television's WTTG(TV) Washington; Ronald Townsend, vice president and general manager at WDVM-TV Washington, was selected trustee at large.

SMPTE exhibit space

The Society of Motion Picture and Television Engineers has begun taking space commitments for its 128th technical conference and equipment exhibit. The exhibit portion of the conference will run for four days, beginning on October 25 at 2:30 p.m. and concluding on October 28, according to Society conference vice president, Maurice L. French of the Canadian Broadcasting Corp. The site of this year's confab and exhibit is the Jacob K. Javits convention center, in New York.

The convention center allows the SMPTE to offer its exhibitors 60 per cent more space than it was able to provide in 1985, at the Los Angeles convention center. Many companies have already reserved booth space, notes French. Conservative projections show that 275–300 companies will occupy 775–800 booths, giving the upcoming exhibit the potential of becoming the largest exhibit in the history of the Society.

Rates, contracts, order forms and other information are available from the conference department at SMPTE headquarters, in White Plains, N.Y. Phone is (914) 761-1100.

Radio syndication

Charles Michaelson, Beverly Hills, has revived 52 of the original *Hopalong Cassity* radio episodes. The series will be carried by stations as part of the *Michelson Radio Mystery Hour*. The original transcriptions of *Cassidy* have been transferred to quarter-inch broadcast tapes, and the originals are further being enhanced to deliver stereo quality, according to the company.

Satellite Music Network's Pure Gold made its debut recently with the following on-air personalities: Gary Hamilton, from 9 a.m. to noon; Jim Thomas, formerly with KAFM Dallas-Ft. Worth, to do the 5–9 a.m. slot; Chaz Kelly, from noon to 4 p.m., Doc Morgan, 4–8 p.m.; "Shotgun" Mark Rivers, from 8 p.m. to midnight and Randy Davis, midnight to 5 a.m. (All are Central Time.)

Katherine Taylor has been named account executive at SMN's central division advertising sales office in Chicago. She had been account executive for ABC in Chicago for the past six years.

Gary Fries has been named president/chief operating officer at **Transtar,** Los Angeles. Fries will continue to be president of Sunbelt Broadcast.

Bob Kingsley has resigned as host of Drake-Chenault's 24-hour country format, "Great American Country," effective July 1. Kingsley has hosted and programmed the format since it began 13 years ago. The format was heard in close to 100 markets. Kinglsey will continue to produce and host ABC/Watermark's four-hour "American Country Countdown," which is cleared on more than 800 stations nationwide. It's heard, in addition, on 35 international stations, Armed Forces Radio and the Voice of America.

Ray Stone Sports Productions, Dallas, has named **Images Presentations,** Long Island, N.Y., to syndicate three professional football radio series. The series are *Inside the NFL; Countdown to Super Sunday;* and *Dallas Cowboys Football Report*, they will be syndicated on a barter basis. *Inside the NFL* is offered for the first time to national advertisers. Each series consists of a five-minute Monday to Friday show, with 30 or 60 seconds per program available to sponsors. *NFL* starts in September for 16 weeks; *Countdown* starts after that for five weeks; and *Cowboys* runs for the full 16 weeks of the regular season. An additional series, a 10-minute pre-game report, with two minutes available for barter, is in development.

Home VideoGrams

ABC Video Enterprises is preparing to market a 45-minute videocassette of the four-day Liberty Weekend, event for which ABC paid $10 million for the TV rights. Initially, about 10,000 copies will be produced, and the suggested retail price will be in the $14.95–$19.95 range. Stores will get the tapes in a few weeks. The cassettes will feature the Fourth of July fireworks displays, President Reagan lighting the Statue of Liberty torch, and the tall ships. Performances will not be included.

Vestron Inc. will distribute the videocassettes. The Liberty Foundation will get a royalty based on cassette sales, as well as sharing in the remaining profits with Vestron. In 1984, ABC sold 120,000 video cassettes of the 1984 Summer Olympics.

In an unusual home video release move, **Karl-Lorimar Home Video** will distribute selected titles from the Kideo Video line, immediately after their release on national television. *Care Bears* will be sent out to home video retail outlets in mid-November, 10–12 weeks after the show is aired on TV. The videocassette will be packaged with a high value Care Bear toy as well as a rebate coupon good on the purchase of a Kenner toy.

Other titles to be released on home video following its TV debut are *MASK* and *Challenge of the Gobots*. *MASK* airs on TV the week of September 30, and the cassette is available to retail outlets on October 30. *Gobots*, which will be offered to retailers at the end of October, follows the first five episodes on TV. More than $15 million in advertising will support the program.

Also at K-L, it has signed a deal with **Visual Eyes Productions** for VEP to produce five made-for-children's video programs. Total budget is expected to be around $650,000.

Vestron Video Corp. has acquired the North American rights to six **De Laurentiis Entertainment Group** films. The titles are *Evil Deal II*, *Nutty Professor II*, *Rampage*, *Tai Pan Training Exercise*, and *The Bedroom Window*. Deal is said to be worth $25 million.

Embassy Home Entertainment has completed a deal with **Congress Video Group** whereby 14 titles, consisting of 12 kids programs and two exercise tapes, will be distributed as a low-price line. Ten of the half-hour kid tapes are animated and will go for a $9.95 suggested list price. Two are feature-length films and suggested list is $14.95. The animation tapes include *Beauty and the Beast* and *Cinderella*, while the long-four programs are *Alice and the Looking Glass* and *The Littlest Angel*. The two exercise tapes, *Pump It* and *Texercise*, are also being sold at a $9.95 list. All 14 programs will be released in late July.

Embassy Home Entertainment is featuring six Ingmar Bergman titles from the International Collection's Ingmar Bergman Film Festival: *Virgin Spring*, *The Magician*, *Secrets of Women*, *Winter Light*, *Port of Call* and *The Devil's Eye*. Subtitled and dubbed six-packs will be available at a suggested retail list of $149.95, which adds up to six at the price of five.

RCA/Columbia Home Video Musicvision label is making available *The Monkees*, comedy series.

Emmy award winners

As of presstime, CBS has captured 13 daytime Emmy awards. ABC and NBC took seven each. (Details on page 75).

Commercials

High-tech production people sought

Expertise in the newer technical skills is the one area where the personnel demand is greater than the supply at commercials production and post-production facilities. Locating qualified talent in this area will be one of the challenges for Timothy J. Davis, who recently joined Boston executive search firm Morgan/Webber as director of its new Media Search Division. He was most recently operations manager at Century III Teleproductions in Boston and before that was assistant operations manager at VCA Teletronics in New York.

Davis points out that companies like CMX and Bosch are coming out with new equipment faster than people are becoming qualified to operate it, while agencies are increasingly demanding the effects it can accomplish. Areas where there is a shortage of expertise, he says, include computer animation, the mix-to-pix area (audio sweetening), colorists, film-to-tape transfer, multilayer editing and maintenance engineering.

For those with related experience, Davis notes, manufacturers are offering training seminars ranging from a few days to two weeks. He adds that the Society of Motion Picture and Television Engineers offers some college scholarships for those planning to pursue broadcast careers and that these are not entirely taken advantage of.

The industry itself appears to be developing its own talent slowly. Davis observes that many of the top people in the facilities had started out as interns and that larger houses generally have a promotion-from-within policy—but many of the openings for highly experienced people involve situations where people inside do not have sufficient experience or where a new capability is being added that no one in the company has been trained for.

Davis says there will always be some demand for film editors, but it is nowhere close to that for the more sophisticated skills: "With prices of the new equipment coming down, the difference in what the facilities have to offer is in the people who operate it. When you can have a look at a dissolve in a matter of seconds—that's where the industry is headed."

Salary range for these in-demand technical skills goes from as low as the mid-teens at the starting level all the way up to $100,000, Davis notes, with no more than a handful at the peak level. Typically, these people earn $30,000–$35,000, he says.

While it's harder for film editors to break into the business, he states, it's particularly difficult for would-be directors. The top talent in these areas, he adds, is always in demand and always busy. Where directors are concerned, he contends that they are less likely to change affiliation for monetary gain than they are for an improved environment—freer working conditions, fewer constraints and higher budgets. "I've rarely seen anyone who wants to move backward in pay, though," he adds.

Timothy J. Davis, *now with executive search firm Morgan/Webber, says such skills as computer animation and audio sweetening are in particularly short supply.*

The desire to move to a major production center like New York is always there, according to Davis, and the New York houses "are very much concerned with someone bringing a following. They're very concerned with reputation and clientele."

Having won awards for directing doesn't hurt, he adds, but if these are strictly local awards, the owners of production houses are more inclined to consider only the quality of the work.

Merged company bows

A multi-million dollar broadcast and print campaign was launched by US Sprint July 1 to introduce the new merged company and dramatize its optical fiber network for long-distance telephone calls and data communication. The campaign stresses the economy of optical fibers, which have much greater capacity than conventional transmission methods, and the relative freedom from noise and electrical interference. While no figure was put on the cost of the campaign, the account will bill well over $75 million over the next 12 months. J. Walter Thompson/West won the business recently.

US Sprint is the result of a recent merger of the long-distance and data network facilities of GTE Corp. and United Telecommunications and will convert its entire network to optical fiber transmission, the first to do so.

Edward W. Carter, US Sprint senior vice president of sales and marketing, said the campaign will have a strong network TV base, using all major dayparts to reach men primarily. Spot TV and radio are included in the mix, with afternoon and evening TV buys in the top 25 markets. Newspapers, magazines, business journals and direct mail (handled by Devon Direct Marketing, Malvern, Pa.) will also be used.

Sony challenge

McCann-Erickson's challenge of JVC's "Don't get caught behind the eight ball" commercial on behalf of client Sony Corp. of America so far is getting no takers. Claiming that a super in the commercial unfairly compares the JVC GR-C7 VHS Type C camcorder with the Sony 8mm Handycam, the agency initially took its case to the three networks. At presstime, both NBC and CBS had advised the agency they would continue to run the commercial.

Steven Hurwitz, senior vice president at McCann, says he initially took the complaint to the networks instead of the National Advertising Division of the U.S. Council of Better Business Bureaus because he felt it could result in faster resolution: "It's usually a two- or three-week process." He hasn't ruled out going to the NAD, though. A CBS spokesperson says the network typically has eight to 10 complaints of this nature under review at any given time.

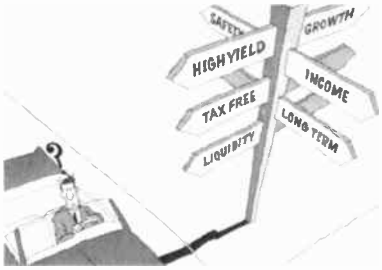
In commenting on the JVC commercial out of SSC&B: Lintas USA, Hurwitz says, "While the Sony Handycam is in many ways technically superior to the JVC GR-C7 product, the Sony Handycam was designed to fill different needs than the JVC GR-C7, and therefore any comparison of the two is inappropriate.

"Sony does market a comparable product to the JVC GR-C7—the Sony Pro 8—which in fact does include the advertised features of the JVC-C7, including electronic viewfinder, autofocus, power zoom and many more features. JVC has clearly chosen to avoid this more appropriate comparison."

Advertising Directory of

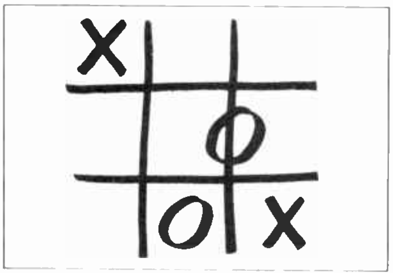
Selling Commercials

David Lerner Associates • Ackerman Adv.



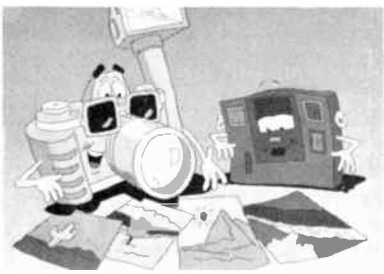
KCMP PRODUCTIONS, LTD., New York

NYNEX-Tic, Tac, Toe • H.H.C.&C



GIFFORD ANIMATION, INC., New York

Pathmark • Venet Adv.



KCMP PRODUCTIONS LTD., New York

Random House • Home Video

DOLPHIN PRODS., NY., COMPUTER ANIMATION

Commercials *(continued)*

He says that, by only comparing its GR-C7 to Sony's Handycam, JVC deceptively suggests to the consuming public that the 8mm format, as a format, does not offer equivalent features to the GR-C7.

Unitel reports gains

Future financial results of Unitel Video, New York, should be affected positively by the fact that the period of major investment in studios and equipment is drawing to a close, reports Barry Knepper, vice president of finance and treasurer. While the company spent some $25 million on these capital expenditures over the past five years, he says, such spending will go down to about $1 million a year to maintain present equipment and put lesser equipment in place.

For the third quarter ended May 31, Unitel reports net income of $400,000, or 18 cents a share, compared with $471,000, or 22 cents, in the like period a year earlier. Sales were $4,728,000, compared with $3,907,000.

For the nine-month period, net income was $430,000, or 20 cents, compared with $250,000, or 11 cents, and sales were $13,108,000, compared with $9,931,000. Herb Bass, president, says the increase in sales in both the quarter and nine months is due primarily to revenues from studio facilities provided in New York to Children's Television Workshop, coupled with increased revenues from the post-production facilities opened in Hollywood last year.

Big taste, little calories

Featuring the urbane cartoon humor of George Booth, George A. Hormel & Co. is breaking a new campaign for Light & Lean ham and lunchmeat. The campaign out of BBDO/Minneapolis uses the theme, "Big taste, little calories."

In the commercial, disbelieving cartoon characters are confronted with a monster emerging out of the earth, which commands them to believe the message. TV animation was done by Reelworks, Minneapolis, using Booth's drawings.

In addition to the TV 30, six 60-second radio spots use an interview format with characters such as a tastebud, a calorie, a slice of bread and a condiment salesman. The radio campaign was produced by Voiceworks, Minneapolis.

Jim Lacey, vice president and associate creative director, led the BBDO creative team of Ann Olson, copywriter, and Becky Shaeffer, art director.

'Tone poem' spot

In a TV spot aimed at 15–24-year-old women for Clairol Pazazz styling mousses and gels, Gleckler & Spiegel has taken a "tone poem" approach. The 30 features girls having fun creating a variety of styling and color combinations and being able to wash it out with one shampoo. Hair style variations are narrated with such lines as "Shape with copper" ... "create with rose" ... "Wave, behave."

According to Gayle Gleckler, founder and chairman of G&S, the product is being positioned against L'Oreal and other top haircare companies. She says styling mousses and gels are approaching $200 million in sales.

Run in conjunction with a campaign in top women's magazines, the TV commercial had its debut in a one-hour MTV special, *Rock Influences: Fashion and Style*, produced and sponsored by Pazazz.

Peachy campaign

Riunite wine, imported by Villa Banfi, U.S.A., is departing from its "Riunite on ice ... so nice" theme to introduce its Riunite Natural Peach, a 6 per cent alcohol wine positioned against the booming wine cooler business but distinguishing itself in that no carbonated water, sugar or sorbates are added.

The network TV debut, mostly 30s, will be in mid-August, preceded by a spot TV rollout, radio and point-of-sale. Agency Hicks & Greist has come up with a new jingle sung to upbeat, contemporary music and special video effects: "Peachy Riunite ... peachy ... peachy ... peachy ... peachy ... Riunite ... you'll go peaches over it."

Freelancer directory

A new directory of freelance art directors, graphic designers and copywriters, called *The Net*, is scheduled to publish its first edition—for the Northeast—in early 1987. According to managing partner Hunter Millington, it will be distributed free to individuals in corporations and advertising agencies who hire freelancers. Freelancers are expected to pay upward of $50 for inclusion, depending upon the size of the advertisement.

The initial edition for the Northeast will cover New York, New Jersey, Connecticut, Boston and Philadelphia. The Net, located at 49 West 11th St., New York, labels itself a freelance support organization with services beyond the directory. These include a computerized database with more specific information on freelancers; a referral service of accounting, tax and legal experts who can assist freelancers; and an information resource center and library for freelancers.

Ads going into the directory are to be created by the freelancers themselves or their representatives. The directory will be a nine-by-12-inch, four-color book, Millington says.

Fast food first

The first TV campaign for the D'Lites of America fast food chain started with more than 100 taped interviews with customers in the Delaware Valley area of Pennsylvania, where the two resultant 30s are being run on all three Philadelphia network affiliates. The chain specializes in typical fast food items that are lower in calories and cholesterol.

Among the customers interviewed in the commercials created by Montgomery and Associates, King of Prussia, Pa., was Philadelphia City Councilman Thacher Longstreth. Customers interviewed ranged from young, single people to a family of six.

The commercials are scored with original music and were produced by Adrian Riso Associates, New York. The chain, with 15 outlets scheduled by year end, is opening an average of one restaurant a month in the Delaware Valley area.

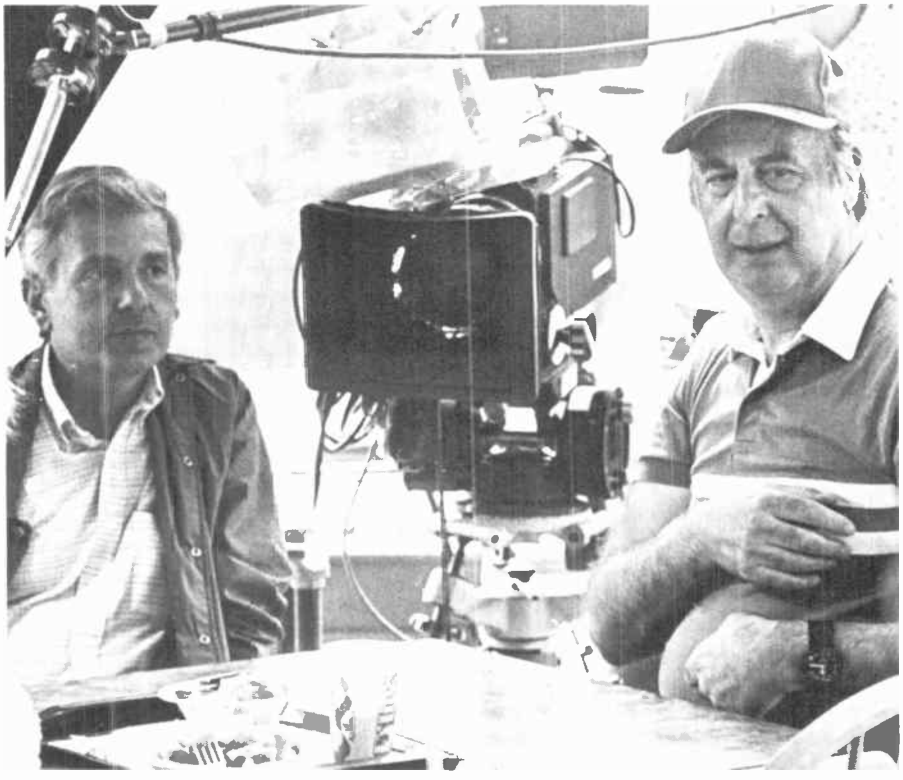
Terrifying circulars

The 1963 Alfred Hitchcock film, *The Birds*, is parodied in a spot by W. B. Doner and Co., Detroit, for Biggs Hypermarket, running in the Cincinnati area. Instead of blackbirds terrorizing a small town, advertising circulars are the invaders in a spot designed to sympathize with consumers inundated with them and point up the chain's everyday low prices.

The spot shows a Tippi Hedren lookalike who is attacked by circulars flying from the mailbox, oozing under the door and following her into the kitchen, where she is cornered by more pulsating circulars. During the campaign, Biggs is providing customers with a "Biggs Circular File"—a trash bag to dispose of annoying circulars and reinforce Biggs' "true minimum price" theory—"no coupons, weekly sales or circulars, just the lowest prices on everything everyday."

The techniques used to create a Hitchcock-like feeling of suspense and drama include Dutch angle camera shots, special rigging for point-of-view shots, hand held camera shots, low key lighting for dark shadows and ominous music composed by Gary Nester.

The Doner team includes Dan Hackett, senior vice president, creative director; Gail Offen, creative group supervisor; Tim Hansz, art director and



Sampling the menu *during a shoot for D'Lites of America are Jim Block, l., creative director, Montgomery and Associates; and Adrian Riso, director of Adrian Productions. At the D'Lites restaurant in Rosemont, Pa., they interviewed over 100 customers, whose reactions to D'Lites' "great choice" and "lite touch" were the basis of the commercials.*

Commercials *(continued)*

Kur Kulas, producer. Shev Goldstein of Film Communications Group was director with Marguerite Parise, producer; John Barry Meier, cameraman and Tim Hitchcock of Illuminations handling the special effects.

Course offerings

The Parsons School of Design's midtown branch in New York is offering four courses for next fall that relate to commercials production. They are all 12-session night courses, and each has tuition of $230.

"Graphic Design for TV: Production and Special Features," will be taught by graphics designer Nancy Paladino beginning September 30 on Tuesdays. She will explore the medium from basic title cards to show openings, commercials and station IDs. Budget and production considerations will be included.

Kevin Hale, graphic designer for NBC-TV, will teach "News and Network Graphics" on Wednesdays beginning September 24. In this course, students will be taught to integrate graphics and animation for use in a news environment. Computer "painting," mixing, color and special effects will be covered.

"Animation for Advertising and On-Air Promotions" will be taught by animator Ken Kimmelman on Mondays beginning September 29. He will examine character and computer animation, with an emphasis on animation as a solution to TV commercials, openings and on-air promos.

Also on Monday nights, starting September 29 will be "Video and Film Editing," an introduction to the methods used in commercials, music videos, sales and industrial films, documentaries and features. Tima Surmelioglu, video director of Palladium, will teach the course.

Station graphics

Cranston/Csuri Productions, Columbus, Ohio, has designed and produced a new station graphics package called Station Image Package 3 (SIP 3). Priced according to ADI, the computer-generated animation package has a pastel-colored, reflective glass appearance and is designed to cover news, sports, special and promotional needs.

SIP 3 has over 130 cuts, including 30 center and upper screen titles, backgrounds, news, special and entertainment opens, front and center IDs, shared ID with space for menu boards or live action, promotion tags and action windows. Music, an additional option, was scored by Elias Associates' Sound Profiles, New York.

Taking 'Pot Shots'

"Pot Shots" is the tell-all title of a 30-second spot introducing the first toilet bowl cleaner to use the word, "toilet," in its name. Toilet Duck, from Kiwi Brands, features a patented, duck-shaped neck that "ducks right under the rim, so you don't have to."

Rolling out regionally, the TV 30 out of Lewis, Gilman & Kynett, Philadelphia, depicts a frustrated woman vigorously applying toilet bowl cleaning liquids and scouring agents to the sides of the toilet bowl in a vain attempt to clean under the rim. The woman's battle with the bowl subsides as she discovers how Toilet Duck's special neck and directional spot easily place the cleaning liquid under the rim, where its thick cleaning formula can remove stains and deodorize the whole bowl.

Music Notes

Rick Brenckman of **Easy Writer Music,** New York, created the music for three TV 30s out of **Griffin Bacal** for Hasbro's new Potato Head Kids. The spots, titled "Potato Show," "Schoolhouse" and "Clubhouse," featured different members of the family—Lumpy, French Fry, Sweet Potato, Chip and Spud—and Brenckman used a hard-driving rock 'n roll theme to accent the action in the spots. He used a rhythm section with several electric guitars and a full horn section to achieve the sound he wanted. "The music is real, down-home rock 'n roll," he says. The music was accompanied by a vocal group made up of both adults and children. **Joe Bacal** and **Rob Sorcher** of Griffin Bacal were creative director and copywriter. The spots were recorded at **A&R Studios.** Easy Writer staff arranger **David Sherman** assisted Brenckman on all three spots.

Music to accompany the behavior of bank employees in a humorous spot for Marine Midland Bank was the recent challenge of **Roy Eaton** of **Roy Eaton Music,** New York. In the TV 30 out of **D'Arcy Masius Benton & Bowles,** the lackadaisical behavior of employees at other banks is portrayed with a low-down blues riff. Then, when the Marine Midland representative comes on the scene, a combination of synthesizers and live musicians rises to communicate the attentive concern of that employee as he serves clients. **Willy Strickland** composed and arranged the music for Eaton. **Shelley Platt** was agency producer, with **Al Silver** as creative group head/art director and **Ed Caffrey** creative director/writer.

To underscore illustrative vignettes for a 30-second Irish Spring TV spot, **Chico O'Farrill** of **O'Farrill Music** supplied a classical postscore to be recorded for use in the Hispanic market. The spot's visuals show people in situations where they are uncomfortable and daydreaming about a shower with Irish Spring. To enhance the visuals, the music had to bring to mind intense heat, then calm, nervousness, then calm again. O'Farrill employed eight strings, three flutes, an electric rhythm section and synthesizers to create the sound. **Sara Sunshine,** vice president/senior creative director, produced for **Siboney Advertising. Richie LePage** engineered the track, which was recorded at **Nola Recording Studios.**

Composer/arrangers **Tamara Kline** and **Richard Lavsky** of **The Music House,** New York, teamed up to create the music and lyrics for the Tri-State Team Pontiac Dealers in a campaign titled "The Pontiac Push is On." They used a hard-driving rock music track with lyrics that represent the push being made by dealers to move their entire line of 1986 cars out of the showroom and onto the road. "There was no desire for subtlety in this campaign," explains Lavsky. "The musical assignment was very clearly defined from the beginning." Kline adds, "The music had to be as strong as the message. We used a battery of synthesizers including the polyphonic Synclavier, Yamaha DX7 and Korg 8000 to create the incessant pulse needed to propel the track." **Rich Kirschenbaum** and **Donald Deutsch** produced for agency **David Deutsch Associates.**

Commercials Circuit

Tonka's newest line of dolls, Bathing Beauties, was showcased in a 30 shot by **DuRona Productions'** director **Barry Abrams** and producer **Nikki Abrams.** The color of the dolls' hair changes with warm water or a touch, and the spot focused on girls playing with the dolls at both bathtime and bedtime. The **Jordan, Case, Taylor and McGrath** creative team included producer **Ferne Kessler,** creative director **Mark Itkowitz,** art director **Michael Parman,** copywriter **Alisa Litwin** and account supervisor **Lane Miller. Bob Marchetti** of DuRona was editor. Meanwhile, Marchetti has opened a new editing complex called **Fine Cut,** located at 16 West 45th St., New York.

Orr-Tilling Productions, new production house in Sausalito, Calif., has just completed an international 30 for Bank of America titled "World Money." For **Grey Advertising,** San Francisco, the

Commercials *(continued)*

TV spot was shot in Australia, France, Hawaii and England. **Ove Tilling** directed, and **Joe Orr** produced, with **Lynne Margulies** assisting.

Lip-syncing youngsters recreated the '30s and '40s in a TV 30 for Swanson's Real Breakfast sandwiches, edited by **Jay Gold** of **Jay Gold Films** for **Ogilvy & Mather.** Dressed as such celebrities of the era as the McGuire Sisters and Walter Winchell, the youngsters sang and danced in the kitchen and on trains as Gold alternated them with product shots. **Elaine Keeve** produced for O&M.

Dan Aron, president and creative director of **No Soap Productions,** New York, cast, produced and directed a 30 and a 15 TV spot for **J. Walter Thompson,** New York, and Anusol, a treatment for hemorrhoids. The spots were recorded digitally on **Howard Schwartz Recording**'s new SSL 6000E in **Studio West** with an assist from engineer **Michael Laskow** and assistant engineer **Jay Newland** and completed by **Joe Vagnoni** in Studio "B." The classical score, composed and arranged by **Don Sebesky** for No Soap, utilized percussion, strings, brass, reeds and additional effects created by Aron which were blended into the musical effects. Computer animation was by **V-MAX,** Toronto. JWT creative team included producer **Eric Lassoff,** creative director **Bernie Owett,** art director **John Rea** and copywriter **Marty Friedman.** In another project for JWT, Aron cast, produced and directed four TV spots for the American Red Cross. He created a vast array of sound effects for "Chicken Yard," which shows chickens in such locales as the road and on an escalator to underscore the message, "Excuses don't save lives. Blood does. Don't chicken out." **Jim Wisner** wrote and arranged the score for No Soap.

Claude Mougin Productions and the **BLTV** production company, both of New York, worked together to complete two 30s for **Grey Advertising** and Bloomingdale's, titled "Countdown to Summer Fashion" and "Countdown to Summer Furniture." The spots were shot on 16mm film at 30 fps. For Mougin, **Claude Mougin** directed and **Mae Mougin** and **William Murray** produced. For Grey, **Bruce Allen** produced and **Doug Bartow** was art director. For BLTV, **Bob Lampel** produced, **Declan Quinn** was director of photography and **Harvey Gold** was assistant director.

Marshall Stone, producer and director, is now represented by **Tulchin Studios,** New York. He will be working with directors **Hal Tulchin** and **Joel Weisman.**

KIRO Video, Seattle, has changed its name to **Third Avenue Productions** and expects to move heavily into direct, industrial and agency business. The operation developed out of the KIRO-TV production department. Studio facilities include HL-79Es, a 35-ft. remote van, ¾-inch, one-inch and Betacam location capability, CMX 3400 with ADO and a Bosch FGS-4000.

Image Mix, New York, recently finished commercials for **SSC&B, Young & Rubicam** and **J. Walter Thompson.** For SSC&B, producer **Don Harrington** took advantage of one of Image Mix's new Zeus timebase correctors to speed and slow down scenes for a Steak & Ale 30. Additionally, two ADOs enhanced an animated sequence to reveal the company's logo with a nine-way split at the end. For Y&R, a new series of presidential stamps was introduced to commemorate the U.S. Postal Service. The stamps, displayed one per frame, created an unusual layered effect with the use of the ADO, while the Ultimatte and Rank Cintel Mark IIIC were utilized to edit historic background footage representing the growth of the Postal Service from 1776 to the present. Also, four commercials for JWT client Goodyear Tires were brought to the facility for scene-by-scene color correction with the Rank.

At **Editel/Chicago,** 13 15-second spots, with six English Canadian and six French Canadian versions, were handled for **Foote, Cone & Belding** to introduce Zenith's new line of color TVs, VCRs and personal computers. In one of these spots, "On the Ball," Editel's **Jeff Charatz** and colorist **Pete Jannotta** used the daVinci color corrector to enhance the spot by taking an existing red ball and creating four additional color balls, which dance within a frame of five Zenith TVs. The Abekas digital recorder allowed the production of 10 generations with no loss of quality. The package was shot by **Chuck Clemens** of **Filmfair,** Los Angeles.

Showering poolside actors with lemons and limes without casualties or damage to equipment was a recent challenge for director **Andy Jenkins** of **Jenkins Covington Newman Rath.** The fruit rainstorm was created for **MCA Advertising** in a new Lipton Fruit Tea Campaign, consisting of a 30 and a 15. Jenkins used a variety of slow-motion speeds so that the falling plastic fruit wouldn't look threatening. "We had to be careful not to make the actors look as though they were walking in outer space," Jenkins adds. "Their action had to be synchronized with that of the falling fruit, and it had to appear totally natural and believable." After a series of tests at his New York studio, Jenkins locked in on a 96-frame-per-second ratio, which provided the talent with a realistic presence and gave the falling fruit a happy, "live-action cartoon" feel. MCA producer was **Dick Wotring,** and creative director was **Harvey Gabor. Frank Nugent** produced for Jenkins Covington Newman Rath.

Bill Mason of **Bill Mason Pictures,** New York, has added singer Patti LaBelle and "King of Rap" Kurtis Blow to the list of musical stars he has directed in commercials. LaBelle appears for Kodak's new VR 35 camera in a 30 shot in a Los Angeles park. A couple taking candid pictures stumble upon her trying on earrings from a park vendor in this spot created by **UniWorld.** Meanwhile, Blow raps about Sprite while seated behind the desk of a high-tech newsroom, with **Burrell Advertising,** Chicago, providing the creative thrust for the Coca-Cola USA soft drink. As he raps, a large video monitor in the background plays a video montage of him and product shots and logos.

Singer Patti LaBelle *listens to direction from Bill Mason during a commercial shoot for Kodak in a Los Angeles park.*

Edgar A. Grower has been named executive vice president/sales at **Leodas Films,** New York. He was most recently **Today Video**'s director of marketing, following two years as director of broadcast production sales with **VCA Teletronics.**

Joy Golden, president and creative director of **Joy Radio,** New York, has done another radio 60 for Goldstar Electronics, this one utilizing the talents of Bill Fiore and Mary Elaine Monti to explain, in her typically humorous style, that next to Goldstar, the competition seems "low class." **TBWA Advertising,** New York, is the agency. The spot was recorded at **12 East Recording** in Manhattan with **Rich Peterson** at the controls.

Wall Street Report

Taft's Gulf station buy, TV ad sales lag prominent in '86 earnings decline

Dilution from the purchase of five TV stations and four radio stations from Gulf Broadcast Co. and a soft TV advertising marketplace were key factors in Taft Broadcasting Co.'s 60 per cent dip in net earnings for the fiscal year ended March 31, 1986. Net earnings were $19,418,000, or $2.11 per share, compared with $48,477,000, or $5.22 per share, for the like 1985 period. Net revenues were $472,770,000, compared with $375,266,000—a 26 per cent increase.

Victoria Butcher, vice president at Eberstadt Fleming Inc., had estimated fiscal 1987 earnings of $2.25 per share prior to Taft's recent statement that it is unlikely to top its '86 figure. She is estimating $2.75 for 1988. She notes that, in taking on debt to buy the Gulf stations, Taft has incurred significant interest expenses and goodwill amortization, and "operating income has not been going up enough to make debt reductions as fast as one might have figured."

There has been speculation that Taft will sell off some or all its independent stations in order to lower debt, which Taft has declined to confirm or deny. Butcher relates this to the fact that the company is being "pursued" by the Bass brothers, who have accumulated some 13 per cent of the company's stock, although they have not made a tender offer. "If it were not possible that they could lose control of the company, they would probably tough it out and not sell any stations," Butcher figures. "But it probably won't be necessary to sell off all the independents—just a couple."

The Gulf acquisition increased Taft's long-term debt from approximately $110 million to some $770 million. Of that, approximately $660 million (net of proceeds on the sale of five radio properties to CBS) was actually used to pay for the stations. Interest charges on the new debt amounted to $50 million. Charges for depreciation and amortization of the new properties reduced operating profits by some $21 million.

The sale of the company's Tampa-St. Petersburg radio stations, occasioned by the Gulf acquisition, along with the sale of a portion of its investment in Kings Entertainment Co. and reserves taken against certain development assets, resulted in a net gain of $7.9 million, or 86 cents per share.

Television net revenues for fiscal '86 were $235.8 million, up 54 per cent. Excluding acquisition of the Gulf TV properties, the increase was 5 per cent. Total operating profit for the group was $56.7 million, up 5 per cent. Excluding the Gulf stations, operating profit was $47.6 million, down 12 per cent.

Radio net revenues were $47.6 million, up 31 per cent. Excluding the acquisition of the Gulf radio properties and adjusting for the Tampa stations sold, this increase was 24 per cent for the base radio stations still owned.

Entertainment Group net revenues were $144.3 million, an increase of 3 per cent over the previous year. Operating profits were $13.4 million, down 56 per cent. This decline is largely attributed to a writedown in animation inventory—older series with characters less known that the company's popular packages of *Yogi Bear*, *Huckleberry Hound*, *Scooby-Doo*, *The Flintstones* and *The Smurfs*. The after-tax charge for this writedown comes to $8.8 million.

For the year, subsidiaries Hanna-Barbera, Ruby-Spears and Hanna-Barbera Australia/Southern Star produced a total of 269 half hours of programming, including 126 for the networks' Saturday morning schedules. Taft Entertainment Co. also delivered 47 hours of live-action product.

Taft reports Worldvision Enterprises turned in record results in both revenues and pre-tax profits. A growing segment of Worldvision's business is the distribution of product created by Taft Entertainment.

Taft Broadcasting Co. and subsidiaries

Years Ended March 31, (Dollars and shares in 000s, except per share amounts)

	1986	*1985*	*% Increase (Decrease)*
Net Revenues	$ 472,770	$375,266	26 %
Operating profit	81,012	89,715	(10)
Net earnings	19,418	48,477	(60)
Net earnings per share	2.11	5.22	(60)
Dividends per share	1.15	1.11	4
Average number of shares	9,218	9,282	(1)
Working capital	84,839	23,863	256
Total assets	1,540,037	763,051	102
Long-term debt	762,062	182,184	318
Common stockholders' equity	336,942	327,260	3
Stockholders' equity per common share	37.16	36.29	2

Frank DeTillio, *vice president and general manager of Broadcast Media Services, believes there's still room for new start-ups in larger markets, but those already served by three to five independents have reached saturation.*

Indie growth *(from page 37)*

with the new series that will enter the syndication pipeline this fall and next."

He points to *Facts of Life* and *Silver Spoons* for the first time this fall and *Cheers* and *Family Ties* moving into syndication for fall '87. Shows like these, he believes "should help revive viewer interest."

Pappas also sees more group-produced product as "good for all independents. It's healthier for the marketplace. These companies have launched sincere and well-thought-out efforts to produce attractive programming of good quality to add to the supply of good programs available. If these programs turn out to be as successful as contemplated, they'll add dramatically to the supply of syndicated half hour first run sitcoms available."

Jim Terrell, executive vice president of Gaylord Broadcasting, notes that his company has three programs in syndication, but is "still in the market for programs from other sources."

Terrell believes that what's on the way from other groups "will have to maintain first-class quality standards, too. With costs of production as high as they are, any group certainly has to be interested in distribution beyond only its own stations. To cover the $15 to $20 million it costs us to produce 65 half hours of programs like *Galaxy Rangers* and *Dancin' to the Hits*, these programs have to be attractive enough so we can sell them to markets covering 70 per cent of the country. We need help from a lot of stations to pay back our production investment, and so will any other group in the program-making business."

At WLVI-TV, Walsh sees barter syndication growing in importance as "companies like Lorimar and Fox join the others providing the industry with more first-run barter product. The new cartoons are all barter. If there's a fourth network, this is what it really is—all the barter product available."

That said though, Walsh also sees continuing independent reliance on off-network series: "Not everything Fox and Lorimar produce is going to be a roaring hit. They'll have their share of flops like anyone else. With the help of cable, we have 11 independents that get into Boston, and there's just not enough programming to go around. We need all the sources of new product we have now, and then some. Turning out new programming is a gamble, and a very costly one."

Leveling off

This shortage of first class programming is one of the factors independent managers cite when they point to the leveling off in the number of new stations coming on line, as most do.

At WPHL-TV, McCurdy believes that, "In some of the major markets some failures may be likely. It's not only a question of enough advertising dollars to support one more station. There's also the problem of getting enough product good enough for people to want to watch."

And in Minneapolis-St. Paul, Swartz says growth in numbers of new stations "has to slow down. There's only so much quality programming to go around for the multi-station markets. And even in the smaller markets, I think all of the ones with sizable enough economies to support four stations already have their one independent."

Tribune's Dowdle also points to the many new stations combined with the slim supply of quality programs as a likely contributor to the dip in indie shares shown up by the May Arbitrons. And he observes that how quickly independents get back on their uphill track in those markets where they may have stalled this spring "depends on what kind of programming they can develop and schedule."

Another possible explanation for the May sweep results is offered by KTVU's O'Brien. "May was an unusual month," he recalls. "For one thing there was the fast-breaking series of major news stories, from the Challenger space disaster to our counterstrike against the terrorist bases in Libya, that generated much higher than average viewer interest in extensive news coverage."

At the same time, notes O'Brien, "The networks had been under increasing affiliate pressure to redouble their program and promotion efforts during the sweep period to try to regain some of their viewer attrition. So the networks did a better job than usual of giving the spring sweep period their best shot."

O'Brien adds, though, that he thinks that "Since some independents showed gains in May, while others dipped, it might be more indicative to compare each market's combined independent shares against the combined affiliate shares. That would probably show a more even distribution of audience than looking at performance, station-by-station of individual affiliates and independents."

Room for growth

But some executives say there's still room out there for new start-ups. Frank DeTillio, vice president, general manager of Broadcast Media Services in Tampa, parent company of Family Group Broadcasters, agrees that in larger markets like Dallas, Houston and Miami, already served by three to five independents, the number of new stations has reached saturation.

But, unlike most of his colleagues, DeTillio asserts that, "There's plenty of room for growth in some of the smaller markets for anyone who knows how to assess the opportunities."

Gerald Walsh, *president of WLVI-TV Boston, sees barter syndication growing in importance as companies like Lorimar and Fox join others in providing more first-run barter product. But he says off-network series will continue to be important.*

Kevin O'Brien, *vice president and general manager of* KTVU(TV) *San Francisco, is enthusiastic about the new Fox network, the continued availability of quality, first run children's programming and the success of the barter networks.*

He says he and Ian (Sandy) Wheeler, president, both "see a very bright future for new independents in the right markets." But he adds that, "Management has to look at each new market on a case-by-case basis. Generally, in the top 50 the Number 1 and 2 independents do very well. But the third and fourth stations can run into the problem of not enough first-class, successful programming to go around."

As a result, says DeTillio, one of the first things management of a proposed startup has to ask itself is, "Will there be enough attractive shows available. They also have to remember that it's not just a matter of kids' programming alone anymore. Viable independents today need programs that can win over the young adults, too. That's why the new first-run product from companies like Fox is such a blessing.

"We're in the program business too," he says, explaining that Family Group's Entertainment Division is producing *Star's Table*, a celebrity interview show in a luncheon setting emceed by Dixie Whatley from Beverly Hills. So with more quality adult programming on the way, DeTillio says he sees "plenty of opportunity for independents to continue to grow, "first in terms of audience share, then with the increased revenue shares audience growth brings with it."

But DeTillio's optimism is the exception. Meredith's McReynolds says that though he thinks the proliferation of new stations has reached its high tide, "There's still a lot of hope out there. The television business has been like the Gold Rush—which had a lot more losers than winners. But perception in these cases usually lags fact. The fact is that not all UHF franchises are going to make money. A new independent often succeeds in taking enough business away from the existing stations in a market to hurt them, but not enough to keep the new station's head above water, so some painful adjustments are going to have to be made."

McReynolds adds that, "Right now, putting a new station on the air is more of a gamble than ever, because we have the additional uncertainty of which way must-carry is going to go. The budding new broadcaster and his financial angels don't know if their new station is going to get on all the cable systems or not."

And he adds that one sign that the pace of new station births is slowing down is that, "About twice a week we get calls offering us the opportunity to buy another independent that's up for sale. Two years ago a would-be new broadcaster usually had only one option: build his own new station. Today he has two: build it or he can buy an existing station that's on the block."

Taft agrees. He also notes that "Some stations are in trouble, some are up for sale. It's tough for the newcomers in markets like Dallas and Miami where there are so many stations. All this should act as a hindrance to more new people trying to come in."

TVX's McDonald says the number of new stations has to level off because, "The number of CPs available is finite. And of these, an even smaller number are positioned to cover an ADI marketplace from a location that would make then viable competitors for those markets' available advertising dollars."

Pappas says that the leveling off of new startups will extend to the smaller markets in most cases as well as to the majors: "For some of the new stations in markets below the top 100," he says, "the jury's still out. Some of the new entries are finding some tough going, but other new independents like the one in Lubbock are doing quite well, drawing 10 and 11 shares. Then there are the markets where people have built a station too soon, earlier than the market was economically ready to support another station. On the other hand, if stations in markets like this are well capitalized, so they can hang in there until the market grows enough to provide a return to the investors, they'll probably make it. But for the short term, a new station in markets that have yet to reach their potential is not always as lucrative right away as the station's investors had comtemplated."

Meanwhile, a new marketing director, Ron Inman, formerly general sales manager of WTOG-TV Tampa-St. Petersburg and chairman of INTV's Marketing Committee, has just been piped aboard as INTV's new marketing director as the association is branching out to involve more local station sales managers in going after the industry's target accounts. McCurdy reports that INTV has organized for a "combined effort that enlists regional station management instead of, as in the past, leaving the whole burden completely on our own INTV people."

And it'll eventually have one more marketing tool to display. This is the proposed study of four metered and two diary-only markets as the basis of a calibration table to adjust for underreporting of independent audiences in the diary-only markets. The study was proposed by Dr. Jay Magidson, head of Statistical Innovations, Inc., Belmont, Mass.

INTV expects the result to be "another negotiation tool" that can be used to raise some numbers above minimum rating levels to get independents "in on the buy." In developing his statistical model, Magidson says he'll take into account up to 15 types of programs, season, day of the week, daypart, household type, county size and type of station, comparing independent to affiliate performance, and UHF to VHF stations. □

Jim Terrell, *executive vice president of Gaylord Broadcasting, notes that, with the high cost of producing programming for the group, these programs have to be attractive enough so they can be sold to markets covering 70 per cent of the country.*

Station purchases *(from page 45)*

Wall Street Report, page 69). Taft, (also in the program production business via Taft Entertainment and its distribution arm, Worldvision Enterprises) has declined to confirm or deny the veracity of such speculation, and Paramount, often rumored to be the potential buyer, has denied the reports.

"I don't think Taft would be selling from strength," says Atorino, "but there is a lot of pressure on their cash flow."

Victoria Butcher, vice president at Eberstadt Fleming, attributes a possible sale to the fact that the company is being "pursued" by the Bass brothers, who have accumulated some 13 per cent of the stock, despite not having made a tender offer.

Riely believes the Taft stations "would fit in with the idea of a fourth network."

"Everybody seems to overpay," says Dean Witter's Fred Anschel, "but they end up smelling like roses three or four years later."

Four of the five Taft indies are in the top 10 ADIs, and the fifth is in the 14th-ranking ADI. They are: WTAF-TV Philadelphia (4), KTXA(TV) Dallas-Fort Worth (8), WDCA-TV Washington (9), KTXH(TV) Houston (10) and WCIX-TV Miami (14).

Despite Paramount's denials, Kaplan believes "Gulf & Western wants to be in that [network] business one way or another. It may be a decision independent of its production company."

The key to the current activity, then, is clearly distribution-driven. One analyst, preferring not to be quoted for attribution, points out that owning stations gives a company "a good opportunity for testing out product in addition to securing buying positions.

"But the bottom line is, if you have stations, it gives you more bargaining strength; otherwise, you're likely to be shut out."

Adds another analyst: "Station prices are a bit high; they're overpaying a little. But they're buying more than just stations." □

MCA TV's 'Magnum P.I.'

20th Fox's 'Fall Guy'

Two premium-priced hours—'Magnum P.I.' and 'The Fall Guy'—will hit indie airwaves this fall.

First-run *(from page 40)*

tion, but, as with the first-run sitcoms, there will be failures and "stations may pull back."

Movie selection

As for movies, Fentress says stations "are getting a little more picky. If you go out and buy a package tomorrow, maybe 60 percent of it you can't use until 1989 or 1990. And, if there are cable windows in it, that makes it less valuable. The networks have already discovered that, which is why they're not doing much of it anymore."

Simon says there may be too many special movie nights, but it's still "too early to tell. They're a good idea," he explains, "provided the movies offered are good enough to get the decent numbers to help your overall movie average. It doesn't do us any good to take on a lesser movie, since it's still on a barter basis."

Traditional movies, in fact, will continue to comprise most independents' primetime fall schedules. And perhaps the most surprising aspect of the new season at independents will not be the new programming but rather how little most of their schedules—especially Monday through Friday—have changed from previous years.

"There really isn't a lot of change," says Fentress. "Business as usual," agrees von Soosten. "Status quo," echoes Meisel.

Some checkerboarding

Yet there are pockets of bold innovation. Some stations plan to checkerboard first-run sitcoms on a Monday–Friday basis. But Levitan notes that after the "immediate rush" by stations to checkerboard following NATPE, "some of them have backed off a little bit as it being too radical a move."

Shoubin feels that, with the continued proliferation of game shows and their low price compared to other programming, some stations in competitive markets may start game show blocks.

"This becomes very important to certain stations that can't afford the high cost of syndication," he says.

Doug Knight, station manager of Grant Broadcasting's WBFS-TV Miami, feels that something's got to give to break the indies' programming stagnation.

"We're at a point, especially in a market like this where there are three independents all going at each other," he says, "that you'll begin to see some experimenting going on, some new philosophies being developed. I really couldn't say who's going to do it and how it's going to be done. When you get three commercial independents in a market, you've got to find a way to be a little different. □

Must-carry *(from page 48)*

Individual cable operators and multiple system operators have broken with their associations on the compromise, and state broadcaster associations have broken with their associations. A plethora of suggested must-carry rules has been offered to the commission.

New Jersey argument

For example, one suggestion came from the National Independent Television Committee (NITC), which drew the support of the New Jersey Broadcasters Association away from the industry compromise. The group said the compromise didn't afford New Jersey stations protection while it did afford protection to out-of-state stations whose signals reach into the state. The NITC would require cable carriage only where one cable system operates without effective cable competition, and even then must-carry would be based on coverage contours rather than ratings.

Indicative of the pressure that the FCC has been receiving on the issue were separate letters that arrived at the FCC in late June, one from Sen. John Danforth (R-Mo.), chairman of the Senate Commerce Committee, and one from a dozen members of the House headed by Rep. John Dingell (D-Mich.), Danforth's counterpart.

The NAB had asked both committees to act jointly in pressuring the FCC not to consider a possible A-B switch solution that had been rumored to be under consideration. Instead, the two congressional panels decided to act separately, and thus the two letters saying practically the same thing.

Danforth: "Recent press reports suggest that the commission is considering a rule that would be limited to a requirement that cable systems make 'A/B switches' available to their subscribers. I believe that such a limited rule would be technically deficient and would not have the support of Congress."

Dingell: "Requiring the use of an 'A-B switch' in lieu of a must-carry rule, which the commission is reported to be considering, offers no assurance that the public will have meaningful access to broadcast programming."

The cable industry has been saying for years that the A-B switch, a low-cost, readily available device that allows the viewer to switch from cable to over-the-air viewing, was the fairest way to settle the problem. Operators would retain their First Amendment rights to carry what they wished and broadcasters would have the same opportunity to be viewed as they did in the days before urban cable.

Broadcasters have countered that many cable subscribers already have removed antennas from their homes and would find it expensive to replace them. Also, some say, many people subscribed to cable to get better reception of the over-the-air signals and an A-B switch would not solve that problem. And "Who would pay for it?" is the next question asked.

Both letters were intended to hold Fowler to his promise of action by August 7, and attempted to bring the FCC focus back onto the cable/broadcasting compromise, but they also went just a bit farther. The first problem with the compromise was aired immediately after it was reached: It did not address the airing of public television stations. It also made no provision for any new stations that might join the spectrum after the must-carry rule was adopted.

Danforth said the commission "must ensure that the interests of public television stations and new entrants are more carefully recognized in its final rule." The House letter said basically the same thing.

The House letter contained careful phrasing that couched the A-B switch objection in more cautionary terms than the Senate missive. The House letter talked of an objection to "use of an A-B switch in lieu of a must-carry rule."

To make sure that point was not lost on the commission, Telecommunications Subcommittee Chairman Tim Wirth (D-Colo.) authorized Tom Rogers, his counsel for telecommunications issues, to float an informal proposal to key FCC and industry personnel.

As Rogers puts it, his proposal encompassed the idea of "give the cable operator a choice. Say, cable operator,

(continued next page)

CBS takes most daytime Emmies

CBS took the lion's share of the national daytime Emmys, copping 13, while ABC and PBS grabbed seven each. NBC took four awards and syndicated programs took two prizes. The Emmys were presented by the Academy of Television Arts and Sciences and the National Academy of Television Arts and Sciences during ceremonies on both coasts. Complete list of winners are as follows:

Animated program: CBS, *Jim Henson's Muppet Babies.*

Talk/service show: syndicated, *Donahue.*

Special class programs—area awards: NBC, *Chagall's Journey;* PBS, *Live From Lincoln Center, Chamber Music Society of Lincoln Center With Irene Worth and Horatio Gutierrez.*

Performer in children's programming: ABC, Pearl Baily, *Mrs. Dermody*; ABC, Cinder Eller, *A Modern Fairy Tale.*

Directing in a game/audience participation show: NBC, *The Wheel of Fortune.*

Directing in a talk/service show: PBS, *This Old House.*

Directing in children's programming: CBS, *Babies Having Babies.*

Writing in a children's series: PBS, *Sesame Street.*

Writing in a children's special: CBS, *Babies Having Babies.*

Writing—special class area award: NBC, *Chagall's Journey.*

Art direction/set decoration/scenic design: PBS, *Sesame Street.*

Technical direction/electronic camera/video control: PBS, *This Old House.*

Cinematography: CBS, *The War Between the Classes.*

Music direction and composition: ABC, *Are You My Mother?*

Graphics and title design: ABC, *New Love American Style.*

Hairstyling: ABC, *Pippi Longstocking.*

Videotape editing: CBS, *Babies Having Babies.*

Live and tape sound mixing and sound effects: CBS *Babies Having Babies.*

Film editing: PBS, *3-2-1 Contact.*

Film sound editing: ABC, *Don't Touch.*

Film sound mixing: ABC, *Can A Guy Say No.*

Lighting direction: Syndicated *Kids, Incorporated.*

Costume design: PBS, *Sesame Street.*

Art direction/set decoration/scenic design—drama series: CBS, *Capitol.*

Technical direction/electronic camera/video control—drama series: CBS, *Capitol.*

Music direction and composition—drama series: NBC, *Search For Tomorrow.*

Makeup—drama series: ABC, *General Hospital.*

Hairstyling—drama series: CBS, *Guiding Light.*

Video tape editing—drama series: CBS, *The Young and the Restless.*

Live and tape sound mixing and sound effects—drama series: CBS, *The Young and the Restless.*

Lighting direction—drama series: CBS, *As The World Turns.*

Costume design—drama series: CBS, *Guiding Light.*

you may do either one of two things. You may either follow the letter we sent down, the compromise with public broadcasting [and new entrants] or, if you don't want to follow that kind of rule you have another choice, which is you may use an A-B switch. However, there's a twist to the A-B switch concept."

The twist was that if the operator chose to make an A-B switch available to his subscribers he would not be allowed to carry any local broadcast signals.

"Use of that proposal was intended to do two things," Rogers explains, "to make it possible for the factions at the FCC to rally around something, and to package a rule in a way that was likely to sustain court review." He adds that the compromise, particularly with public broadcasting and new entrants added to it, might not be deemed by a court to be "adequately deferential to the First Amendment rights of cable."

Rogers says, "By giving cable operators a choice and not forcing them to carry broadcast signals . . . . it all might be better packaged for court review."

Rogers' proposal came as many organization heads took advantage of a congressional recess to leave Washington. There was no official response from the NCTA but Steve Effros, CATA president, argued that the Supreme Court already has given cable First Amendment rights and a system does not have to agree to give up its current right to carry whatever mix of broadcast signals it wants.

The board of the INTV immediately came up with two objections to the Rogers proposal.

INTV President Preston Padden says, "We're very reluctant to embrace anything involving A-B switches, but his proposal is something that we could go along with under the following circumstances. Any cable company that wanted to choose that option would actually have to install the A-B switch, not just offer it, and offer the subscribers an antenna connection" that the system could charge for. "And we were concerned that under his formulation you had the potential that the cable system could end up not carrying the local station, but carrying distant stations."

Tom Rogers, counsel to the House Telecommunications Subcommittee, believes most systems would follow the compromise rather than give up carriage of network affiliates.

Padden says he told Rogers that the ban should be on all broadcasting signals, not just local ones. In subsequent conversations about his proposal, Rogers has been saying, "if [cable systems] use the switch, they cannot carry any broadcast stations over their cable systems."

Rogers also suggests that the other INTV objection would be taken care of by circumstances. "The only way you could get your stations is over the air and therefore everyone would have an incentive to make sure that the rooftop antenna continued to be hooked up."

Effros considers the Rogers proposal meaningless to what he insists is "a solution in search of a problem." He adds, "The addition of the A-B option I don't think changes the basic question of whether those must-carry rules would pass court muster."

The choice the Rogers proposal offers, Effros says, is like telling *The New York Times* it can print what the government wants it to print or not print at all. Whatever comes from the commission, he says, is very likely to go back to the courts for a final resolution.

At any rate, Rogers says he has received "very favorable reviews, from commissioners' offices and from industry sources," and anticipated that before the commission meets, Wirth would formalize the proposal in a letter to Fowler.

INTV's Preston Padden

INTV opposes any compromise/must-carry option that shuts out local stations and not distant signals.

Network carriage

There was one suggestion that cable systems found it in their best interests to carry at least one of each of the three television networks and that they would want to continue doing so. Rogers responds, "Sure, but this doesn't take anything away from them. This gives them another option.

"If they wanted to do that, they would follow the compromise," which presumably would have public broadcasting and new stations added into the equation, a circumstance that cable operators have argued brings them back to the situation they were in before the Quincy case was decided—having to carry every over-the-air signal without enough channel capacity to do so in many cases.

Rogers says, "That would be the world as they would have it anyway" in agreeing to the compromise without public broadcasting and new entrants included. He would expect, Rogers says, that most cable systems would choose to follow the compromise rather than give up carriage of network affiliate signals in favor of the A-B switch approach.

Acknowledging the problems that his proposal still faces, Rogers insists that they are resolvable and that even with problems it has a value "for purposes of attracting disparate factions at the FCC, not to mention packaging it better for court review."

But cable operators also should see an advantage in it, he says, especially those who say "Hey, I'm not a retransmitter of broadcast signals any more. That was what cable was 20 years ago. I'm an electronic publisher and I want to be able to use all of the channels to provide cable services." □

Movie *(from page 43)*

rate on the ad-hoc movies will reflect the stations' satisfaction on the equity of the arrangement. He hotes that indications are that stations have attempted to renew, but whether that will be borne out by the continued ability of the titles to deliver what they have in the past remains to be seen. Also a factor in a station's overall renewal plans is the business climate, he adds.

Reevaluating future role

Besides the uncertainty of the value of some of these titles in the long run WKBD-TV's Prange questions whether movies will be the major programming concept in primetime among indies in the 1990s. He notes that movies became predominant programming philosophy only six or seven years ago. "By the time many of these features become available down the road, who knows what will be the dominating format at that time?

"We may have evolved into a whole different approach to primetime by that point, and everyone will be sitting on a high-ticket movie, wondering what they will do with it."

Basically, he suggests, purchasing of movies protects the future, especially in the Detroit market where prices are somewhat depressed compared to other markets. Prange points out that Detroit has only two indies, so competition for movies isn't strong.

Nevertheless, there will always be a place on a station for movies, he notes, even if it means paring down to fewer movies slots per week than the station has at present. "Movies still represent a valuable franchise in the market." Prange says he has passed on some of the new packages, "which have gone down the street." On the other hand, the station has acquired the new TV NET feature package, although it passed on the initial TV NET offering of last year.

In Washington, prices are still increasing but not at the level of the previous year, says WTTG's Pastoor. Most of the escalation occurred last year, she says, when WFTY-TV came into the market, and when WDCA-TV became an active movie buyer, thereby heating up the competition for features. And although prices are still expensive, they are "somewhat leveling off."

Pastoor says that the Fox Television Group station bought Paramount's Portfolio XI and XII, Columbia's 6, Fox's Century 13, Disney Magic I and Viacom's TV NET and Viacom II. But she says that down the line she will resist the high prices because she's bought enough movies to protect the station well into the 1990s. "There will come a time when we won't need any more titles, and we won't be a player at that point, especially if the prices keep increasing so much."

While Pastoor won't reveal prices on movies, she says that the going market price at this time is in the $35,000–$60,000 range, per title, on average, which may change in any individual month, depending on the number and the quality of the new packages being offered.

To Levitt Pope, president of WPIX(TV) New York, a heavy buyer of movies, price is one segment of the buying procedure. "In our case, it's a question of how much product we need, and a lot of packages we bought still haven't come onstream. Also, there is the question of perishability and the future of features because of the exposure from video cassettes and pay-television." Of course, in making a purchasing decision, Pope points out, the station also considers the picture's quality. "All the packages aren't equal. Some are based on a subjective judgment."

Prices in New York haven't escalated as much as some others, notes Pope.

Paramount's 'Rosemary's Baby'

R*epackaging of movies is accelerating, representing a viable opportunity for indie buyers who have passed on the originals.*

"I've heard cases where the pricing is ridiculous. There are some instances where fast-buck operators have bought a station and bid up the price on everything and sell out the station before they pay for it. That's really raised havoc in pricing in some markets." He continues that this has happened in some cities where an entrepreneur wants to get good shares quickly so he can get a good price for the station, which he wants to sell quickly. "Fortunately, this hasn't happened in this market."

Meanwhile, the major ad-hoc barter primetime movie packages are either holding their own or are showing a mixed ratings pattern, depending on the package and the title. According to Katz's Valle, the ad-hoc barter movies are performing in a mixed pattern, "Some of the packages have gotten good numbers, some have been average or below," which makes it difficult to determine whether these packages are consistently superior to the cash or other types of packages assembled by stations."

Because the stations are trading away some additional inventory to acquire the ad-hoc network barter movies, Valle questions whether the net result is of benefit to stations. "I don't know whether there is a net benefit on movies which are simply holding their own," he says.

On the ratings end, the first-run barter ad-hoc feature packages in primetime, the top rated movie (including repeats) on MCA TV's Universal Picture Debut Network is *Rear Window*, which was shown in February, 1986, and racked up a 12.2, according to Katz estimates of Nielsen NTI coverage area ratings from the service's Syndication Occasional Network Report. The film, seen on 131 stations representing 91 per cent of the U.S. households, displaced its previous Number 1 film, *Halloween II*, another MCA film, which has an 11.3 rating. The Debut Network's later fare, *Eddie Macon's Run*, in March, a 7.1; *Ghost Story* in April, 9.2; and *Vertigo*, released in May, garnered an 8.5, all very respectable numbers. Twenty-four Debut Network films are being offered on a once-per-month basis for two years. At the end of the barter run, the features revert to the debut stations for additional cash runs with no interim paycable window.

Updating the July 22, 1985, movie story in TV/RADIO AGE, other ratings of major in-progress barter film packages are Embassy Night at the Movies: *The Haunting of Julia*, 4.5, August, 1985; *Zapped*, 6.7, November, 1985; and *Scanners*, 5.9, February, 1986. At MGM/UA Premiere Network: *The Beastmaster* did a 12.3 in February (including repeats), while in November, 1985, *Forced Vengeance* had a 10 rating, among the higher-rated films.

Tribune/Viacom's TV NET's highest rated film to date is *Ten to Midnight*, which got a 10.8, in November, 1985, with *Force of One*, shown in October, 1985, as the runnerup with a 9.6 rating, according to Katz estimates.

Adding titles

One indication of how well the ad-hoc network features are doing is that a few syndicators have recently announced extensions of their original package. Viacom and Tribune's joint venture, TV NET primetime monthly package, Tonight Only, will add several titles beginning in September, 1986. These include *Honky Tonk Freeway*, *The Juggler*, *Evil Under the Sun* and *Tender Mercies*, for airing in July, 1987, *Come Back to the 5 and Dime Jimmy Dean, Jimmy Dean*, for April and *Missing In Action*, for May. Tonight Only is cleared on a barter basis, with 10 minutes for national sale and 12 for local advertising. It's currently seen on 161 stations covering 92 per cent of the country.

O*rbis Communications will distribute 15 adventure films from Pacific International Enterprises.*

'Wilderness Family'

Other ongoing barter packages are 20th Century Fox' Fox Hollywood Theatre; package of first-run theatricals offered once per month, which go to pay TV then back to syndication on a cash basis. The package opened with *Oliver Twist* on May, 1985, which got a 2.8 rating; *Threshold* got a 3.9 in November, 1985, and the one-off-network film in the package *Miracle on 34th Street*, the colorized version, got a whopping 14.7, shown in December, 1985. SFM's Holiday Network's latest film *Springtime in the Rockies*, shown in April, had a 3.7, while *The First Texan*, in March, racked up a 4.6. LBS/MGM/UA's 12 monthly movie specials, Goldwyn Movie Classics, has been averaging high 1s and 2s, while LBS' Movie of the Month films have ranged from a low of .06 with the *Umbrellas of Cherbourg*, shown in February, to a 3.4 with *The Opposite Sex*, in August, 1985. The Goldwyn Movie Classics, the LBS Movie of the Month and the SFM Holiday Network represent off-network barter packages.

An upcoming and previously announced barter feature package with cash runs down the line is Disney Magic 1, 25 movies with a three-week window beginning in September. On a straight barter basis are Orbis Platinum 193; Orbis Premiere Movies; The Colex Bob Hope Classics; and The MGM Showcase Movies, which began its initial showing in April, 1986.

Only two new ad-hoc movie networks are being introduced this year by Paramount and MCA TV.

Paramount is entering the ad-hoc network scene with Paramount's Portfolio XII, a first-run syndicated movie package contains a total of 26 theatrical titles. Twelve titles, including *Compromising Positions, Falling in Love, Explorers, Summer Rental* and *Top Secret!*, will have a one-month barter window beginning in the fall of 1987, concluding in the fall, 1988, for two runs. The 12 will then be available for cash along with the remaining 14, which include *Airplane II, Beverly Hill Cops, American Gigolo, Trading Places, Witness* and *Staying Alive*, on a six-run, four-year deal, beginning on the given availability date and exclusive of the barter runs. The specific window for each barter title is to be announced.

MCA TV is following up on its successful Universal Debut Network package by offering a group of 25 titles under the banner of Universal Debut Network II. Under MCA TV's terms, the titles are being sold for two two-week barter runs over two years, on a once-per-month basis. An additional 10 off-network titles will be added for cash beginning in September, 1987, after the barter run. At that time, the 35 features will be sold via cash for eight runs over four years. Barter split on the initial 25 is 11:30 for local, and 10:30 national minutes in each film.

Films include *Halloween III*, which begins in October, plus *Brewster's Millions, Creator, Fletch, Gotcha* and *Mask*, among others. The off-network titles include *All Night Long, The Sting II*, and *Back to the Future*.

Also, the ongoing ad-hoc network MGM/UA Premiere Network is getting ready to launch an additional 24 titles, which will be made available for airplay in November.

Meanwhile, one of the major gripes of the indies is the long delay time in airing the features as imposed by many syndicators—a practice that's been prevalent in movie buying for several years. However, in some cases the availability date stretches from eight to 11 years after their theatrical release, point out station program directors. Among these are Paramount Portfolio XII's *Witness*, released in 1985 and available for station play in 1993, and *American Gigolo*, 1980 release for 1991 station airing, points out Bill Butler, WIXN-TV Indianapolis, program director, who says his station, nevertheless, was the first TV outlet in the country to acquire the Paramount package. It also brought most other new major packages.

Other titles with long-term availability dates include, from Columbia's Volume VI, *The Karate Kid*, 1993, and *Ghostbusters*, 1994. *Jagged Edge* has an availability date of 1991, and *Blue Thunder* is available to stations beginning in 1992. At least two titles from MCA's Universal Debut Network II have availability dates into the 1990s. These are *Scarface*, a September 1, 1991, start date; and *The Sting II*, a September, 1992, airplay, according to a rep source.

WPIX's Pope, who says his most recent feature package purchase was Warner Bros. 26, notes that he has passed on packages which have availability dates of 1991 and 1992 and beyond. "We aren't interested in making investments that far down the road."

Tribune's Smith feels ad-hoc webs may be better because "you do get an early shot while they still have some viability. Titles from MGM/UA Premiere Network, TV Net, or the Universal Debut Network or Embassy Night at the Movies can give you some ratings power now versus having to wait until 1993 hoping that Eddie Murphy hasn't defected to Russia."

Longterm windows

At KHTV(TV) Houston, Bob Clark, program director, is more tolerant of a longterm window arrangement on airplay than other station program directors. "I can live with getting the titles a little later if it means there will be no network exposure. But if the movies run on the networks prior to me getting them, it obviously diminishes their attractiveness."

Meanwhile, repackaging of previously released features is proliferating, note the station program directors interviewed, and are proving efficient buys in most cases because they sell for notably less than originals. Prange at WKBD-TV says that repackaging has become a fad. He cites recent repackaged units such as Paramount's Special Edition II, Columbia's Gems and Samuel Goldwyn's Goldwyn II. □

West Coast toast

King World president *Michael King, l., and chairman Roger King, r., recently introduced 'Night Life' star David Brenner, second from r., at a party in Los Angeles. Between Michael King and Brenner is Suzanne de Passe, president of Motown Productions.*

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"The Pacific Basin, including China, will pass Western Europe between 1990 and 1995 as the second largest region in gross regional product after North America."

Norval Stephens
Executive vice president
DDB Needham Worldwide

Overseas (*from page 47*)

ropean approach.

As for Latin American countries, Vale notes that commercial broadcasting is already a factor in many of them and that, if their economies were stronger, they would have the same kind of advertising upsurge being witnessed in Europe.

Economic factors

The increased amount of television time becoming available in Europe will drive its overall economy, not just the advertising economy, says Stephens of Needham Harper. He notes that most of the dollar growth for now relates to currency appreciation in relation to the dollar. Comparing the average for 1985 to June 1 of this year, he relates, West Germany is up 29 per cent, France 24 per cent and the U.K. 17 per cent. He adds that Spain has shown hardly any change while Australia is down 2 per cent. Japan's 40 per cent rise in valuation against the dollar, he observes, is having little effect on U.S.-based agencies as they do not have a major presence in the country.

Stephens adds that, except for France and Italy, which have experienced inflation rates in the low two digits, Western European countries are generally experiencing inflation rates about the same as in the U.S. or slightly above.

To be watched, he notes, are the Pacific Basin countries—particularly the export-led "little tigers" of Taiwan, Singapore, South Korea and Hong Kong. He sees strong potential in these countries and in China for healthy consumer spending. He observes that most advertising in these countries is for domestic products, with the U.S. making inroads primarily in the areas of office equipment, computers and restaurant chains.

Coen at McCann points out that the smaller Pacific nations still have a labor advantage that works independently of the exchange rate but that the revenues being generated by those nations ultimately will provide stimulus for local spending. "In Europe," he adds, "they have been in a trough for three or four years, and I don't think the European economy has gotten back to what it was in 1979. It's just pulling itself up, but advertising is no longer something that is postponable."

Menko of Y&R says that Latin American countries like Argentina, Brazil and Mexico are cutting back on their advertising expenditures "because their economies are in a shambles." But Asia and the Pacific are booming, he asserts, with spending power growing along with exports. He notes his agency just opened an advertising and public relations office in China and already had operations in Singapore, Malaya, Thailand, Japan and Hong Kong.

Cronin of J. Walter Thompson sees nothing unusual in the 1986 growth rate overseas: "The main reason is the weakening U.S. dollar. If you go back five years, most of the revenues of U.S. agencies doing business overseas were declining because their weakening currency. But in local currency in Europe, Latin America and the Far East, advertising growth was buoyant—so we're not seeing anything unusual at this time. The actual growth rate has been close in the past five years to what it is in 1986.

"In certain categories of products, U.S. companies can probably take advantage of these countries' greater currency values in dollar terms." He adds that international companies with strong foreign bases will probably advertise more because of the competitive pricing afforded by the relatively weakened dollar.

Cronin says this should be particularly true of the newer industries overseas, such as convenience foods and fast food, where there is less domestic competition.

"The big thing," Cronin contends, "is going to be the development of opportunities in the Far East, with the insipient consumer societies there." But he doesn't rule out the Middle East on a longer term basis. "After Iraq and Iran end their war," he points out, "this will result in 50–60 million people going back to normalcy. Turkey is another country with tremendous potential." On a much longer term basis, he notes that largely-undeveloped Indonesia is one of the few most populous nations in the world.

Link of McCann has hardly written off Latin America's growth potential: "Key countries there are stepping up to their problems. Brazil's new economic plan has reinvented the whole economy of the country and there will be a big growth of consumer spending because of the frozen prices and abatement of inflation."

Global opportunities

Meanwhile, all the world is not the advertiser's oyster, according to Grey's Vale, who reports advertisers are becoming more discriminating in where they advertise: "We have equity positions in only 30 countries. They represent 33 per cent of the population of the free world, 86 per cent of its gross national product and 95–96 per cent of the advertising budgets available. There are no business reasons for us to be in another 100 markets. The only other major country that could represent a giant opportunity is China. Five years from now, it might represent a tremendous opportunity for consumer products."

Vale sees little growth coming in global advertising, which he describes as "a marketer who looks at the product, marketing target and strategy to see if what is successful in market A can be successful in markets B through Z." He says there are some "international advertisers," who use a single approach to sell the likes of tractors and air conditioners worldwide. The heart of the overseas business, he concludes, is for the "multinational advertiser—those who have manufacturing, sales forces and advertising capabilities in many countries and tend to do purely local work."

Jordan of Ayer contends, "This one world approach is greatly overplayed. The decision should lie with the advertiser, not the agency. It's easier with less expensive, impulse-type products.

(*continued on page 84*)

In the Picture

Dale E. Landsman

Executive vice president and now managing director of HCM/Chicago, this former creative director relates how he looks at his new job, at the creative process, at account managers, and at research, both before and after the finished commercial is in the can.

Sees quality of creative, relationship with clients as keys to agency success

Dale Landsman, recently named managing director of HCM/Chicago, recalls that when he was a creative director, "Whenever someone would invite me to come over and be creative director of another agency, I'd say, 'Give me a definition of the job. What do *you* mean by creative director?' Because it can be a very different job at different agencies. And so is the job of running an agency."

Landsman says his own view of his new role grows out of the ad making process. The most frustrating stage of this process, he observes, "is the stage between coming up with a smart advertising idea and the stage where we see it actually happen." This, he explains, is a stage "that involves a lot of communication back and forth between the agency and client, and there are two keys to getting through this stage: the work itself and your relationship with the client."

Landsman describes it as "something like a moving merry-go-round: If you jump on it with good work, the work itself is usually enough to promote a good relationship. Or, if you jump on starting with an existing good relationship, it usually leads to good work. The secret is to keep both going well. Because if you don't have both, that's when you're going to fall off the merry-go-round."

Following this logic, Landsman sees his new job as twofold: "to make sure our people within this agency are motivated to make wonderful advertising, and to make sure we keep our good relationship with our clients. That means I'm still spending a lot of time just as I did when I was creative director—with our own research and creative people here at the agency."

View of account managers

Landsman's double-edged perception of his new job is also behind the way he looks at account management people. He says he's "always been amazed, when interviewing account people, at how few of them talk about advertising. They talk about organization charts. They talk about all the other people they know in this business. They'll talk about anything and everything *except* advertising. But when one in 100 *does* talk about advertising—the one thing we're all about—I really hear him. He's the one who's going to be as deeply involved in our creative product as the rest of us. That's the kind of agency I want to run, with everyone here concentrating on the advertising we make. If that's the kind of agency I can make happen, I won't miss out on too much by switching jobs from creative director to managing director."

On the subject of the recent wave of agency megamergers Landsman concedes that most of the account fallout has been from the new megagiants to "the just plain giants," but adds that, "I don't think we've seen the last of it. I think there are still plenty of clients out there who, though they may not have actually jumped ship yet, are still wondering about conflicts and thinking about the opportunity for better work at a more manageable-sized agency that can move faster with great work."

But he adds that the opportunity to attract new accounts is only one of the potential benefits that the formation of a megagiant offers other agencies. "There's also the talent fallout," he says. "There must be plenty of good people out there who keep telling themselves, 'I don't even know what the name of my agency is any more. Do they know *my* name any more? Or is all my genius just going to get lost in the mega-shuffle?' "

Creativity and research

Noting that part of HCM (which stands for Havas Conseil Marsteller) is European, Landsman recounts how, following the last corporate meeting in France, he took the opportunity on the way back home to visit a few of those London agencies with reputations for outstanding creativity and found that, "There, too, it's the most creative agencies that have the most buttoned-down research departments. These are the agencies that go into every new assignment determined to make sure they know exactly who it is they want to talk to before they even start to write their first word or draw their first picture."

He says that he "personally happens to think that the British sense of humor can be pretty funny at times. And there are times when the French sense of emotion can be quite exciting. They have their case histories, just like we do, that proves these things work. But would they work as well over here? I think in some cases they might, but not necessarily always.

Getting back to research, Landsman says he has some doubts about some of our after-the-fact copy research techniques. In the past, he recalls, "Researchers in this country have pioneered in developing ways to measure the effectiveness of our work. But I'm not sure they've stayed up to speed with today's realities. They may not be taking into account some of the more recent developments that have come with technology, such as viewers' ability to zap and their growing number of media choices. If they are no longer mirroring real life viewing, they may be putting us at a creative disadvantage."

"The satellites are not really a commercial proposition yet because of the limitations in

language and in their coverage due to regulation."

John Cronin
Vice chairman
J. Walter Thompson Co.

Overseas *(from page 82)*

Beauty products differ from country to country, where chewing gum may be the same everywhere."

"Global advertising is a mirage," asserts DDB Needham's Stephens, "but global marketing isn't. A certain percentage of products will be global, and some indeed will have global advertising, but it will have to be looked at by a talented local creative team to make sure that the color blue doesn't represent death in that country."

U.S. presence overseas

Stephens says there hasn't been that much change in the presence of U.S.-based advertising agencies in Europe over the past few years and that U.S.-originated products are not playing a major role in Western European advertising. The growth for U.S. firms, he explains, is in the fact that U.S.-based agencies are growing faster in these countries than those without U.S. ties and are landing important locally-originated accounts.

Companies with world headquarters in the U.S., Stephens adds, are designing their products for the particular market: "Washing machines in a particular country may be front loaders instead of top loaders, and the dryers may be different, so this could affect the marketing thrust of a bleach manufacturer. And a bleach may be a multi-use product in some countries, where it is only for one use here. American companies are responding to these differences and to the specialized uses related to climate and culture. For example, colas in West Germany are less than 15 per cent of the soft drink market, so American soft drink companies are originating new flavors for that market."

Coen also notes that the growing overseas ad expenditures are largely not coming from the U.S.: "When you dig into the U.K., for example, the money flowing from the U.S. is peanuts. It's for their own department stores and brands of food. If it's a Unilever product, it's their own brand. It's just like it is here. How many advertising dollars in the U.S. come from Frankfurt? If 1 or 2 per cent of the advertising expenditures around the world come directly from the U.S. I'd be surprised. If the money is coming from Nestle, it's for a Nestle product sold only in Germany. There may be some global positioning for companies like Coca-Cola, but the final execution is all done on a local basis."

Strategic approach

Menko of Y&R says there is a trend toward global marketing—utilizing a similar strategy around the world—and that this represents a small portion of his agency's billings. As for global advertising, some advertisers are still attempting it, he says, but not in tidal wave proportions. Many are aware, he explains, of the failure in global advertising of companies like Parker Pen. He contends, "It only works if you have a very homogeneous target audience around the world." He says a teen-oriented product, like Levis jeans, is more likely to benefit from a global advertising approach.

Cronin of J. Walter Thompson says, "There has always been advertising that has been used globally, but there's no more of it now than there was several years ago. With the development of high technology and capital intensive businesses, the economy of scale in selling on a global basis has been great. But when it gets down to advertising, it remains largely a local or regional or national enterprise.

"There are brands that are imposed on cultures that become global in nature—like Coca-Cola, Levis or Marlboros—but when you get to five or six of them, you start scratching your head." He adds that the Japanese have taken a global approach but that it has been limited to high-technology goods with no local competition.

No national economies

Expressing the most bullish view of global advertising is McCann's Link, who holds, "We don't have national economies any more, except from a political point of view. We've got to think in terms of global marketing and advertising. There are a lot of companies that are marketing their products across the world—some globally, others on a pan-regional basis.

"What is happening is that, because of changes in global economies, corporations are becoming more centralized in their decision-making and strategies. There is no simplistic definition of global advertising. Our purpose at McCann is not to put a rigid campaign into a far-away place. We come up with a schematic and ask the local office to improve on it." □

"This one world approach is greatly overplayed. The decision should lie with the advertiser,

not the agency. It's easier with less expensive, impulse-type products."

Jerry N. Jordan
Executive vice president
N W Ayer ABH International

Inside the FCC

Mark S. Fowler

Chairman, Federal Communications Commission, in a statement before the House Committee on Energy and Commerce's Subcommittee on Telecommunications, Consumer Protection and Finance.

Availability security key FCC satellite concerns, not pricing of services

Since deregulating domestic receive only satellite earth stations in 1979, the commission has played little role in the area of TVRO use. Consumers do not need any commission license to utilize these antennas, and the commission regulates neither the antennas themselves nor the scrambling of programming. However, in January, 1986, the commisison did adopt a decision preempting local zoning ordinances and other regulations that differentiate between TVRO antennas and other types of antenna facilities unless such regulations have a reasonable and clearly defined health, safety or aesthetic objective and do not operate to impose unreasonable limitations on, or prevent reception of, satellite delivered signals by TVRO antennas or to impose excessive costs on TVRO users.

The Commission took this action in furtherance of its goals of making communications services available to all people of the United States and establishing a unified communications system. I believe that this decision represents a substantial benefit for the satellite dish user community.

Scrambling issues

I recognize that several issues have arisen surrounding scrambling since fulltime scrambling began on January 15, 1986. Among these are: the availability of decoders; the prices charged TVRO users by program distributors for service, especially as they relate to the prices paid by those receiving the same service from a cable system in the same community; the marketing schemes being utilized by programmers; and the availability of network feeds to TVRO users. Bills have been introduced both in the House and the Senate that addressed these issues.

Chiefly, currently pending legislation would require the commission to establish a uniform scrambling format or involve it in setting the rates and other viewing terms on a market-by-market basis if the consumer and program supplier are unable to reach an agreement within a short time frame. Other legislative proposals would require the commission to monitor the price and availability of scrambled programming or to expedite the processing of TV translator station applications under certain circumstances.

With respect to a requirement for the commission to establish a uniform scrambling standard, it appears to me that the marketplace is ideally suited to making such selections and has, in large measure, already established the M/A Com "VideoCipher II" as the uniform scrambling format. There is little reason to believe that this will cease to be the case. Providers of scrambled program services have every incentive to sell their service to dish antenna users.

The regulation of rates is a second area in which proposed legislation would involve the commission. While I share the concern that a wide choice of video services remain available to the American public, I do not believe that involvement of the commission in setting the price to be paid by the consumer for such services is necessary or desirable.

Marketing practices

Finally with respect to the pricing and program marketing issues, I have striven to create, to the maximum extent possible, an unregulated, competitive marketplace environment for the development of telecommunications. Certainly, the TVRO community is a growing part of the telecommunications marketplace, and unlawful restraints of trade in the pricing or marketing of programming to TVRO users would be antithetical to the type of robust competition that I support. Accordingly, while I see no appropriate role for the commission in setting the prices to be charged TVRO users for programming or in overseeing the marketing practices of programmers, I do believe that serious and supported allegations of unlawful practices should be investigated by the bodies charged with enforcement of the antitrust and trade practice laws.

One area related to the scrambling issue where I do see an appropriate commission role is in authorizing translator stations to extend the reach of network affiliates and other stations into areas currently not receiving over-the-air television reception. As I stated previously, I see a strong public interest in bringing the benefits of television to the largest number of Americans. The commission has attempted to do this through establishing a table of assignments alloting TV channels to hundreds of communities from coast-to-coast. As of April 30, the commission had licensed 1,251 full service TV stations to operate on those channels. We have also authorized a veritable alphabet soup of alternative video delivery services. These include LPTV (low-power television), DBS (direct broadcast satellite), MDS (multi-point distribution service) and MMDS (multi-channel MDS). Additionally, the commission has attempted to enhance the viability of translator stations by permitting them to originate 30 seconds of programming per hour in order to seek or acknowledge financial support.

But while translators play an important role in bringing service to rural and remote areas, authorizing new translator stations quickly is not going to be an easy task. As a result of the commission's commitment to bringing additional media choices to the American people, in 1982 we authorized the low-power television service. Low-power TV stations are essentially translator stations which originate programming rather than merely "boosting" the signal of full-service TV stations as do pure translators. However, from an administrative standpoint the commission treats translator and LPTV applications the same.

The new LPTV service has attracted numerous applications. Currently, some 13,000 such applications are pending. That is down from a peak of 37,000 applications. Our lottery system for selection of licensees is partly responsible for this substantial reduction in the application backlog. We have conducted some 1,200 translator and low-power TV lotteries among mutually exclusive applications. However, any new translator applications will have to be considered against the 13,000 pending applications.

Filing for translators

Under current law, where filing deadlines have not already expired a new translator application will have to face competitive selection in a lottery with other applications that are mutually exclusive with it. Accordingly, even where new translator applications can be filed and an interested pure translator applicant exists, there is no guarantee that it will be the successful applicant, as another party proposing LPTV service may be the party selected in the lottery. Even if the translator applicant is selected, there is no guarantee that it would remain a translator as it could easily convert to a low-power TV station under current commission regulations.

Perhaps even more importantly, the commission has already considered procedures to expedite translator applications in certain "video poor" areas but has rejected such procedures in part because they would require manual application processing by commission personnel with the result of slowing down rather than expediting processing given that the existing process is largely automated. Finally, giving special consideration to translator applicants was considered but was not thought to be in the public interest because doing so would place the commission in the position of favoring one type of programming over another and would unfairly penalize low-power TV stations, many of which operate as translators part of the time.

This having been said, I am happy to note that later this month the commission will be considering inauguration of a rulemaking proceeding that could ultimately result in expediting the processing of all translator and low-power TV applications. Generally, the commission will explore ways to control the flow of incoming applications so that processing will be speeded and filing windows will be opened more frequently to prospective applicants. If adopted, such procedures can have a significant, positive impact on the presence of translator and low-power TV stations in rural and other areas.

'Captain Midnight'

Finally, I would like to address the recent "Captain Midnight" incident in which an unknown party interrupted HBO satellite transmission on the Galaxy I transponder 23, In that episode, HBO's transmission of the movie, *The Falcon and the Snowman*, was overridden and replaced with a series of color bars and a message stating, "Good evening HBO from Captain Midnight. $12.95? No way! (Showtime/Movie Channel Beware!)" The commission views this incident very seriously. Reliance on satellites is a prominent feature of the current telecommunications landscape. The apparent willingness to disrupt satellite transmissions, coupled with an ability to do so, represents a threat to our telecommunications network that cannot be taken lightly. We are currently working with the Department of Justice in attempting to locate and identify the perpetrator of the "Captain Midnight" incident.

However, the Communications Act and the criminal code currently provide only limited sanctions that can be brought to bear should the perpetrator of such an incident be identified. While interference to government communications facilities is punishable under the criminal code, I am aware of no similar provision in Title 18 with respect to non-government facilities. However, depending upon the particular circumstances of the incident, some provisions of the Communications Act may be applicable. For instance, if the facility utilized was not licensed the interfering party could be considered an unlicensed operator pursuant to Section 301 of the Communications Act.

Punishment for offenses

Violations of the act are punishable by a one year prison sentence, a $10,000 fine, or both. I believe that Congress could play an important role in preserving the integrity of our satellite telecommunications network by enacting legislation currently pending before it that would unambiguously apply to such activities. The House bill that would make willful or malicious interference a violation of the Communciations Act is H.R. 2479. It was introduced by Rep. Bates and was co-sponsored by a number of members of [the House Subcommittee on Telecommunications, Consumer Protection and Finance]. For its part, the commission made similar legislation part of its legislative proposal package submitted to the [the subcommittee] this past March. Also, Representatives Coble and Frank have just introduced legislation that would directly and severely punish intentional interference with satellite communications. The commission strongly supports these efforts and would be happy to provide whatever assistance Congress would find helpful with respect to such legislation.

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