

NASCAR in the driver's seat

But can networks make money on the \$400 million annual package?

By Richard Tedesco

NASCAR wheeled into the big time of network TV rights players last week, pulling down \$400 million per year in a multiyear pact with a quartet of broadcast and cable partners and leaving TV crews that helped build its high profile in the dust.

Fox put \$200 million a year on the table for its eight-year deal—beating a \$130 million bid from CBS and TNN—with Fox willing to schedule twice as many races as CBS, sources report. NBC and TBS trumped ABC and ESPN with a \$200 million-a-year bid for their six-year deal. All the contracts begin with the 2001 racing season.

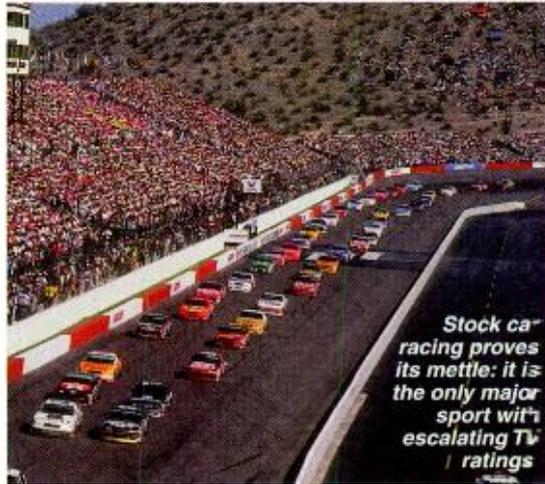
That kind of money puts it in the major leagues of sports rights (Major League Baseball gets \$336 million annually from its contracts with NBC, ESPN and Fox).

However, observers are questioning the networks' ability to make money on their deals. "If it's not a loss leader, it's pretty close," one TV sports executive observed. Heavy on-air promotion is an integral part of the deals, and that's something the networks may sorely need if they hope to do better than break even.

NASCAR's ascendancy is based on being TV's second-biggest draw to the NFL for the coveted 18-to-49-year-old male demographic. It's the only major sport with steadily escalating TV ratings over the last decade. Winston Cup races have averaged a 6.4 Nielsen rating on CBS this year and a 5.3 rating on ABC. Current ratings on ESPN, TNN and TBS are averaging 3.0 or higher.

While NASCAR is drawing viewers beyond its traditional southeastern base, advertisers will doubtless face booming ad rates as the networks try to make the economics work. "It sounds to me like there will be a tremendous hike for the advertisers to absorb," says Richard Kostyra, president of Media First International.

NASCAR could dilute viewership with possible plans to introduce its own cable and satellite network next year. The vehicle for that new venture could be SpeedVision, the motor sports cable network that already features some NASCAR shows, but no live races.



SpeedVision would like to expand that relationship, according to its president/CEO, Roger Werner, who says, "There may be other programming we can work with them on."

Meanwhile, long-time NASCAR rights-holders CBS, TNN, ABC and ESPN were left spinning their wheels when NASCAR's ruling France family chose new partners, who provided a

four-fold jump from its current \$100 million patchwork of rights deals. It drove the deal by consolidating rights in a single package rather than permitting individual racetracks to negotiate rights. "Certainly money was one of the factors," says Bray Cary, NASCAR vice president of broadcasting. After money, he says, desire for increased broadcast exposure was "huge."

Fox and NBC each will carry 17 to 20 Winston Cup and Busch Grand National stock car races (alternating coverage of the Daytona 400), with respective cable counterparts FX and TBS carrying the remainder. (The mix will be 70% broadcast, 30% cable.) Fox has space on its broadcast schedule because there are no National Hockey League games from February through June, and NBC's loss of NFL rights made NASCAR an attractive property from July through November. ■

Pax makes L.A. moves

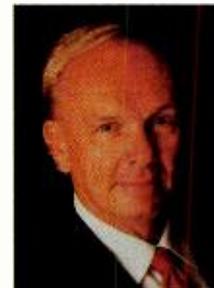
Some departments moving from West Palm to West Coast

By Joe Schlosser

Less than two months after NBC acquired an ownership stake in Pax TV, the West Palm Beach, Fla.-based network is relocating a number of its top executives and divisions to Los Angeles and will move the network's entire headquarters to Los Angeles within the next year or two.

Pax TV executives say the move has nothing to do with NBC's recent purchase of 32% of Paxson Communications (Pax TV's parent company) and everything to do with "being where the action is" in the television industry.

"If NBC were in Dallas, we'd still be moving to Los Angeles," says Steve Sohmer, executive vice president of Pax TV and one of the start-up network's top executives changing addresses. "It was very useful for all of



Chairman Lowell Paxson is now bi-coastal, having recently bought a home in the ritzy Bel Air area of Los Angeles.

us to get to know each other in West Palm at the beginning, but when you get right down to it, the Shangri-la of television and entertainment promotion and production is Los Angeles."

Pax TV's marketing, advertising and promotion divisions are all being shipped to Southern California in January, and a number of other units may soon follow. Along with Sohmer, who oversees Pax TV's marketing division, Executive Vice President Paul Wang and a