

Year in Review: Broadcasting and Cable 1993

Broadcasting

There were 11,543 radio stations operating in the United States at the end of 1993. Of these, 4,948 were commercial AM stations, 4,945 were commercial FMs and 1,650 were noncommercial FMs. There were 1,516 operating television stations: 558 commercial VHF, 595 commercial UHF, 123 noncommercial VHF and 240 noncommercial UHF. Most commercial TVs are network affiliated; approximately 443 operate as independents.

No single entity may own more than 18 AM, 18 FM and 12 TV stations. In TV, the entity is permitted to own 12 TV stations as long as they don't reach more than 25% of the nation's television homes. UHFs are assessed for only half of a market's television homes. Group broadcasters who buy interests in stations more than half owned by minorities are able to own up to 21 AM, 21 FM and 14 TV stations, and are able to reach 30% of the nation's television households through their TVs, as long as two of the stations in each service are controlled by minorities.

Newspaper owners may no longer purchase broadcast properties in the same market, nor may radio station owners acquire TV stations there, nor TV owners acquire radio outlets. TV stations may no longer acquire cable

TV franchises in the same city, and networks may not own cable systems at all.

In 1992, according to estimates by the Television Bureau of Advertising and the Radio Advertising Bureau, commercial broadcasting had total advertising revenues of approximately \$35.9 billion. Television advertising accounted for \$27.1 billion (75.4%) of revenues; radio advertising, for approximately \$8.8 billion (24.6%). Public broadcasting had a 1992 income of \$1.8 billion—20.9% from the federal government.

In 1992, television billings for stations and networks amounted to \$9.5 billion (national network), \$7.6 billion (national non-network), \$8.0 billion (local), and \$2.0 billion (national syndication), according to estimates by the Television Bureau of Advertising. The Radio Advertising Bureau estimated radio billings for stations and networks were \$388,000,000 (national network), \$1,479,000,000 (national non-network), and \$6,899,000,000 (local).

There are more than 93 million U.S. homes (99% of all homes) with television sets, about 70% of which have more than one set. About 92 million homes have color. It is estimated that about 80.6% of TV homes are equipped with a VCR, and that about 64% are linked with cable

systems, according to Arbitron Television. There are an estimated 576 million radio sets in the U.S., 367 million (64%) of them in homes and 209 million (36%) out of homes.

The average American home watches TV seven hours and 5 minutes a day, according to Nielsen Media Research statistics for the 1992-1993 season. And the latest study by The Roper Organization (commissioned by the National Association of Broadcasters and the Network Television Association) shows that 69% of the U.S. public turns to TV as the source of most of its news, and that 56% ranks it as the most believable news source.

The average 30-second prime-time network television announcement now costs \$100,000 (spots on a top-rated series cost \$325,000; low-rated spots average about \$50,000). An estimated 135 million people watched the 1994 Super Bowl telecast. Thirty-second announcements during that event cost \$900,000. Thirty-second announcements on individual TV stations range from \$20,000 in top-rated specials in major markets to as low as \$10 in the second-hundred markets. Radio spots cost from \$1,500 or more in major markets to less than a dollar in small towns.

Cable

There are 11,600 operating cable systems in the U.S., serving some 33,000 communities. Another 100 franchises are approved but not built. Texas has the most systems (890) and California the most subscribers (6 million). Operating systems currently reach about 56 million subscribers, perhaps over 147 million people—62.4% of the nation's TV households. The largest (Time Warner Cable in New York) has over 900,000 subscribers. Some have fewer than 100. Tele-Communications Inc. is the largest multiple system operator (MSO), with more than 10 million subscribers. Industry revenues last year totaled approximately \$22 billion. Most systems offer 30 or more channels. Systems constructed after March 1972 must have a minimum 20-channel capacity. The average monthly fee (basic service) is \$21. Costs of laying cable range from \$10,000 per mile in rural areas to \$100,000 in urban areas and up to \$300,000 where underground cable is required. An estimated 5,600 systems originate pro-

gramming in their own studios; the average is 23 hours weekly. Equipment costs are as low as \$30,000 for a small black-and-white operation and \$200,000 for a color studio.

Over 2,550 systems (22% of all systems) accept advertising on their local origination channels (excluding automated channels), with rates from \$2 to \$600 per 30-second spot. Most cable systems derive less than 5% of their gross revenues from advertising. Pay cable is on approximately 9,100 systems and reaches 41 million subscribers in 50 states. Most pay cable operators are reporting close to 74% penetration of their subscriber count. Home Box Office Inc. initiated the first national satellite interconnected pay network Sept. 30, 1975, using transponder time leased on the Satcom satellite. Aside from contracting for packaged pay programs, like HBO, cable operators can lease a channel to a pay program operator or secure their own program-

ing directly from a supplier. Many systems have multiple cross-ownership ties.

Although wireless cable systems offer programming similar to cable systems, the subscriber receives the programming in a different way. A wireless cable system uses a microwave transmitter to send video programming to the rooftop antennas of subscribers. According to the Wireless Cable Association, there are more than 160 wireless cable systems.

Another potential alternative to cable is provided by DBS (direct broadcast satellites). Although none are yet operating, nine permittees have construction grants for DBS systems. Two permittees—United States Satellite Broadcasting Co. and DirecTV Inc.—expect to be operating by April 1994. The nine permittees are authorized to transmit via high-power satellites to small antennas on the ground. Midpower DBS systems also transmit via satellite but require bigger antennas on the ground.