

# Year in Review: Broadcasting and Cable 1994

## Broadcasting

There were 11,701 radio stations operating in the United States at the end of 1994. Of these, 4,923 were commercial AM stations, 5,070 were commercial FMs and 1,708 were noncommercial FMs. There were 1,520 operating television stations: 559 commercial VHF, 598 commercial UHF, 123 noncommercial VHF and 240 noncommercial UHF. Most commercial TVs are network affiliated; approximately 438 operate as independents.

No single entity may own more than 20 AM, 20 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 25 AM, 25 FM and 14 TV stations, and are able to reach 30% of the nation's television households through their TVs, as long as five of the AM, five of the FM or two of the TV stations 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 1993, according to estimates by the Television Bureau of Advertising and the Radio Advertising Bureau, commercial broadcasting had total advertising revenues of approximately \$33.3 billion. Television advertising accounted for \$23.7 billion (71.1%) of revenues; radio advertising, for approximately \$9.6 billion (28.9%). Public broadcasting had a 1993 income of \$1.79 billion—20.6% from the federal government.

In 1993, television billings for stations and networks amounted to \$12.5 billion (national network and national syndication), \$5.6 billion (national non-network) and \$5.6 billion (local), according to estimates by the Television Bureau of Advertising. The Radio Advertising Bureau estimated radio billings for stations and networks were \$407,000,000 (national network), \$1,629,000,000 (national non-network), and \$7,532,000,000 (local).

There are more than 95 million U.S. homes (98% of all homes) with television sets, about 66% of which have more than one set. About 94 million homes have color. It is estimated that about 79% of TV homes are equipped with a VCR, and that about 63% are linked with cable

systems, according to Nielsen Media Research. There are an estimated 585 million radio sets in the U.S., 373 million (64%) of them in homes and 212 million (36%) out of homes.

The average American home watches TV seven hours and 15 minutes a day, according to Nielsen Media Research statistics for the 1993-1994 season. And the latest study by The Roper Organization (commissioned by the National Association of Broadcasters and the Network Television Association) shows that 72% of the U.S. public turns to TV as the source of most of its news, and that 51% 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 121 million people watched the 1995 Super Bowl telecast. Thirty-second announcements during that event cost \$1 million. 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 11,800 operating cable systems in the U.S., serving some 34,000 communities. Another 100 franchises are approved but not built. Texas has the most systems (892) and California the most subscribers (6 million). Operating systems currently reach about 58 million subscribers, perhaps over 152 million people—62.4% of the nation's TV households. The largest (Time Warner Cable in New York) has over 1 million 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 \$23 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 \$23. 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 5,000 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 2,950 systems (25% 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 9,300 systems and reaches 43 million subscribers in 50 states. Most pay cable operators are reporting close to 73% 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 170 wireless cable systems.

Another alternative to cable is provided by DBS (direct broadcast satellites). United States Satellite Broadcasting Co. and DirecTV Inc. began operation in 1994. Seven other permittees are authorized to transmit via high-power satellites to small antennas on the ground. Another midpower DBS company, Primestar Partners, is providing DBS service. Midpower DBS systems also transmit via satellite but require bigger antennas on the ground.