

MEDIAWEEK

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TV Nets/Affils Battle Builds

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Fox's NASCAR Burns Rubber

Net says new sponsors push sellout rate to 90%

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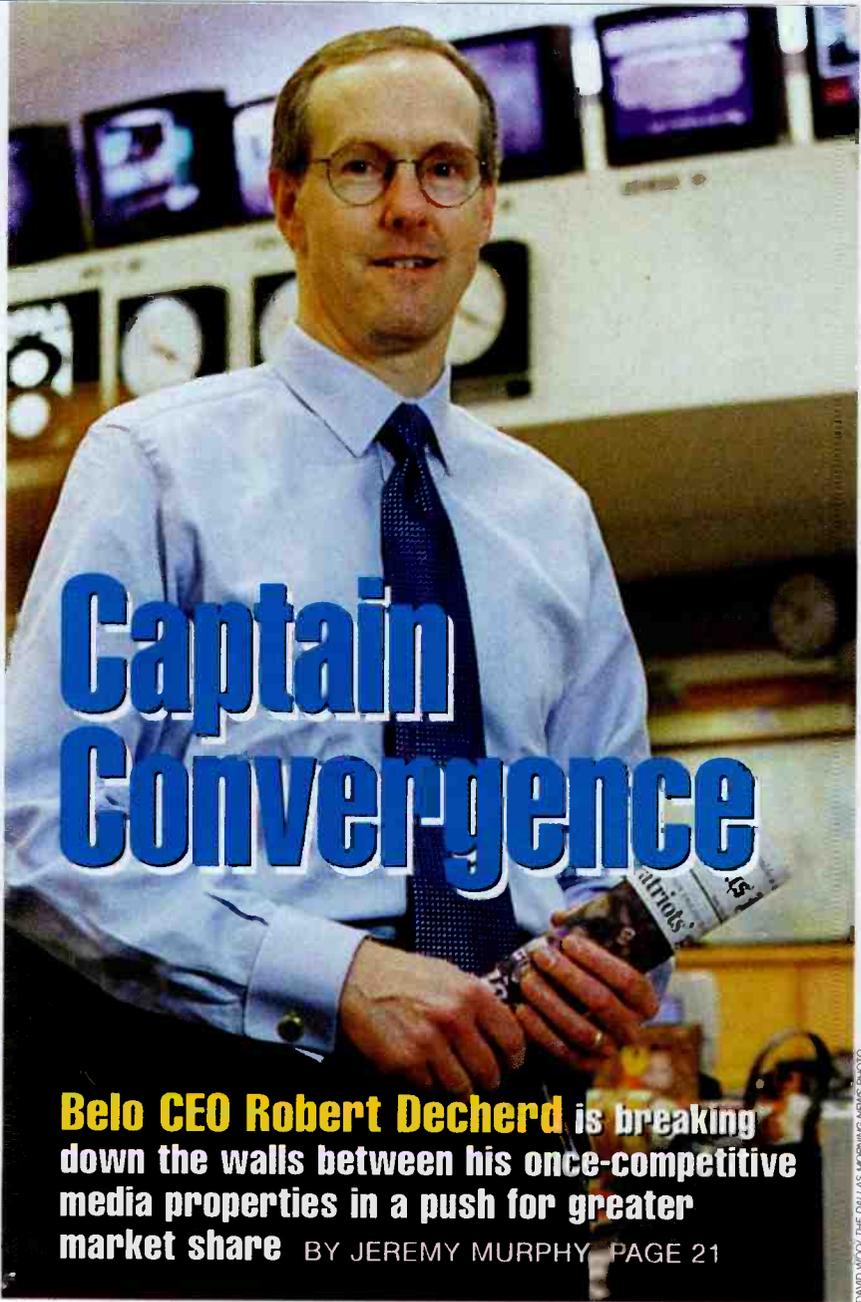
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Dennis Toughs Up Rate Card

New CFO Lagana is signing off on ad deals

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Captain Convergence

Belo CEO Robert Dechard is breaking down the walls between his once-competitive media properties in a push for greater market share **BY JEREMY MURPHY** **PAGE 21**

MARKET INDICATORS

NATIONAL TV: FILLING
Second-quarter scatter is just about sold out, and deals for third-quarter inventory are coming in. Traditionally heavy summer spenders—soft drinks, movies, fast food and travel—are leading the way.

NET CABLE: STEADY
Scatter activity continues to be stable in second quarter, with a few deals being booked into June. CPMs are flat. Autos, movies and beverage categories are solid spenders.

SPOT TV: HEALTHY
Inventory at stations in the top 25 markets has tightened considerably, led by automotive. Stations report that orders are increasingly coming in at the very last minute. Political bucks start to roll in.

RADIO: MOVING
Most advertisers are still waiting to place buys until days before air dates. Inventory is moving for April and for May, traditionally radio's biggest month. Auto, retail and telecom categories active.

MAGAZINES: WARM
The recent squabble over prescription drug advertising on network TV could divert more pharmaceutical spending into men's and women's health and fitness titles.



DAVID WOOD/ THE DALLAS MORNING NEWS PHOTO





On April 9, you'll discover a Wall Street Journal that bears ;
absolutely no resemblance to the exhibit at left. Our idea was simpler.

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covering not only business but the business of life. We're publishing a new section
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And, oh yes, we've added just the most judicious hint of color.
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Biography

MAGAZINE

QUALITY OF LIVES



At Deadline

MediaCom's Gerster Is New Initiative CEO

Alec Gerster, CEO of MediaCom Worldwide, has left the agency to become CEO of rival Initiative Media Worldwide, replacing Lou Schultz, who departed in January. Alexander Schmidt-Vogel, MediaCom Worldwide COO, will replace Gerster, while Jon Mandel and Dene Callas, co-managing directors of MediaCom, have been moved up to co-CEOs of U.S. operations. In another media-agency promotion, Marc Goldstein, president of national broadcast and programming for MindShare North America, has been given the additional title of CEO. Goldstein's new duties will include oversight of MindShare's office of the president, made up of Jean Pool, president of operations, and Ray Simko, president of strategic planning. Goldstein will also oversee the new North America Management Group, which supervises MindShare's regional and specialty units.

Broadcasters Refile Cap Plea

The National Association of Broadcasters and the Network Affiliated Stations Alliance filed a petition late last week with the U. S. Court of Appeals asking for another hearing on the court's February decision on the 35 percent national broadcast ownership cap. In its decision, the court remanded the rule back to the Federal Communications Commission for better justification but still found it constitutional.

ESPN Wins Rights to French Open

ESPN last week expanded its lineup of tennis programming, reacquiring cable rights to the French Open following an eight-year hiatus. USA, which had carried the French, and the Outdoor Life Network also bid for the rights. Under the one-year, \$1 million deal, ESPN and ESPN2 will air 72 hours of coverage from May 27 to June 5. ESPN, which currently carries the Australian Open, had the French rights from 1986 to 1993.

No Postal Hike in 2003

The U.S. Postal Service presented its "transformation plan" last week to Congress, which includes a promise to not raise postal rates again any earlier than 2004. Rates will rise on June 30, with the cost of mailing periodicals jumping by an average of 10 percent.

MSNBC Ups the Ante by Tapping Donahue

Perennially third-ranked cable news network MSNBC hopes to become more of a contender in prime time with last week's hire of legendary talk-show host Phil Donahue to

anchor a one-hour talk show at 8 p.m. starting this summer. In the still-untitled program, Donahue—in essence the progenitor of the daytime talk-show format on NBC in the late 1960s—will interview various newsmakers and journalists about the key topics of the day. Donahue faces tough competition: His program will go up against the ruling talk show in cable news, *The O'Reilly Factor* on top-rated cable news network Fox News Channel (see *related Media Wire* on page 8). Donahue will also be opposed by a new show launching on CNN this summer hosted by veteran network news anchor Connie Chung.

Radio Disney to Add New AM Stations

ABC Radio late last week agreed to acquire three AM stations for its Radio Disney network: WBWL, a Sports outlet in Jacksonville, Fla., from Cox Radio; News/Talk WFDF in Flint, Mich., from Cumulus Media; and News/Talk WHKT in Norfolk, Va., from Chesapeake-Portsmouth Broadcasting Corp.

Lifetime Earns Top 1st-Q Ratings

Lifetime took the top ratings spot among basic cable networks in first-quarter prime time, with a 2.2 rating (reaching 1.8 million households). TNT ranked second, posting growth in households and the key demographics of 18-49 and 25-54. TNT sibling TBS Superstation slipped 10 percent in rating, to a 1.6 (1.3 million households), and fell 12 percent among viewers 18-49 and 25-54. While USA Network declined in household delivery, due in large part to the loss of World Wrestling Federation matches, the network posted growth in the 18-49 and 25-54 demos.

Addenda: *USA Today* promoted **Brian Gallagher** to executive editor, replacing Bob Dubill, who retires June 1. Gallagher was editor of the editorial page for three years...*Media-week's* VNU sibling *The Hollywood Reporter* today will unveil a redesigned look and format, and has also restructured its editorial department, unifying its daily news and special

issues departments into one editorial team and creating a new features division...**Excelsior Radio Networks** has purchased national radio rep firm **Dial Communications** for undisclosed terms. Dial will be merged with Excelsior's existing national radio rep firm, Global Media, to form Dial Communications-Global Media. The combined company is estimated to have national billings of \$50 million.

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Fox's Nesvig soups up NASCAR ad sales
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JEFF WEINGER/FOX

EchoStar, Disney Reach Agreement on Carriage

EchoStar Communications last week finally resolved its three-month carriage dispute with the Walt Disney Co. The two parties agreed to a multiyear deal that safeguards the carriage of Disney's ABC Family and ESPN Classic cable networks on EchoStar's Dish Network. EchoStar had stopped carrying ESPN Classic last December and had threatened to pull ABC Family in January, citing poor ratings and carriage-fee hikes; Disney sued for breach of contract and won a temporary restraining order.

Terms of the agreement were not disclosed. As a result of the pact, Disney, which has expressed concerns about EchoStar's proposed acquisition of satellite rival DirecTV, is expected to be more amenable to a merger of the two satellite companies.

In other EchoStar news last week, the satellite company filed an appeal with the U.S. Supreme Court seeking to allow Dish Network to deliver one city's local TV signals into another market.

And separately, the Federal Communications Commission criticized EchoStar for requiring that some of its customers install a second satellite dish to receive local signals. FCC's media chief Kenneth Ferree called the practice illegal and said it discriminates against local TV stations. —Megan Larson

CBS' Gumbel to Leave Early, No Successor Named

CBS brass have mixed emotions about Bryant Gumbel's decision last week to leave as co-anchor of *The Early Show*, a post he has held for 2½ years. While network executives said they had no succession plan in the works, they were clearly unhappy that the show had not gained in the ratings since Gumbel's arrival. *The Early Show* show continues to be mired in third place behind ABC's *Good Morning America* and NBC's *Today*. Gumbel's departure comes in the months of his five-year, \$30 million contract. Given *Early's* stagnant ratings, CBS is eager to offer him a significant sum (continued on page 8).

Nets Vs. Affiliates Battles Continue

CBS' loss of key Fla. outlet is latest casualty of mounting tensions

TV STATIONS By Katy Bachman

The increasingly fractious relationship between the TV networks and their affiliates suffered another fissure last week as Post-Newsweek's WJXT-TV in Jacksonville, Fla., one of the strongest CBS affiliates in the country, said that it will walk away from the network when its contract expires on July 10, ending a relationship that spans more than five decades.

"CBS wanted to change the business relationship that's been in existence for 53 years, and that's not appropriate," said Alan Frank, president of the Post-Newsweek stations. "They wanted more clearances [for network programming], less pre-emptions and less compensation."

The defection of WJXT, which contributes

In the case of WJXT in Jacksonville, the message from CBS came through loud and clear. Mel Karmazin, president/COO of parent Viacom, does not want CBS to pay compensation or bend over backwards to re-sign any affiliate, even if that affiliate is the top station in its market in ratings and revenue.

"It's very important to maintain a one-revenue stream," said Peter Schruth, president of affiliate relations for CBS. "We're trying to eliminate compensation and reduce to a reasonable level the pre-emptions from affiliates. We tried hard to keep WJXT as an affiliate."

NBC has even succeeded, albeit temporarily, to turn the tables on the compensation issue. Last year, fol-

"CBS wanted to change the business relationship that's been in existence for 53 years." POST-NEWSWEEK'S FRANK



2.5 percent of CBS' national ratings and is by far the leading station in Jacksonville, is the latest casualty of what is becoming a costly power struggle between networks and their affiliates. Faced with rising programming costs, CBS, NBC and ABC are gradually phasing out compensation payments to affiliates, which cost each network upward of \$200 million per year. In addition, the networks are moving to reclaim from affiliates a greater portion of advertising time within network programming—inventory that currently nets the stations more than \$700 million annually.

For stations in smaller markets in particular, the gradual elimination of compensation payments can really sting. Last month, ABC told Scanlon Broadcasting's WBKP-TV in Marquette, Mich., that it would no longer receive any comp. The affiliate's solution: It shut down its local news operations.

lowing an acrimonious split with affiliate KRON-TV in San Francisco over compensation, the network got Granite Broadcasting's independent KNTV-TV in San Jose, Calif., to agree to pay \$362 million over 10 years for an affiliation. Financially strapped Granite bailed out on the deal soon after, agreeing to sell KNTV to NBC for \$230 million. By sticking to its guns, NBC ended up owning a station in the country's fifth-largest market, although KNTV's signal does not penetrate as much of the market as KRON's.

Reverse compensation may be an unwinnable battle, but all Big Three networks recently have negotiated contract renewals with affiliates that eventually wean the stations off compensation. For example, in July 2000, Hearst-Argyle signed a 10-year deal for its 10 NBC outlets that gradually takes compensation down to zero. For its part, the Fox net-

work has never paid its affiliates compensation.

"Many affiliates have seen this coming and have made adjustments," said Jack Sander, president of the TV group at Dallas-based Belo, owner of 19 stations. Belo owns Independent KTVK in Phoenix, which rose to No. 1 in ratings and revenue in that market after giving up its ABC affiliation several years ago.

Conversely, Young Broadcasting's KRON, which lost its NBC affiliation on Jan. 1, has seen its ratings drop about 40 percent this year, according to Nielsen Media Research.

Compensation is just one of several issues that have frayed the ties between networks and their affiliates. In a filing with the FCC last year, a move that heightened tensions between the two sides, the Network Affiliated Stations Alliance spelled out many of the concerns, including the nets' re-purposing of daytime soap-operas and popular prime-time shows on other broadcast and cable networks after their affiliates have aired the episodes.

"The direction of the networks in the past couple of years toward affiliates has been frightening," said Sherry Burns, WJXT general manager. Re-purposing, Burns added, "diminishes my ability to sell that [programming to advertisers]. The networks are not playing straight with us."

Because Post-Newsweek owns two other TV stations in Florida and is a participant in the Florida News Network, WJXT is bullish about the prospects of expanding its news programming to replace some of the departing CBS fare. As the negotiations with CBS began to look grim, WJXT acquired rights to several syndicated shows, including *Frasier*, *Inside Edition*, *Entertainment Tonight* and *Dr. Phil*.

While going it alone as an Independent looks promising to WJXT now, the reality is that successful indies, such as Belo's KTVK, are few and far between. "Typically when stations drop their network affiliation, ratings fall precipitously. Post-Newsweek's strong news orientation will help, but one is hard-pressed to see the silver lining," said Lee Westerfield, UBS Warburg broadcast analyst.

"It will be an issue in prime time," said Bonita LeFlore, executive vp and director of local broadcast for Zenith Media. "In national spot, advertisers are looking for the same programming across multiple markets. If the station is not affiliated, it has to do some hard preselling."

Meanwhile, CBS is searching for new distribution in Jacksonville, either by acquiring a station or convincing one of the other owners in the market to switch affiliations. CBS sees little chance of getting WJXT back to the table. "I have the feeling they've closed the door," Schruth said. ■

Powell's Digital Deadline

FCC chief's plan would get broadcast, cable and set-makers moving by Jan. 1

REGULATION By Katy Bachman

Frustrated by the "you first" attitude of broadcasters, cable companies and television-set manufacturers over the rollout of digital television, Federal Communications Commission chairman Michael Powell last week drafted a comprehensive plan to jump-start the moribund, decade-long transition. The plan, delivered in an April 4 letter to Sen. Fritz Hollings (D-S.C.), chairman of the Senate Commerce Committee, and Rep. Billy Tauzin (R-La.), chairman of the House Committee on Energy and Commerce, outlines steps that broadcasters, cable companies and electronics manufacturers should take in order to "give consumers a reason to invest in digital technology today," Powell wrote.

"It's the best news out of the Powell commission yet," declared one broadcast lobbyist. "Finally, we have a chairman who is willing to put pressure on all the parties."

Since 1998, when HDTV sets became available, fewer than 400,000 have been sold, according to the Consumer Electronics Association. Networks have been slow to broadcast high-def programming, claiming it's too expensive to produce something practically no one can see. About 700 smaller TV stations, facing financial difficulty in buying digital equipment, have asked for more time to make the transition. And many cable operators said they don't have the channel capacity to pass through spectrum-hungry high-def signals.

If Powell's plan is approved by all parties, ABC, CBS, NBC and Fox, as well as HBO and Showtime, would provide high-definition or other digital programming over half of their prime-time schedules, beginning this fall. By Jan. 1, 2003, affiliates of the Big Four networks



PHILANI K. EBENHACK/AP PHOTO

Powell moves to jump-start the digital process.

in the top 100 markets would be high-def ready. Cable companies with at least 750 MHz of capacity and direct broadcast satellite would carry, at no cost, the signals of up to five broadcast or other program services during at least 50 percent of their prime-time schedules.

Broadcasters applauded Powell's plan as a "major step forward," but both the cable and the consumer-electronics industries expressed reservations. "Powell has put forward some thought-provoking proposals, several of which the cable industry is already actively working to accomplish," said Robert Sachs, president of the National Cable & Telecommunications Association, referring to recent moves by cable operators Comcast and Charter to voluntarily pass through some HD programming.

But in a meeting with reporters last Friday, Media Bureau chief Ken Ferree made it very clear that the FCC was ready to institute rule-making if any of the industry players appeared to block HDTV's progress. "They should think their [lack of cooperation] could have negative ramifications with the commission and [Capitol] Hill," Ferree said. ■

Seeking Second Place

With NBC expected to win May, rivals hope finales and events pull viewers

TV PROGRAMMING By Alan James Frutkin

Ask buyers about sweeps these days, and you'll likely get an earful. "You don't buy a network," said Steve Sternberg, senior vp and director of audience analysis at MAGNA Global USA. "Just because someone's in first doesn't mean there aren't programs on the other networks that are

doing well in key demos."

That said, with local stations still using sweeps to set ad rates, the May book remains a highly contested race. Although not first, NBC has a virtual lock on adults 18 and 18-34, which puts them in prime position for the upfront. "They've had a good se

Media Wire

Gumbel joined CBS in 1997 after spending nearly 25 years at NBC, 15 of them as host of *Today*.

The Early Show is by far the least profitable of the three network morning shows; its audience is the oldest-skewing, and it also has the lowest cost-per-thousand rate. While advertisers generally buy more than one of the three programs for broader reach, *The Early Show* typically has been their third choice.—John Consoli

Adelphia Ponders Sales as Stock Continues Plunge

As Adelphia Communications' stock continued to plunge last week due to mounting debt and the disclosure of some disingenuous accounting practices, analysts said a sale of the Rigas family-owned company, or parts of it, is inevitable. Adelphia, the country's sixth-largest cable systems operator, last week tapped three Wall Street investment banks to evaluate its options.

The Rigas family disclosed two weeks ago that it had borrowed at least \$2.3 billion to buy more stock in the company without recording the loans on its books. The news has caused the company's once-healthy stock price to decline sharply.—Megan Larson

Fox News Tops CNN in Prime And Total Day in 1st Quarter

Although CNN posted first-quarter ratings growth over last year, the original cable news network was not strong enough to hold off competitor Fox News Channel. For the first time since its 1996 launch, FNC topped CNN in both total-day and prime-time ratings for a quarter, Nielsen Media Research reported.

Buoyed by the strength of prime-time personalities like Bill O'Reilly and aggressive subscriber growth, FNC's ratings increased 33 percent over first-quarter '01, to an average 1.2 in prime time (917,000 households.) CNN posted a 0.9 rating (731,000 households) in prime time, while MSNBC was flat with a 0.9 rating (731,000 households.) For the first time, FNC led with an 0.7 rating (277,000 households), surpassing CNN's 0.6 rating (277,000 households). —ML

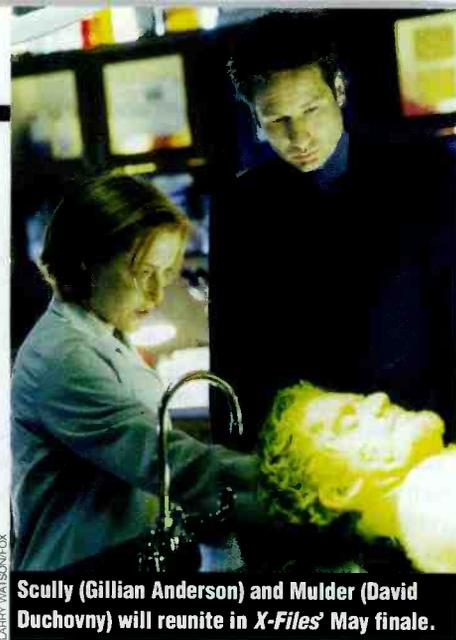
and they have the least amount of questions in terms of their schedule," said Chris Geraci, director of national TV buying for OMD USA. Fox may take second place in adults 18-49 and 18-34, but who lands in third remains unclear. And while CBS will likely take households, it is still vying with NBC for total viewers.

Among the program highlights are ABC's three-part event series *Dinotopia*, CBS' launch of *CSI: Miami*, and NBC's 75th Anniversary celebration. Sunday, May 19 looks like the month's most competitive night. ABC airs a two-hour season finale of *The Practice*; CBS airs its season finale of *Survivor: Marquesas*; Fox airs the series finale of *The X-Files*; and NBC airs *The Cosby Show: A Look Back*.

Whether so many choices splits the audience remains debatable. But on the week's highest HUT-level night, the networks see it as a win-win. "There's plenty of audience to go around," said Kelly Kahl, executive vp of program planning and scheduling at CBS.

Following NBC's dominance throughout the season, the networks have all but conceded at this point. "It's tough to win a May sweeps against *Friends* and *ER*," said Preston Beckman, executive vp of strategic program planning for Fox Broadcasting. But rather than turning to specials to win second place, Beckman added Fox will "event-ize" its regular series. "Once you decompose your schedule, there's no value in it to your stations."

Conversely, NBC hopes to use its specials to gauge its programming direction. "If some



Scully (Gillian Anderson) and Mulder (David Duchovny) will reunite in *X-Files*' May finale.

of this retrospective stuff does well, you'll see us doing more of that," said Jeff Gaspin, executive vp of alternative series and specials at NBC.

With most key demographic races predetermined, many buyers said the sweeps hold significance for more than just the victors. "ABC needs to send a sign to the buying community that they're heading in the right direction," said Kris Magel, national broadcast director for Optimedia International.

To that end, ABC moves *NYPD Blue* to 10 p.m. starting April 30. The shift could boost late news ratings for affiliates and stations. But it will take more than that to boost overall ratings, and ABC is pinning much of its hope on *Dinotopia*. "If we can show up in May, it will be a nice way to end what has not been a great season for us," said Jeff Bader, executive vp at ABC Entertainment. ■

NASCAR Sales Lapping '01

Fox pumps \$50 million from 12 new advertisers into 90 percent-sold season

TV SPORTS By John Consoli

Fox is 90 percent sold out of its NASCAR inventory this season, and FX has sold out its four upcoming Winston Cup racing telecasts, according to sales execs at both networks. At Fox, in particular, the sellout level dwarfs last season, when the network scrambled to sell its 80 NASCAR spots each week.

"So far this year, all the races that aired were sold out and at higher rates than last year," said Jon Nesvig, president of sales for Fox Broadcasting Co. Nesvig declined to discuss pricing, but media buyers estimated the average 30-second spot for NASCAR is selling for about \$100,000.

Nesvig said Jim Burnett and his Fox Sports sales staff have signed up more than a dozen new advertisers, which has brought in an addi-

tional \$50 million in revenue to the network. Among the first-time advertisers are: Burger King, Cingular, Circuit City, Enterprise Rent-a-Car, MCI, Nickelodeon, Procter & Gamble, Radio Shack, Schering-Plough, Stacker 2 and Wal-Mart. They have joined returning advertisers including General Motors, Dodge, Kellogg's, Coca-Cola, Pepsi, Anheuser-Busch, Coors, Sprint, Valvoline, NAPA Auto Parts, Lowe's, Pfizer, Subway, UPS, Visa, Wendy's and Valvoline. Nesvig said most of the advertisers have bought multirace packages, and several are onscreen enhancement sponsors.

Household ratings for Fox's five Sunday-afternoon NASCAR telecasts this season are a solid 6.1, but down 8 percent from the comparable number of races last season. However,

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another Fox executive pointed out that last year's tragic death of Dale Earnhardt in the season-opening Daytona 500 race resulted in higher-than-usual tune-in early in the season.

Last year's full 13-race season on Fox, excluding the Daytona 500, which aired on NBC this season, averaged a 5.9 in households, which is likely close to the rating Fox sold against this season.

Guy Sousa, executive vp of Fox Cable Sports sales, said FX's four NASCAR Winston Cup races, the first of which will air on Sunday, April 14, have sold out earlier this season at ad rates that are 40-50 percent higher than last season. Much of that growth is attributed to the fact that FX grew its subscriber base, from 58.5 million last season to 76.6 million.

While about 20 of FX's ad packages sold are cross-platformed with Fox, Sousa said FX has done its own deals with some nontraditional NASCAR advertisers like Johnsonville Brat, Rent-a-Center, and the RV Council.

Wally Hayward of Relay Sports and Event Marketing, an affiliate of media buying units Starcom and MediaVest, said that NASCAR's advertiser growth on Fox is the result of small, regional companies dropping race-sponsorship packages because of cost and those slots being picked up by larger national advertisers. He also said having NASCAR air on Fox and FX the first half of the season and on NBC and TNT the second half has made the telecasts easier for viewers to find each week, which stabilizes ratings. ■

Another Brick Off the Wall

Court throws back duopoly rules to FCC; more station deals anticipated

WASHINGTON By Katy Bachman

The deregulation of the media industry edged closer to reality last week when a U.S. Court of Appeals threw back to the Federal Communications Commission its duopoly rule—specifically the “eight voices” part of the rule—for further review. Though the court's move was a victory for Sinclair Broadcast Group, which challenged the rule in a lawsuit that led to last week's decision, it may set off a chain of acquisitions by other broadcasters that are pursuing duopoly strategies.

The duopoly rule, established in August 1999, limits TV companies from operating two stations either directly or through local marketing agreements in markets where there are less than eight voices. The court found the rule “arbitrary and capricious” because the eight-voices test excluded other media in its count. It also found the rule inconsistent with the voices test used in other cross-ownership restrictions.

Analysts are already mentally lining up deals. “If [the ownership rules] are liberalized, we think it's a tremendous opportunity for consolidation and deal flow,” said Bishop Cheen, media analyst for Wachovia Securities. “It's increasingly more difficult to be a single channel in a multichannel world.”

While Sinclair has the largest number of duopolies at 13, Univision and Fox TV Sta-

tions count 8 apiece, while Viacom has 7. In total, there are about 80 duopolies and another 100 local marketing agreements across the country.

Sinclair countries for seven of those LMAs, which it would like to convert to duopolies but can't under the current eight-voices test. Unless the FCC changes its current rule, Sinclair would have to dismantle LMAs in Baltimore; Charleston and Greenville, S.C.; Columbus and Dayton, Ohio; Charleston, W.V.; and Syracuse, N.Y. Ironically, Baltimore, considered to have only seven TV voices in the market, is a larger TV market than Oklahoma City or Buffalo, N.Y., both of which have eight TV voices, according to the FCC.

“We want the ability to take advantage of economies of scale in other markets besides the largest,” said David Smith, CEO of Sinclair in a conference call with investors. “We thought it wholly unfair that you can't do that in a smaller market, where a larger benefit will be had. If you don't permit these structures in smaller markets, there will be [financial] problems in those markets.”

The FCC has 60 days to appeal the court's decision or begin a rule-making, but it will take the regulatory body several months to a year to rework the rules to pass the court's muster. ■



Smith seeks economies of scale.

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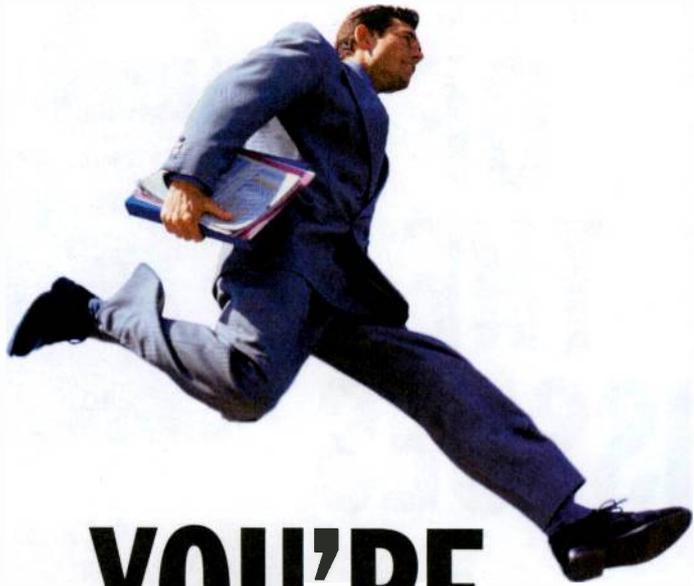
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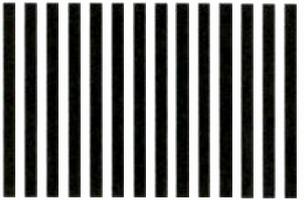
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Local Media

TV STATIONS | NEWSPAPERS | RADIO STATIONS | OUTDOOR | MAGAZINES

TV STATIONS

Gray to Buy Benedek In Push for Synergies

BY KATY BACHMAN

About a year ago, Gray Communications Systems' Bob Prather thought his company, which owns 13 TV stations and four daily papers, might be a seller. But last week, he was definitely a buyer, signing a letter of intent to acquire Benedek Broadcasting Corp. for \$500 million.

flexibility in moving resources around," said Bishop Cheen, media analyst with Wachovia Securities.

When the deal closes sometime later this year, Gray will have 35 TV stations in 33 small and midsized markets. With 20 CBS stations affiliates, Gray will be the largest non-network owner of CBS affiliates in the

gional footprint," said Cheen.

Although the regional clusters yield cost efficiencies, Prather expressed caution. "Where there are ways for us to share resources, I'm sure we'll try to do it, but we don't want to lose our local focus," said Prather, referring to the strong local news position many Benedek and Gray stations say they hold in their markets.

Benedek and Gray have about 60 days to hammer out a definitive agreement. One station it won't include is WTRF, Benedek's CBS affiliate in Wheeling, W.V., which it is selling in a pending transaction for \$18.5 million. Other Benedek stations could also be divested, the companies said. One station likely to be sold is KGWC, Benedek's CBS affiliate in Casper, Wyo. "It lost \$300,000 last year. It's one we'd rather not have in our portfolio going forward," said Jim Yager, president of Benedek, who will remain with Gray and operate Benedek for 8 to 12 months while management decides how to merge the two companies.

So is Gray going to remain a buyer or, now that it's a more attractive larger group, an acquisition target? Prather seems content to be a player for now. "At certain [station] values we're buyers, and at certain values we're sellers. We have a stronger company. We can grow by ourselves."

GRAY/BENEDEK'S REGIONAL CLOUT

STATION	MARKET	MARKET RANK
SOUTHEAST		
WJHG (GRAY)	PANAMA CITY, FLA.	159
WTVY (BENEDEK)	DOTHAN, ALA.	172
WCTV (GRAY)	TALLAHASSEE, FLA.-THOMASVILLE, GA.	113
MIDWEST		
KOLN (GRAY)	LINCOLN-HASTINGS-KEARNEY, NEB.	102
KGIV (GRAY)	LINCOLN-HASTINGS-KEARNEY, NEB.	102
WOWT (BENEDEK)	OMAHA	75
KAKE (BENEDEK)	WICHITA-HUTCHINSON, KAN.	65
WIBW (BENEDEK)	TOPEKA, KAN.	138
SOUTHWEST		
KXII (GRAY)	SHERMAN, TEXAS-ADA, OKLA.	160
KAUZ (BENEDEK)	WICHITA FALLS, TEXAS-LAWTON, OKLA.	141
KWTX (GRAY)	WACO-TEMPLE-BRYAN, TEXAS	94
KBTX (GRAY)	BRYAN, TEXAS	94

SOURCE: BIA FINANCIAL NETWORK

Although the news came less than two weeks after Benedek filed for bankruptcy protection, Prather, executive vp of acquisitions for Gray, said the two companies had been talking for months about a possible transaction. "This is a transforming acquisition, and it will take us to a new level in the broadcast industry," said Prather in conference call with analysts last week.

While most consolidation in the TV business has been about creating duopolies, Gray's move is about creating regional clusters by assembling TV stations in adjacent markets. It's also about getting bigger.

"Size does matter. They'll have more pricing power with their suppliers and more

country. Gray will also own 7 NBC affiliates, 7 ABC affiliates and 1 Fox affiliate. Based on 2001 revenue figures, the new group will have about \$244.5 million in revenue.

"With these regional clusters, Gray can take advantage of many potential synergies, in particular the possibility of central casting," said Mark Fratrick, vp of BIA Financial Network. For example, Benedek's WTVY in Dothan, Ala., is adjacent to two other Gray stations in Panama City and Tallahassee, Fla. The combined group ends up with three strong clusters of stations, many of them adjacent, in Wisconsin, Illinois, Missouri, Kansas, Nebraska and Wyoming.

"On a national level, you can sell a re-

MADISON, WIS. TV STATIONS

Acme Snaps Up WHPN

Acme Communications last week agreed to acquire WHPN-TV, the current UPN affiliate in Madison, Wis., for \$5.6 million in cash through a bankruptcy auction. The deal gives Acme its 11th TV station and its first in the 85th largest television market. Under an interim local marketing agreement, Acme began managing the station April 1. Following the closing of the deal, Acme, the country's third-largest WB affiliate group, will switch the station's affiliation to the WB.

Changing the station's affiliation makes sense in the Madison market, said Doug Gealy, president and COO of Acme. "Bolstered by the presence of The University of Wisconsin, 27 percent of the market's population is under 20 years old," he said.

The company also said it would begin making capital expenditures for upgrades and for the required conversion to digital transmission. —KB

Market Profile

BY EILEEN DAVIS HUDSON



The University of Texas tower, just blocks from the state capitol, is an Austin landmark.

TIMOTHY JONES/GETTY

Austin, Texas

MOTOROLA, ADVANCED MICRO DEVICES AND DELL ARE AMONG THE MAJOR TECH companies that call the Austin, Texas, market home. Situated in the heart of the Texas Hill country, this diverse, scenic city is not only the state capital, but a destination for a growing number of young profes-

sionals. The median age in Austin is 29.5. About 27 percent of the population works in professional/managerial positions, according to Scarborough Research. Many of those positions are in the high-technology sector, which the Greater Austin Chamber of Commerce estimates has an annual economic impact of more than \$750 million on the greater Austin area.

With the dot-com and technology industries going bust in the past year, Austin was obviously not immune to the aftermath of the meltdown. An estimated 10,000 of the approximately 100,000 to 150,000 technology-related jobs in Austin were eliminated due to various company layoffs. But as the economy has started to rebound along with a general bolstering of consumer confidence, the market is starting to see signs of a possible turnaround.

While Austin did feel the pinch of decreased ad spending as companies in a wide

range of industries slashed their advertising budgets to cut costs, it has weathered the storm better than some other markets. The market's population growth from 465,622 in 1990 to 656,562 in 2000 and the expansion of the Austin television market underscores its continued vitality. Just two years ago, Austin was the 61st DMA in the country, with 472,780 TV households, according to Nielsen Media Research. The market is now No. 54, with 555,840 TV households.

Austin has also been buoyed by the introduction of Nielsen meters last May. Previously, the market relied on Nielsen diary returns for its ratings and viewership estimate information. The new Nielsen meters have shown significantly higher levels of households using television (HUTs) and persons using television (PUTs), which has translated into higher advertising revenues.

"Our market was one of the lowest diary-return markets in the country," says Danny

Baker, vp and general manager of KTBC, the Fox Television owned-and-operated station, and its sister station, low-power independent outlet KVC. The meters showed the television market had many more viewers than the diaries had previously led the Austin's media community to believe. "[Meters] showed PUT levels in the 60s, not in the 40s and 50s" that the diary returns had previously reported, Baker says. Meters also dramatically transformed the pecking order of the area's broadcast TV landscape. KTBC, which had been the third- and sometimes fourth-ranked station overall in the market, all of a sudden was catapulted to No. 1.

KTBC jumped from an 11 share sign-on to sign-off in the July 2001 book to a 15 during last November's sweeps period. The impressive jump marked the first time the station won sign-on to sign-off. In the February ratings book, the station fell to No. 2 behind NBC affiliate KNVA, which benefited from an Olympics ratings boost. Excluding the winter games, KTBC again captured the top slot.

Fox acquired KTBC in July 1996 and finalized its purchase of KVC the following year. The company had previously operated KVC under a local marketing agreement. Although a low-power station, KVC is a must-carry station on cable, where it picks up most of its viewership. Meanwhile, the former top-two local-news stations, Belo Corp.'s ABC affiliate KVUE-TV and LIN Television's NBC affiliate KXAN-TV, are in a tight race for second place.

Besides the market shakeup caused by the introduction of meters, KVC is the other big story in Austin's broadcast TV scene. In October 2000, KVC lost its UPN affiliation, leaving the market without an over-the-air UPN station. The UPN affiliation went to KEBJ, which broadcasts out of Fredericksburg, Texas, and is operated under a local marketing agreement with Belo's San Antonio CBS affiliate KENS-TV. As of Jan. 1, ZBEJ launched as a cable-only UPN affiliate in Austin through a deal with Dallas-based Belo and Time Warner Cable.

KVC now airs Fox Kids programming in the afternoon and syndicated Fox Kids fare in the morning. At night, its programming consists of syndicated shows, including *The Steve Harvey Show*, *Cosby* and a second run of *Ricki Lake* (the first run appears on KTBC). While KVC does not carry any local news, Baker says he's considering rebroadcasting

RADIO LISTENERSHIP / AUSTIN

KTBC's newscast on the sister station.

KTBC revamped its local news in August 2000, going from a half-hour 10 p.m. news program that competed directly with the local ABC and NBC newscasts, to an hour-long 9 p.m. news format that has no direct competition. The station also ended its 6 p.m. newscast and expanded its 5 p.m. news to a full hour.

In addition, the station reconfigured its talent and now rotates three anchors at 5 p.m. and 9 p.m. Beyond news, KTBC's ESPN package for University of Texas football expired in 2001. The Longhorn games are now only available on cable outlets and network TV. KTBC does have 22 University of Texas basketball games as part of the ESPN Regional package, but college basketball viewership pales in comparison to the university's gridiron program in this college football-crazed market.

KVUE is generally the market leader in morning and 5 p.m. news in households, while KXAN wins the 6 p.m. news race and is dominant in late news with about twice the share of its closest competitor at 10 p.m. Executives at KXAN did not return calls by press time last week.

KVUE has completely overhauled its local news product within the last year and a half. The changes include the introduction of a new set, new graphics, new logo, new music and new 6 p.m., 10 p.m. and weekend anchors.

Patti Smith, KVUE vp/gm, says the new set "is classic and definitely reflects the pro-

fessionalism of our newscast." The new logo replaces the station's former logo, which dated way back to 1971. Among the anchor changes, the most significant was the homecoming of Ron Oliveira as the station's 6 p.m. and 10 p.m. lead anchor. Oliveira had left to take an ownership stake at a Telemundo outlet in the Rio Grande Valley. His co-anchor is Judy Maggio, a 20-year veteran at the station.

Oliveira's return forced some shuffling; his replacement, former weekend anchor Phil Scott, was moved to morning news. In weekend morning news, Bianca Balogh replaced

Jay Carter, who left the station. Frank Volpicella, the station's news director, arrived in August 2000. "Viewers have responded well to the changes," says Smith. KVUE has received an extension to become high-definition-capable, which is expected to happen by the first quarter 2003. KXAN is already digital, and KTBC expects to be by May 1.

CBS Television Stations purchased KEYE-TV in September 1999. The station's gm, Mike Conway, is based in the Tampa-St. Petersburg, Fla., market at sister UPN affiliate WTOG. KEYE's station manager, J.C.

Avg. Qtr.-Hour Share
Morning Drive, 12+ Evening Drive, 12+

STATION	FORMAT	Avg. Qtr.-Hour Share Morning Drive, 12+	Avg. Qtr.-Hour Share Evening Drive, 12+
KVET-FM	Country	8.0	4.0
KASE-FM	Country	7.1	7.3
KLBJ-AM	News/Talk	6.4	5.8
KQBT-FM	Rhythmic Contemporary Hit Radio	5.5	6.3
KLBJ-FM	Rock	5.4	3.7
KAMX-FM	Alternative	5.1	4.2
KKMJ-FM	Soft Rock	4.7	5.0
KROX-FM	Alternative	4.1	5.4
KEYI-FM	Oldies	4.0	5.2
KPEZ-FM	Classic Rock	3.5	3.7

Source: Arbitron, Nov.-Dec.-Jan. 2002 Radio Market Report

RADIO OWNERSHIP

OWNER	STATIONS	Avg. Qtr.-Hour Share	Revenue (in millions)	Share of Total
Clear Channel Comm.	5 FM	23.2	\$28.6	31.2%
LBJS Broadcasting	1 AM, 4 FM	20.2	\$25.4	27.7%
Infinity Broadcasting	1 AM, 3 FM	14.8	\$21.9	23.9%
Sinclair Telecable	1 FM	4.7	\$3.6	3.9%
Lorenzo Garcia	2 AM, 1 FM	1.9	\$2.1	2.2%
Simmons Media	1 FM	1.0	\$1.4	1.5%

Includes only stations with significant registration in Arbitron diary returns and licensed in Austin or immediate area. Ratings from Arbitron Fall 2001 book; revenue and owner information provided by BIA Financial Network.

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Comparison of Austin

TO THE TOP 50 MARKET AVERAGE

	Top 50 Market Average %	Austin Composition %	Austin Index
DEMOGRAPHICS			
Age 18-34	31	38	122
Age 35-54	41	40	99
Age 55+	28	22	77
HHI \$75,000+	27	25	93
College Graduate	12	16	131
Any Postgraduate Work	10	11	107
Professional/Managerial	23	27	117
African American	13	7	57
Hispanic	12	22	181
MEDIA USAGE - AVERAGE AUDIENCES*			
Read Any Daily Newspaper	54	46	85
Read Any Sunday Newspaper	64	58	90
Total Radio Morning Drive M-F	22	22	98
Total Radio Evening Drive M-F	18	19	104
Total TV Early Evening M-F	30	25	83
Total TV Prime Time M-Sun	39	37	95
Total Cable Prime Time M-Sun	13	13	99
MEDIA USAGE - CUME AUDIENCES**			
Read Any Daily Newspaper	73	65	90
Read Any Sunday Newspaper	77	73	94
Total Radio Morning Drive M-F	75	76	101
Total Radio Evening Drive M-F	73	74	101
Total TV Early Evening M-F	71	63	88
Total TV Prime Time M-Sun	91	90	100
Total Cable Prime Time M-Sun	58	55	95
MEDIA USAGE - OTHER			
Access Internet/WWW	61	71	116
HOME TECHNOLOGY			
Own a Personal Computer	67	74	111
Purchase Using Online Services/Internet	35	44	126
Connected to Cable	71	69	97
Connected to Satellite/Microwave Dish	15	18	121

*Media Audiences-Average: average issue readers for newspapers; average quarter-hour listeners within a specific daypart for radio; average half-hour viewers within a specific daypart for TV and cable. **Media Audiences-Cume: 5-issue cume readers for daily newspapers; 4-issue cume readers for Sunday newspapers; cume of all listeners within a specific daypart for radio; cume of all viewers within a specific daypart for TV and cable. Source: 2001 Scarborough Research Top 50 Market Report (February 2000-March 2001)

Lowe, oversees day-to-day operations. Lowe had been named director of sales in March 2001 before adding the station manager title in early December.

The station's news director, Tim Gardner, arrived about a year ago from the Dallas market. Besides new management, the station made some changes to its on-air talent, including getting a new 6 p.m. and 10 p.m. anchor team—Jim Bergamo was hired in mid-July from Miami, and Teresa Rodriguez was brought in from Houston at the end of last year.

Austin's WB affiliate KNVA, owned by 54 Broadcasting Inc, is a relative newcomer to the market, having launched in 1994. The station, which has had success with its double run of *Friends* at 6 p.m. and 10 p.m., picked up *Everybody Loves Raymond* in syndication in the fall and airs it at 6:30 p.m.

Time Warner Cable is the dominant cable provider in the Austin DMA, serving just under 300,000 cable subscribers. According to Scarborough Research, 69 percent of Austin households subscribe to cable, compared to the national average for the top 50 markets of 71 percent. Scarborough also estimates that 18 percent of households subscribe to satellite service, over the national average of 15 percent.

Cox Newspapers-owned *Austin-American Statesman* is the only major daily newspaper in the market. Its daily circulation for the six months ended Sept. 30, 2001 was 183,873, a 2.3 percent decline over the same period in 2000. The paper's Sunday circ for the period was 238,624, reflecting a 1.6 percent decrease. Despite a slight decline in circ and lower ad revenue, the *American-Statesman* did not have to eliminate any positions during the past year's economic downturn, while other major dailies across the country have faced layoffs and early retirement buyouts.

The tech sector's implosion prompted the paper recently to kill a Friday section called "Technopolis," which had launched in October 1999. The approximately 10-page section attempted to shed light on the culture and lifestyle issues of local people helping to drive the tech revolution. The paper continues to publish its "Tech Monday" business section.

The paper has more recently turned its technology focus inward, namely its Web site statesman.com. The Web site had previously taken a back seat to austin360.com, the sister Web site launched in 1994 by Cox Interactive Media, part of the privately held Cox Enterprises family. The heavily promoted URL became known as more of a city site, with

entertainment, dining, shopping and other local information. The paper began branding statesman.com a few years ago to try to lure more readers. "We consider both our print and our online businesses to be two very viable products of the *Austin American-Statesman*," says Connie Salinas, the paper's marketing director. "One is not going to get more emphasis than the other."

As part of this new online focus, last December the paper hired Larry Sanders, most recently of accessmagazine.com, to the newly created position of gm of statesman.com. On Feb. 25, the Web site launched a new service called StatesmanCars, a new and used car online inventory. Salinas says that to date 39 local auto dealers have signed up for the ser-

vice, which features a data bank of about 17,000 cars. Web site users can build a profile of the car they are searching for by make, model, year and price. Salinas says that while the site does compete with other national car-search sites, its advantage is that it is a local service.

Another online initiative slated to launch April 15 is putting the paper's retail display ads online, in what it is calling SelectShopper. The service is designed to help consumers comparison shop, explains Salinas. While neither StatesmanCars nor SelectShopper allows consumers to make the actual automotive or product purchases online, the paper will look into the feasibility of becoming e-commerce-enabled later this year, says Salinas.

Since the paper is located in Austin, the

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Market Profile

state capital, the *American-Statesman* must compete to some extent with all the other major papers in Texas, all of which have news bureaus in the city. It also faces competition from other print publications in the market, including several smaller dailies and weekly community newspapers. American City Business Journals publishes the *Austin American Business Journal*, which has a paid circulation of about 7,800. *The Austin Chronicle* is an alternative newsweekly with a controlled circulation of 90,000. The locally owned tabloid, which publishes Thursdays, covers Austin's arts, cultural and entertainment scene, along with local political and environmental news. *La Prensa*, which publishes Mondays, is the only weekly Spanish-language paper in the market.

Austin's local radio business has also benefited from the population surge in the greater Austin area. The market jumped to the 43-ranked market in the nation from No. 49 two years ago.

Three main broadcast companies largely control radio in the market: Austin-based LBJS Broadcasting, San Antonio-based Clear Channel Communications and New York-based Infinity Broadcasting. Clear Channel siphons away an estimated 31.2 percent of the market's ad revenue, according to BIA Financial Network (see *Radio Ownership chart on page 13*). LBJS ranks second with about 27.7 percent of the ad revenue, followed by Infinity with 23.9 percent.

Indianapolis area-based Sinclair Telecab (not related to Sinclair Broadcasting) only owns one station in the Austin DMA, KEYI-FM. KEYI is the market's longtime Oldies outlet. It ranks among the top-10-ranked stations in the market overall and is in the top five in morning and afternoon drives among listeners 12-plus. LBJS recently began managing the station. Clear Channel's Oldies station KFMK-FM competes with KEYI, although KEYI is the clear leader.

LBJS' News/Talk station KLBJ-AM has a lock on this format in Austin, as does its Album Adult Alternative station KGSR-FM. Infinity Broadcasting's Alternative station KAMX-FM competes head-on with LBJS' KROX-FM. Infinity also has the market's only Urban Adult Contemporary station in KJCE-AM. Infinity's Rhythmic Contemporary Hit Radio outlet KQBT-FM *The Beat* came on strong when it first launched in Austin several years ago, debuting at No. 1 in key demos. However, the station faced a difficult book last Fall, dropping to a 5.5 share among listeners 12-plus, down from a 7.4 share in the prior book.

Also not to be overlooked is the Hispanic

NIELSEN RATINGS / AUSTIN

EVENING AND LATE-NEWS DAYPARTS, WEEKDAYS

Evening News

Time	Network	Station	Rating	Share
5-5:30 p.m.	NBC	KXAN	5.3	13
	ABC	KVUE*	5.0	12
	Fox	KTBC	4.8	11
	WB	KNVA*	4.1	10
	Independent	KVC*	0.3	1
5:30-6 p.m.	Fox	KTBC	4.8	11
6-6:30 p.m.	NBC	KXAN	7.9	15
	ABC	KVUE	6.8	13
	Fox	KTBC*	6.5	13
	WB	KNVA*	6.1	12
	Independent	KVC*	0.4	1

Late News

9-10 p.m.	Fox	KTBC	5.4	8
10-10:30 p.m.	NBC	KXAN#	11.2	20
	ABC	KVUE	7.0	11
	Fox	KTBC*	5.3	9
	CBS	KEYE	4.5	9
	Independent	KVC*	0.8	1

*Non-news programming. #Includes Olympic/Late News telecast. Source: Nielsen Media Research, February 2002

NEWSPAPERS: THE ABCS

	Daily Circulation	Sunday Circulation	Daily Market Penetration	Sunday Market Penetration
Travis County: 352,514 Households				
<i>Austin American-Statesman</i>	120,016	150,372	34.0%	42.7%
<i>The Dallas Morning News</i>	4,028	4,689	1.1%	1.3%
Williamson County: 95,927 Households				
<i>Austin American-Statesman</i>	35,269	47,504	36.8%	49.5%
Hays County: 36,076 Households				
<i>Austin American-Statesman</i>	8,783	11,311	24.3%	31.4%
<i>San Antonio Express-News</i>	898	1,325	2.5%	3.7%
<i>Houston Chronicle</i>	626	779	1.7%	2.2%
Bastrop County: 20,554 Households				
<i>Austin American-Statesman</i>	5,670	7,518	27.6%	36.6%
Caldwell County: 10,668 Households				
<i>Austin American-Statesman</i>	2,429	3,123	22.8%	29.3%

Source: Audit Bureau of Circulations

influences on the market. About 22 percent of the Austin market is Hispanic, with the majority being Mexican immigrants. Among the many radio stations serving the growing Austin Hispanic population is Mexican outlet KXXS-FM, owned by Amigo Broadcasting. The revamped station went from not showing up in the ratings books a year ago to 11th place overall in the Fall 2001 book with a 3.2 share. Besides KXXS, there are also three FM Tejano stations, two Mexican AM stations, three Spanish AM outlets and a new Spanish/Talk station, KWNV-AM, owned by Sendero Multimedia.

Clear Channel owns the perennial market leader, New Country outlet KASE-FM. The station slipped in the Fall 2001 Arbitron Radio Market Report, dropping to a 7.3 share from

an 8.7 in the Summer book. At the same time, older-skewing sister, Classic Country outlet KVET-FM, experienced a significant surge in the Fall book, going from a 4.7 share in the Summer to a 6.4 in the Spring Arbitrons.

KVET's morning show, the *Sam and Bob Show*, is the top-rated morning show in the market. The show features Sammy Allred, Austin's legendary radio personality, who has been on the radio in the area since 1969, and Bob Cole, who has been on the air since 1977.

Reagan National Advertising is the leading outdoor advertising player in the Austin marketplace. The company offers about 350 14-by-48 painted bulletins and about 650 30-sheet poster panels. The company's inventory in the DMA is largely in Travis (county home of Austin), Williamson and Hays counties. ■

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John Consoli

Fox, NFL at Odds on Enhancements

Network wants in-game sponsorships of expensive graphics



The battle between Fox and the National Football League over the league's ban on sponsored onscreen "enhancements" such as electronic first-down markers is heating up, particularly in the wake of the network's recent decision to write off \$387 million in losses from last season on its NFL telecasts.

Fox has been pushing the NFL to change the terms of its current TV contract (which took effect in 1998 and runs through 2005) to permit networks to recoup some of the high costs of high-tech enhancements by allowing enhancement sponsors to be identified during the games. Last season, Fox temporarily dropped the first-down-line feature, which, via multiple cameras and computers, creates an imaginary yellow line across the field so viewers can see where a team has to reach in order to get a first down. The First & Ten technology, produced for the network by Sportvision, costs Fox about \$25,000 per telecast, and with the network airing up to six games on a given Sunday, using the first-down enhancement adds up to several million dollars over the course of a season. Fox resumed using the feature again after lining up Intel to sponsor it—but only before games—by running a 10-second announcement just prior to kickoffs.

The NFL decided to ban sponsored enhancements during games in part because its TV advertisers had complained to the league that their 30-second spots were being upstaged by in-game enhancement sponsorships. "The NFL pretty much told us this was how it was going to be," one Fox executive says.

The NFL's other television partners—CBS and ABC/ESPN—basically agree with the in-game ad ban, arguing that such messages can clutter telecasts. "There are enough ancillary places—in pregame shows, prior to kickoffs and on postgame shows—where these types of sponsored vignettes can run," says Tony Taranto, head of NFL ad sales for CBS. "Running in-game ad messages also makes halftime shows less special and less valuable to advertisers."

CBS is willing to absorb the cost of its electronic first-down marker, produced for the network by

Princeton Video Imaging, "because it enhances the broadcast for viewers and hopefully improves our ratings, which means we can ultimately charge more to our 30-second advertisers," Taranto says.

NFL representative Kevin McCarthy says the league has no plans to reevaluate the current policy.

Jon Nesvig, president of Fox Broadcasting sales, would not comment on the network's lobbying efforts with the NFL beyond saying, "We want to be able to sell enhancements big time."

Another Fox official, who requested anonymity, questions the motives of CBS and ABC/ESPN. "Why is it that they are so concerned about ad clutter during an NFL game, when their Saturday college football telecasts are completely loaded with in-game enhancement sponsorships?" the Fox executive says. "Could it be because a lot of advertisers now in their lower-rated college games might move money out if they could buy enhancements in NFL games? It seems like they are just protecting their college telecasts." Fox Broadcasting does not air any college football, although Fox Sports Net airs games on cable.

Some advertisers say they are not concerned about clutter from in-game sponsored enhancements. Wally Hayward, who runs Relay Sports and Event Marketing, an affiliate of the media buying companies Starcom and MediaVest, said research shows significant segments of sports viewers leave the room during commercial breaks and that incorporating sponsor messages into the actual games is increasingly a better way to reach them. "To get a mention during the action of the game is critical," Hayward says. "As sports events become more expensive to air and ad rates get higher, the advertisers should get a bigger payback."

Larry Novenstern, senior vp and director of national buying at Deutsch, complained to the NFL about sponsored enhancements during the previous TV contact, when he was buying sports ad time at BBDO for client Visa. At the time, Novenstern said NFL advertisers were being ambushed by competitors who were allowed to buy in-game enhancements without an obligation to also buy 30-second commercials. But now Novenstern says the NFL may have gone too far by even preventing its corporate partners from sponsoring enhancements.

As Fox continues its push for changes before the next NFL season begins in September, Sportvision (which helped broker the pregame sponsorship deal between Fox and Intel) is working to line up other advertisers to sponsor enhancements in accordance with the league's current restrictions.



Out of bounds: The NFL believes in-game sponsorships of features like the first-down marker clutter telecasts.

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*Source: Nielsen Galaxy. Episodes: REVEALED debut includes both episodes: George Clooney (8pm) and Julia Roberts (9pm). Adult 18-49 increase derived from the average of the time period from 8-10pm on 12/5/2001 versus the year-ago time period average on 12/6/2000.

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INTERACTIVE REPORT

APRIL 8, 2002

Interactive AGENCY Report Cards

begin on page 8

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CREATIVE POP

Publishers have become more willing to take chances with innovative—and sometimes annoying—technologies.

By Ann M. Mack

As the strength of ad-supported sites has diminished over the past couple of years, the creative flexibility of advertisers has grown. Strapped for cash and hungry for ad dollars, Internet publishers are more willing to think outside the banner and accept experimental, innovative, sometimes annoying online ad formats. Case in point: the proliferation of pop-ups and pop-unders found on such reputable sites as NYTimes.com. “Love them or hate them, they still represent novel things,” says Charles Buchwalter, vp of media research at Jupiter Media Metrix.

But pop-unders, like the infamous ones for wireless gadget maker X10, represent only a portion of online experimentation. As technology evolves, more sites, not to mention consumer desktops, are equipped to accept rich-media, floating, Flash-enabled, streaming audio and video, TV-quality ads. And if sites aren’t fit to support these ads, they often adopt new technology to accommodate advertisers’ requests. “It’s a 180-degree turn from what things were like a year or so ago,” explains Ian Kennish, director of sales development for DoubleClick Media. “Advertisers are more open to looking at different ad units.”

“The trend toward innovative and experimental online advertising is the saving grace of the industry,” adds Buchwalter. “It’s like throwing spaghetti up on a wall and seeing what sticks. Things are starting to stick.”

Given the flux of interesting advertising on the Web, IQ asked five individuals with different backgrounds—interactive advertising, online media, direct-response and traditional advertising—to critique online creative for six well-known brands. Here, they reveal their thoughts on what “sticks” and what doesn’t—and why. >>>

THE PANEL

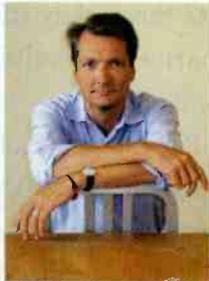
Heather Higgins, evp, executive creative director at Foote, Cone & Belding, New York, joined FCB Direct in late 1994 from O&M Direct and was promoted to her current post in 1997. In 2000, she led the development of the agency's interactive capabilities and relaunched FCB Direct as FCBi, a direct- and digital-marketing group with more than 200 staffers and \$35 million in revenue. She has created direct-response and brand campaigns for clients such as American Express, AT&T, Starbucks and Compaq.



Gary Smith joined TBWA\Chiat\Day, Playa del Rey, as its interactive creative director in March 2001. Before that, he was a creative director at Magnet Interactive in Los Angeles, where he collaborated with TBWA\C\YD on online campaigns for Nissan and Infiniti. In 1996, he formed his own creative shop, Bink Studios, where he consulted on the formation of companies such as Digital Entertainment Network. He started his career as a digital artist at Disney Online.



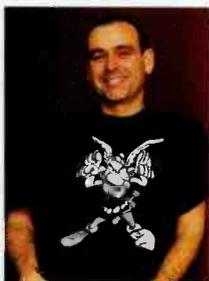
Jan Leth, senior partner, executive creative director at OgilvyInteractive, New York, oversees creative work throughout North America for clients that include IBM, Perrier, Kodak and Unilever, among others. Since he came on board in late 1996, he helped the agency extend its interactive and one-to-one strategic capabilities and build a team that numbers 140 in New York and more than 300 worldwide. Prior to working at OgilvyInteractive, Leth was svp, creative director at Barry Blau & Partners for seven years.



Jason Heller, CEO, Mass Transit Interactive, founded the online media company in 1998 with partner Jason Burnham. The New York-based company plans, executes and manages interactive marketing campaigns for companies including Hertz, Citibank, Fodor's and AltaVista. Before Mass Transit, Heller marketed and sold records produced by his four independent record companies online. Heller sits on DoubleClick's client advisory board as well as the boards of a handful of startup Internet firms.



Tony Granger joined Bozell in New York as executive creative director in early 2001. In his first year on the job, he has lead creative on campaigns for Verizon Wireless, *The New York Times* and Bank of America, among others. Granger came from TBWA\Hunt\Lascaris in Johannesburg, South Africa, where as co-creative director he crafted award-winning campaigns for BMW, Bic pens, the nonprofit organization Reach for a Dream and Playtex's Wonderbra. He has spent nearly 20 years in advertising, primarily at creative shops in South Africa.



The image displays two screenshots of the NASDAQ website. The top screenshot shows a large Air France Concorde advertisement flying diagonally across the screen, partially obscuring the website's navigation and content. The ad features the text "AIR FRANCE Concorde Takes off on November 7th" and includes a search bar for flights. The bottom screenshot shows the same website with the Air France ad centered on the page, demonstrating its placement and how it interacts with the site's layout.

As an Air France message covers a portion of the Web page, the Concorde flies diagonally across the screen. New York-based DoubleClick worked with Media Contacts to create the audio-enhanced Air France ad, which is due to appear on Trips.com and CheapTickets.com in the next few weeks.

Higgins: Good awareness, but where is the information on flights? In terms of execution, the sound is great. But why not animate the plane so the landing gear goes up, and it actually takes off? That would be more exhilarating and more respectful of the upscale nature of the brand and plane.

Smith: And ... ? A plane flies across the screen. Air France is going to have a Concorde. There is no concept here, only execution. There is no attempt to make the consumer think or feel anything beyond that. There is nothing engaging about the piece.

Leth: More and more advertisers are taking over the screen with interruptive advertising, which is fine if done well. When an ad interacts with the whole page, it should be relevant to the site. An advertiser doesn't want to annoy people. If an ad is targeted appropriately and is engaging, relevant and quick, it may have a much higher recall.

Heller: Just because it's branding doesn't mean that you can build or start relationships with consumers by sending them to your site.

Granger: The ad was short. It wasn't too intrusive. This was smart guerrilla marketing on a site. By the time the user wants to get rid of it, it's gone.

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Sources: @Plan, Spring 2002; Nielsen//Netratings, February 2002; WPNI log files

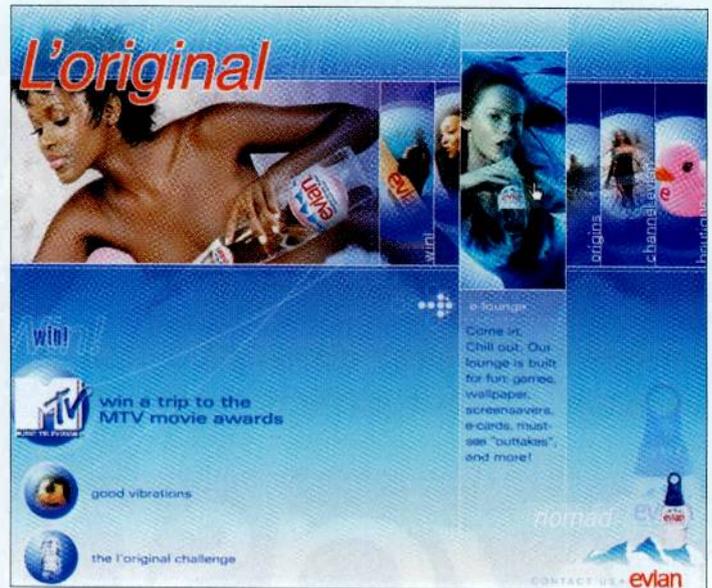
Evian.com takes images from the bottled water brand's print campaign and adds an e-Lounge, sweepstakes and lifestyle information. The site was created by Nurun.

Higgins: The Evian site is obviously true to the brand. Unfortunately, it wasn't as original and involving as the brand's traditional advertising. This is a recurring phenomenon. By following the offline advertising too closely, an advertiser can miss opportunities to really involve the consumer. Print and TV ads are one-way communication. Leveraging those ideas into a two-way Web dialogue is a real challenge (and I don't count a name-gathering sweepstakes as two-way dialogue).
Smith: This site is well-designed. From a brand perspective, it is consistent with most of the other Evian communications, and the architecture of the site makes it easy to experience. What could have made this site better? A big idea to further communicate the brand. A level of interactivity that allows the user to become a part of the brand experience.

Leth: Does it make sense to have a large destination site? Who's going to go there? Wouldn't the brand be better served by creating the same kind of content, but distributing that content through media? It's good to have a Web site, but the question is, how much energy should you dedicate there, versus pushing it out to where people are going to be?

Heller: This is a great example of a company that understands that they need to build relationships with people online. Evian gives users plenty of opportunities to build a relationship with a strong call to action and sweepstakes on its home page. Plus, it's an aesthetically appealing site. It leverages some of the assets of and images from their offline campaign.

Granger: The art direction of the site is nice; it's in keeping with Evian's print campaign. It has interesting depth as well. As the user scrolls over the sections, they pop up automatically and allow you to get into the site. One criticism—there is no sound. This whole medium is like print meets television, and Evian could have done something interesting with sound.



The Palm-shaped pop-up, which ran on Dilbert.com in February, lets users sign up for a chance to win an i705 Palm hand-held or a trip to San Francisco for lunch with Scott Adams, creator of the *Dilbert* comic strip. It was created by AKQA in San Francisco and New York-based DoubleClick.

Higgins: The Palm ad was certainly intrusive and most likely received a good response rate. But it doesn't do much for the brand, nor does it involve the consumer beyond clicking for the sweepstakes offer. Here is an example of how a site's capabilities can limit the creative.

Smith: The execution of this ad was only marginal. Yes, it looked like a message was being broadcast through a Palm PDA, but an overall idea or creative concept was lacking in this particular communication. There is nothing that captures a consumer's imagination.

Leth: The Palm ad is engaging. The ad content and contest are relevant to the Dilbert site. When a concept plays off a site, a brand has the opportunity to interact with the whole screen.

Heller: Using Dilbert in the actual ad on Dilbert.com is a great example of brand association. Palm is taking advantage of the loyalty that Dilbert has created within its audience. Also, showing the product sells the product more, versus doing something that is funny and gimmicky. The call to action is great. It is a quick looping ad, so the user doesn't have to wait to find out what the ad is talking about. It gives the user the message right then and there.

Granger: Though the idea of using the Palm as the ad is good, there's no sound and minimal interactivity.

In an ad for YouthAids, a global initiative to stop the spread of AIDS among young people, images of a lamp, martini, movie ticket, pizza and young faces are accompanied by music, the *cha-ching* of a cash register and a sign that says "\$10." Copy reads, "\$10 can help educate and protect one young person from AIDS for a year." It ends by asking, "So, how many lives do you want to save today?" The ad was created by Fusebox, an Internet professional services firm in New York.

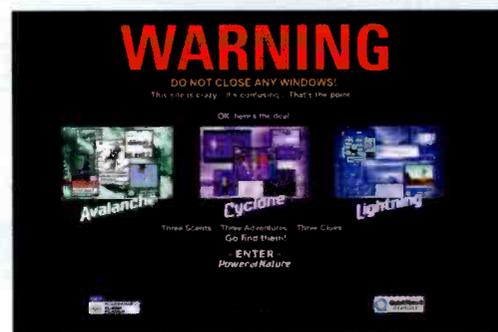
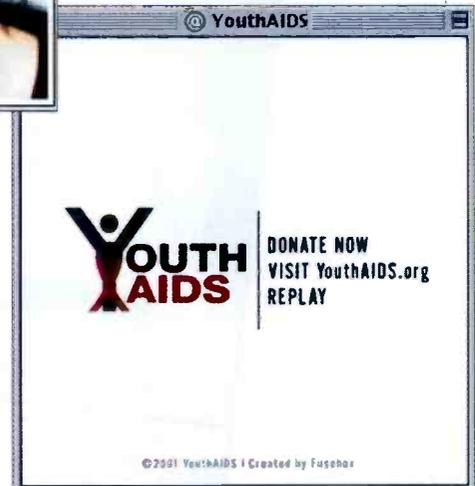
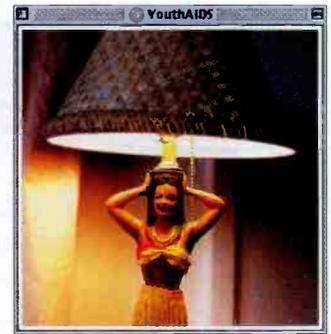
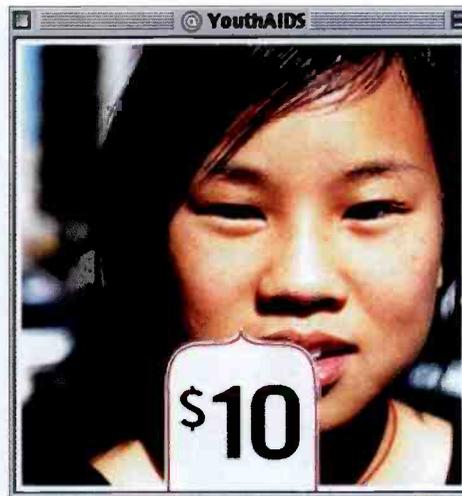
Higgins: The YouthAIDS piece was nice, though too long. I was disappointed that it didn't involve the user more. It worked more like a TV ad on the Web instead of really involving me as a piece of interactive.

Smith: The concept is clear. It is a very smart ad. However, it still falls into that category of "TV commercials forced online." The Internet is a nonintrusive medium that people opt into. They expect to interact with it, to experience it. It could have been a bit more engaging had the work allowed the user to become part of the concept or even to experience the concept through interactivity.

Leth: This ad is the blending of the general advertising world and the online advertising world. It's a linear self-contained ad. Here you have a bad, rehased TV spot.

Heller: This ad is a teaser. If users close the ad before it is finished, they may think it is for another advertiser. It should have been shorter. Most likely, there is a more simple and effective way to convey the actual marketing message—" \$10 can help educate and protect a person." If it was an offline ad that was running on TV, when you have a captive audience, it would have done a decent job of creating awareness.

Granger: It was simple. The music and intrigue of it is compelling.



In March, Colgate-Palmolive launched an email campaign to boost awareness and encourage trial of Mennen Speed Stick's new Power of Nature variants. Aimed at 13- to 24-year-old males, the animated email, via Young & Rubicam's interactive unit Y&R2.1, used a woman's voice to address recipients by name and entice them to take the Speed Stick Challenge. The rich-media message was produced by Dynamics Direct, a Los Angeles-based email marketing company. The email links to a micro-site, where users can learn about the deodorant brand's newest scents through interactive games and animated videos, view streaming video footage of BMX racing or motocross, and enter a contest.

Higgins: The Speed Stick email was a lot of fun and succeeds in involving users in the brand, almost without them realizing it. It manages to surprise. Though users never really know what they are clicking into, it always awards them with a game, a piece of animation or a downloadable.

Leth: The email was interesting. It seems young. It's good whenever you can add audio and personalization, especially with this target audience because they are not receiving it at work (audio is not appropriate for the work environment). Audio is a big plus for this audience. They are the Web masters. This is the generation that doesn't do anything but surf the Internet. The marketer has to grab their attention.

Heller: Personalizing an email is compelling because the marketer is evoking an emotion with consumers when they hear their name. Personalization with audio is better than personalization with a visual. It's great that they added a viral component; the user can send the email to a friend. Once the user clicks on the email, there is a high level of interactivity and brand interaction, not to mention a ton of calls to action. They are really leveraging the unique attributes of the Internet, particularly the ability to use games and interactive tools to have the brand connect with the consumer. The site is fun and has a plethora of options. For this audience, fun is a big factor for increasing brand-response metrics.

Granger: The email has a nice attitude. The animation and games are fun and very interactive. The advertiser uses sound very effectively.

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Source: Media Metrix October 2001



Interactive AGENCY Report Cards

Making the Grades

In this issue, *IQ* presents its second annual report card of interactive agencies. We have limited our selection to agencies that primarily design interactive campaigns and create a Web site's user experience, that are based in the United States, and that ranked among the top agencies in terms of interactive revenue for 2001. We have excluded agencies that primarily serve as back-end integrators or e-consultants, as well as those that serve online ads and/or host sites but do not create the ads or sites themselves. We graded 10 interactive agencies across the country and based the grades on a variety of criteria, including:

Numbers

All 2001 revenue figures were provided by the interactive agencies. Where appropriate, revenue generated from the creation of interactive advertising was separated from other revenue; this figure was the basis for our calculations. In determining this grade, we looked at year-to-year growth, client wins and client retention, company expansion and recent acquisitions. *Adweek's* financial columnist Alan Gottesman calculated the revenue per employee to determine productivity for each agency. The aggregate revenue increase for these 10 agencies was -5.4%, so a loss of revenue did not necessarily garner the agency a failing grade.

Creative

We looked at visual design, use of innovative technology, ease of navigation and strength of user experience. Consistency of work, clarity of client message and degree of interactivity were also factored in. We considered at least three different executions, implemented across the interactive platform of the agency's choosing.

Technology

Agencies that created or supported proprietary technologies got higher grades, although agencies that found ways to use existing technologies to great effect also won kudos.

Management

Grades reflect how well interactive agency executives handled client and management issues, especially how executives were able to deal with the dicey financial issues of the Internet sector in 2001. Consistency of leadership, a clear vision (that's actually executed) and a well-thought-out approach to finances and mergers and acquisitions were factors that won high marks.

The final grade

We determined the final grade by using a mathematical formula to average the four other marks.

Agency.com C-

Numbers F

Agency.com had the biggest revenue loss of this group of interactive agencies; revenues for 2001 were down 51% to \$90 million. It averted deeper losses by receiving a majority investment from Seneca Investments in May. Seneca is Omnicom's e-services venture.

Creative B-

Agency.com created an innovative site for the launch of Land Rover's 2001 Freelander, complemented by an ad campaign by its I-traffic media division. A site for Diet Coke, created by its Red Sky group, includes email capability and a series of film clips from behind the scenes on a movie set.

Technology B-

Work on the redesign for Compaq demonstrates that the company still has strong technical capabilities. Easy navigation and a wide array of products and services helped Compaq generate nearly half of its annual revenue through e-commerce.

Management C-

After leading the pack of Internet IPOs, Agency.com became a private company once again with the Seneca investment. Co-founders Chan Suh and Kyle Shannon remain involved, with Suh still serving as CEO and Shannon heading up the firm's Applied Concepts Lab.

Comments

Agency.com has returned to its design and marketing roots, foregoing the broader interactive services it offered for several years. Its fall acquisition of San Francisco-based Red Sky Interactive adds a creative boutique to round out its media offerings from I-traffic.

Digitas C+

Numbers C-

Interactive ad revenue for 2001 fell about 20% to \$165 million. Client defections weren't the problem—rather, several long-standing, major accounts (including American Express, Morgan Stanley, Delta Air Lines) cut back mightily on spending. Wins included Celebrity Cruises, Barnes & Noble, Six Continents, Williams-Sonoma.

Creative B+

Consistently attractive visuals, clean copy and intuitive operational features on e-commerce sites abound. Pastel color schemes and easy-to-grasp menus enhance sites for Williams-Sonoma and Pottery Barn. Starwood.com features a more refined, worldly approach—but it's equally effective.

Technology C+

Partnership with Microsoft for the MSN Advantage marketing program was supposed to help Digitas show off its prowess across multiple MSN properties. That deal was announced just weeks before the terrorists struck—no actual work resulted from the union.

Management C

The consensus seems to be that Digitas waited too long to make sizable staffing cutbacks. Joe McCambley returned from Modem Media as worldwide creative director.

Comments

Unable to find a buyer (informal talks were apparently held with IPG), agency senior managers consider themselves lucky to have gotten through '01 in one piece and insist modest 4Q new-business streak foretells good things to come.

Digital@JWT B

Numbers C+

Interactive advertising and marketing revenue was \$54.5 million, up from \$46.2 million in 2000. Clients include Unilever, Sun Microsystems, Ford and Helene Curtis.

Creative B-

Digital@jwt created a Web site and online promotion for Lipton Brisk that leveraged the characters from J. Walter Thompson's popular clay animation TV spots. The agency also created innovative work for fordvehicles.com.

Technology B

The new design gallery that Digital@jwt created for the site www.adiamondisforever.com is a bit heavy to load but displays exemplary technical work. A Flash generator merged with Zoom server technology allows users to view more than 1,000 pieces of jewelry; they can even rotate the view 360 degrees to take in all angles.

Management A-

President Kevin Wassong has been at the helm since the Digital@jwt unit was created in 1998. As other companies laid off dozens in 2001, Digital@jwt's head count has held steady at 466 employees.

Comments

When many traditional agencies spun out their interactive units into stand-alone companies four years ago, Wassong held fast to the belief that digital services needed to be fully integrated within J. Walter Thompson. Wassong has proved prescient, and Digital@jwt managed to avoid the mass layoffs—and the need for reinvention—that many competitors faced in 2001.

Euro RSCG Interaction B+

Numbers A-

Revenue up 51% to \$230 million. Substantial increase due in part to Circle.com acquisition. Wins of Häagen-Dazs, Kodak, MasterCard, Mitsubishi, Motorola, Siemens, Sony, Yahoo! and others more than compensated for losses of CommerceOne, Datek and KnightRidder.com.

Creative B

Volvo Web efforts, consistent and integrated with TV and print, engage consumers in dialogue with car maker while building database of leads. Moving text, images and sound on Flash site demystify and demonstrate usefulness of Intel's Pentium 4. Wyeth's unbranded Healthy-Beginnings.com makes doctor visits less scary for kids.

Technology B+

Beefed-up technology and eCRM expertise with Circle.com buy. Continued alliance with Cylo gives agency momentum on ITV front. Will import knowledge gained from own overseas wireless campaigns—like Nokia Games, played via mobile phones by 600,000—to U.S. Used Web, hand-helds and iTV for Volvo NCAA Championships campaign.

Management B

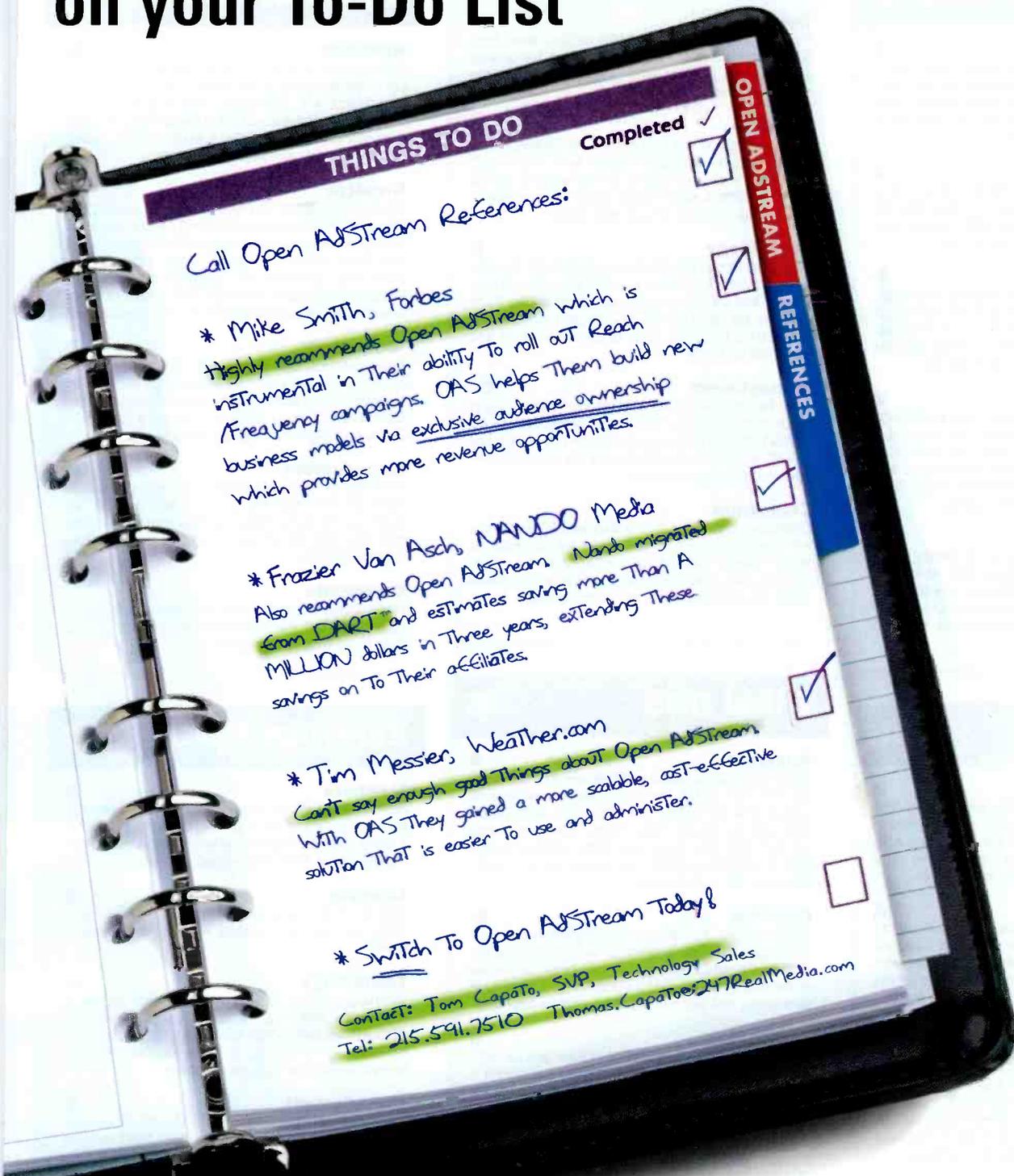
Euro RSCG Interaction CEO George Gallate worked with Circle CEO Charlie Tarzian to absorb Circle into network. Combined Method's healthcare knowledge with Circle's eCRM to form Method Circle, an interactive healthcare marketing unit.

Comments

With 45 agencies in 26 countries and 1,525 staffers, Euro RSCG Interaction no doubt will continue to attract global business. The challenge with a group of this size is to function as one, rather than as disparate entities.

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* Frazier Van Asch, NANDO Media
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Grey Digital Marketing **B-**

Numbers **C**

Revenue fell 5% in 2001 to \$206 million. Grey's worldwide staff of 1,285 continued to drum up new business with existing clients and also added Reebok, Pulte Homes, American Movie Classics and DoubleClick to its roster. No major accounts lost.

Creative **B**

Solid creative for a wide range of clients. Best work is in Web site design. No two destinations look alike. New site for M&M's is enticing to every sweet tooth. Covergirl.com is clean and consistent. Pringles work is crisp.

Technology **B**

With online media planning and buying, proprietary email technology and all the tools to launch wireless or iTV campaigns, Grey has the power to do it all. The shop says what clients are most interested in these days are measurable results. Grey can provide those, too.

Management **B**

Executive team of Norman Lehoullier, Orin Wechsberg, Harvey Goldhersz and Steve Carbone has been there since the agency's inception in 1993 and provides a stable backbone. Betsy Sperry was appointed vp and managing director of Beyond Interactive in San Francisco, a part of the Digital Marketing group.

Comments

Grey does a good job of building on its existing client base. Picked up Mars' M&M's brand after working on Twix and Starburst, for example. Also won new business from Cendant: Trip.com and Cheaptickets.com. Agency may be a behemoth, but its work conveys a personal touch that clients appreciate.

R/GA **A-**

Numbers **B**

Revenue for 2001 was \$55 million, basically flat from 2000. Revenue per employee is one of the highest in this group. Clients include IBM, Bank One and Activision. While revenues are not as high as some competitors', R/GA boasts 60 months of profitability.

Creative **A**

Long renowned for its creative strengths, R/GA continued its innovative work in 2001 with sites for Nike basketball and Nike Goddess that represent the essence of the brands. A Clairol site that allows users to submit photos and virtually try out new hairstyles and colors is both fun and informative.

Technology **A**

R/GA completed two major projects in 2001 using proprietary technology. It launched a Times Square sign for the Reuters building that aggregates video and coordinates data feeds from 15 different templates. Its site for Ellis Island, where users can research their family histories, includes a 22-million-item database.

Management **A**

R/GA became part of the Interpublic Group of companies in 2001. Founder and chief creative officer Robert Greenberg continues to foster an environment that has grown steadily and organically. The agency has not lost a client in three years.

Comments

While it has consistently produced work that is the best of what the Web has to offer, in 2001 R/GA continued to distinguish itself by creating large-scale, technically advanced projects that also show great artistic flair.

Modem Media **C+**

Numbers **D+**

Revenue for the year was \$100 million, down from \$134.3 million for 2000, a 25% decrease. The revenue per employee is quite high, demonstrating that the company is profitable.

Creative **B-**

Modem's strength has long been in the creative arena, and 2001 produced good creative work on the Kraft interactive kitchen as well as on the agency's site for Weight Watchers, which allows users to personalize a variety of weight-loss services and advice.

Technology **B**

For Philips Electronics, Modem integrated ATG Dynamo and Interwoven 5 to create a usable site selling to consumers and dealers through one interface. The Delta Air Lines site redesign also coordinated with wireless applications that allow users to check schedules and itineraries on the fly.

Management **C+**

Marc Particelli weathered a tough first year as CEO in which he laid off some 10% of staff across five offices. In 2001, holding company IPG acquired True North and its 43% stake in Modem Media and now has two members on the company's board.

Comments

Colleagues are pulling for the well-liked Particelli, who will have to continue to make the hard decisions as Modem Media continues to pull out of the ad slump. Particelli, who previously worked in the private equity world, has been decisive and forward-looking.

Tribal DDB **B**

Numbers **B**

Tribal DDB reported estimated revenue of \$65 million, up 18% from 2000. The shop picked up major new clients: New York Lottery and McDonald's, from parent DDB, and the U.S. Air Force. Some 50% of its clients are from DDB. Only losses were either short-term projects or Internet-oriented companies, such as election.com, that went belly up.

Creative **A-**

While work for Budweiser (including best-loved viral Whassup!?) in 36 languages) is most memorable, the shop also wowed industry gurus with its online premier of the Britney Spears Pepsi campaign on Yahoo! AMP work rocks, and site redesign for Amtrak is top-notch.

Technology **B**

Tribal develops the majority of its wireless and iTV campaigns in overseas offices. But when the U.S. market is ready, the shop has the tools in place to deliver highly integrated interactive campaigns. Successfully utilized advergaming technologies for U.S. Air Force campaign.

Management **B**

CEO Matt Freeman and president and COO Steven Marrs continue to run the show. Jim Lecinski and Paran Johar came on as general managers in Chicago and L.A., respectively.

Comments

Big push in 2001 was to combine brands and entertainment that pull consumers in. Completed the acquisition of True North's SixtyFootSpider in Dallas, making Tribal the largest e-commerce specialist in the Southwest.

OgilvyInteractive **B**

Numbers **B-**

Revenue up 13% to \$150 million, however, the revenue per employee is one of the lowest in the group. Won Eli Lilly, Merck and Pharmacia. Lost Jaguar following account consolidation at Global Beach. Retained relationships with longtime Ogilvy & Mather clients, including IBM, Unilever and American Express.

Creative **B**

Smart, engaging site for Office of National Drug Control Policy, which follows lives of fictional high school freshmen, talks to teens about drugs without talking down. Mini-Flash commercial greets users as they enter clean and utility-oriented Goldman Sachs sitelet. MyHome-Basics.com offers tips and recipes to home-makers while incorporating Unilever product placement.

Technology **B-**

Robert Henrick, executive director at OgilvyInteractive Applications Laboratory, the shop's testing ground for emerging digital technologies, exited; Mel Bellar, chief technology officer, is filling in. Partnering with Active Buddy on instant-messaging marketing efforts.

Management **B+**

Jeannette McClennan, president of OgilvyInteractive North America, recruited former MarchFirst exec Will Carlin as managing director of New York office, a new post. Hire frees McClennan to focus on growing offices in North America.

Comments

While Ogilvy's holistic branding philosophy buoys OgilvyInteractive, the interactive unit continues to prove itself by winning its own accounts.

Zentropy Partners **C**

Numbers **D-**

Zentropy Partners' 8% drop in revenue is not a drastic plummet in light of the economic landscape, but profitability, given the revenue per employee, is low. Clients include Nestlé, Fleet, MasterCard, Marriott.

Creative **C**

They are a bit slow to load, but sites created by Zentropy for Coke and Reebok capture each brand's energy.

Technology **B-**

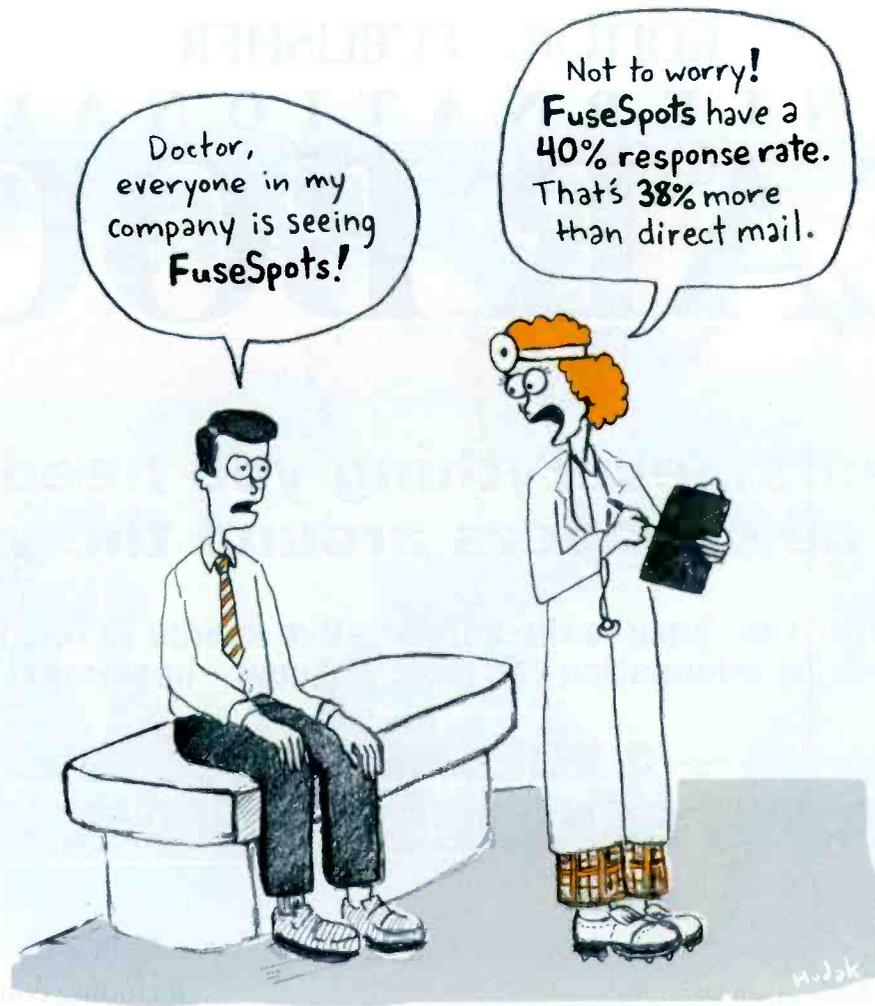
Zentropy Partners is one of the pioneer shops in Microsoft's .Net program. It did excellent work on GMBuyPower.com, which allows customers to shop by car make and model and provides tools that find the nearest dealer and customize features.

Management **C**

Zentropy Partners merged with McCann-Erickson's McCann Relationship Marketing to form MRM Partners Worldwide in May 2001. Its former Cambridge, Mass., headquarters closed, though Zentropy remains a brand name within the MRM group. Stan Rapp, chairman and CEO, and Pam Larrick, president and COO, lead this property of IPG.

Comments

Closure of the Cambridge, Mass., headquarters gave many the impression Zentropy had closed up shop, hurting the agency's visibility. MRM merger has allowed the agency to leverage well-known McCann franchise, and—while it has been a quiet year—Zentropy Partners continues to be a player when it comes to pitch time.



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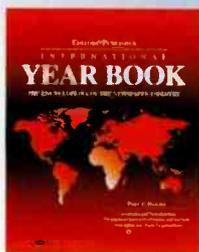
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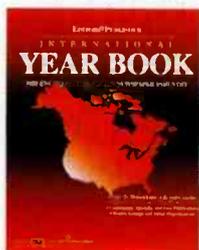
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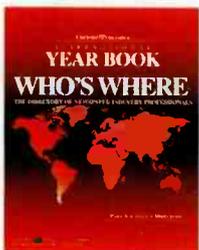
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HARD NEWS FOR HARD TIMES

Texas-based media giant Belo hopes to marry its long tradition of solid journalism with a new companywide mandate for convergence to emerge from the recession and impress Wall Street **BY JEREMY MURPHY**

REWRITING THE SCRIPT:
Belo TV group president Jack Sander and CFO Dunia Shive are leading the company's efforts to maximize synergies.

It was 1997, and the heads of two of Dallas' most competitive news-gathering operations—*The Dallas Morning News* and ABC affiliate WFAA-TV—had begun the first of what corporate parent Belo hoped would be many meetings designed to get the two working together.

On one side of the table sat Stuart Wilk, vp/managing editor of the *Morning News*. On the other was John Miller, at the time the vp of news for WFAA. Though both had worked for their respective organizations for more than 15 years under the Belo umbrella, they had scant experience doing it together, even though all that separated them was a parking lot.

"We were both sitting at the table with our arms crossed," remembers Wilk. "WFAA was our best com-

petition. Next to the *Morning News*, they are the best news-gathering team in town. So even where we started—which was no history of cooperation, and a long history of competition—it was probably [just as] difficult to break the ice [as] we imagined.”

The executives were being asked to share resources for their Washington, D.C., news bureau, but both Wilk and Miller (who has since left Belo to pursue a teaching career) knew the process would not stop there. Soon, there would be news-sharing, back-office consolidations and group ad-sales initiatives. The proverbial wall that had separated the two operations for more than 50 years was beginning to crumble.

In a way, it had to. Belo's portfolio of assets was growing year by

The Dallas Morning News and WFAA, it was brick-by-brick. You had years of a mentality of ‘that’s them, and this is us.’ We had created very, very tall walls.”

Just five years later, those walls are virtually gone. Today, the relationship between the *Morning News*, WFAA, Texas Cable News (TXCN, Belo's statewide, 24-hour cable news channel) and its respective Web sites has become a model of convergence. While staffers once saw the parking lot separating WFAA and the *Morning News* as “a raging river,” as WFAA vp of news David Dutich recalls, they now see it as a pipeline, albeit one still in the R&D phase.

The results thus far are promising. For example, writers and editors

for the *Morning News* and WFAA recently produced an in-depth investigative report on drug-running into and out of Mexico by teenagers, a story that was picked up by ABC News.

“It was very provocative,” Wilk recalls. “The story was on the front page of the *Morning News* and was on the 6 p.m. and 10 p.m. broadcasts on WFAA. When [Belo employees] saw how good that series was, I think it eased a lot of fears.

“It’s difficult to make competitors into partners, and the staff wants to know, rightly so, what’s the payoff? What’s the motivation here?” Wilk continues. “Are we doing it to save money? Are we doing it to expand our brand? Are we doing it to create better journalism? The only answer that’s going to resonate with them is the third.”

It’s not uncommon these days to find editors from the *Morning News*, TXCN and Belo Interactive attending the 10 a.m. news meeting at WFAA, where the editors also check over news budgets for Belo’s other Texas TV stations, including Houston CBS affiliate KHOU, San Antonio CBS affiliate KENS and Austin ABC affiliate KVUE. *Morning News* reporters also appear regularly on WFAA and TXCN newscasts to talk about stories that will appear in the paper the next day or to add depth to the TV outlet’s coverage of

a breaking story. WFAA writers and producers have also shared bylines on articles in the *Morning News*.

“You still have exclusives,” Dutich says. “But it’s now a question of how those exclusives are treated.”

Belo’s four TV stations in Texas recently launched Project Texas, a partnership created to produce documentaries. The first, *Hidden Dangers, Hidden Risks*, produced by WFAA executive producer Nann Goplerud and which aired in December, examined America’s growing immigrant population and the job risks they face as they struggle to build new lives in the U.S. The stations will take turns producing the documentaries—a decision that created some friction at first.

BELO: THINKING IN CLUSTERS

PROPERTY	MARKET (NIELSEN RANK)	NOVEMBER '01 TOTAL-DAY RATING/RANK
TEXAS CLUSTER		
WFAA-TV (ABC)	DALLAS (7)	6 RATING/13 SHARE (NO. 1 IN MARKET)
KHOU-TV (CBS)	HOUSTON (11)	5 RATING/12 SHARE (NO. 2 IN MARKET)
KENS-TV (CBS)	SAN ANTONIO (37)	6 RATING/13 SHARE (NO. 1 IN MARKET)
KBEJ-TV (UPN)	SAN ANTONIO (37)	1 RATING/2 SHARE (NO. 6 IN MARKET)
KVUE-TV (ABC)	AUSTIN (54)	5 RATING/12 SHARE (NO. 2 IN MARKET)
TXCN (TEXAS CABLE NEWS)	STATEWIDE	1.3 MILLION SUBSCRIBERS
DALLAS MORNING NEWS	DALLAS	494,890 PAID CIRC. (M-THU.); 766,387 (SUN.)
PACIFIC NORTHWEST CLUSTER		
KING-TV (NBC)	SEATTLE (12)	6 RATING/14 SHARE (NO. 1 IN MARKET)
KONG-TV (IND.)	SEATTLE (12)	1 RATING/ 2 SHARE (NO. 6 IN MARKET)
KGW-TV (NBC)	PORTLAND, ORE. (23)	5 RATING/13 SHARE (NO. 1 IN MARKET)
KREM-TV (CBS)	SPOKANE, WASH. (78)	4 RATING/14 SHARE (NO. 1 IN MARKET)
KSKN-TV (UPN/WB)	SPOKANE, WASH. (78)	1 RATING/3 SHARE (NO. 5 IN MARKET)
KTVB-TV (NBC)	BOISE, IDAHO (121)	6 RATING/22 SHARE (NO.1 IN MARKET)
NORTHWEST CABLE NEWS	WASHINGTON, OREGON, IDAHO, MONTANA, ALASKA	2.3 MILLION SUBS
SOUTHWEST CLUSTER		
KTVK-TV (IND.)	PHOENIX (16)	4 RATING/9 SHARE (NO. 3 IN MARKET)
KASW-TV (WB)	PHOENIX (16)	2 RATING/5 SHARE (NO. 6 IN MARKET)
KMSB-TV (FOX)	TUCSON (73)	3 RATING/10 SHARE (NO. 4 IN MARKET)
KTTU-TV (UPN/WB)	TUCSON (73)	1 RATING/3 SHARE (NO. 5 IN MARKET)
ARIZONA NEWS CHANNEL	STATEWIDE	500,000 SUBSCRIBERS
PRESS-ENTERPRISE	RIVERSIDE, CALIF.	168,765 PAID CIRC. (M-SAT.); 176,968 (SUN.)

SOURCES: NIELSEN MEDIA RESEARCH, AUDIT BUREAU OF CIRCULATIONS

year—today the company owns 19 local TV stations, 4 daily newspapers, 2 regional cable networks and 34 Web sites throughout the country. Convergence—a buzzword that media executives throw about freely but rarely come to realize—had become the new mantra. Never mind the fact that most of Belo’s TV properties and newspapers had operated independently for most of their existence.

“You think the Berlin Wall was tough to knock down?” recalls Jack Sander, Belo executive vp of media operations and president of the TV group, whose office is in one of four immense buildings in downtown Dallas that employees have come to refer to as “the campus.” “Knocking down a wall between a newspaper operation of the size and strength of

"It was a lot like putting people in a dentist chair to get the first one," says Dennis Williamson, Belo's senior vp of the television group, who oversees the Texas cluster. "Who's going to do it? What's the topic? Who decides what the topic is? When will it air? And you're dealing with five entities. I wouldn't be so bold as to say this is nirvana."

Whatever friction was felt putting the documentary together led to successful results. *Hidden Dangers*, *Hidden Risks*, which aired in December, recently won a National Headliners Award.

"Now the second station that's producing the second [documentary] has got a little bit of competition," Williamson adds. "They really want to make this work even better than the first one. So I think it's just a natural progression, but you've got to start somewhere. You can't just open the door one day and say, 'Everybody work together.' You have to take small, specific, concrete steps."

The stations aren't the only ones sharing content. Every afternoon editors from the *Morning News* e-mail the stations a list of their page-one stories, which WFAA often teases on its 10 p.m. late news (which is re-purposed for a 10:35 p.m. run on TXCN).

"They set the standard for integrating newspapers, TV stations and cable news regionally," says Lee Westerfield, a media analyst with UBS

"All the evidence to this point makes it clear that great journalism prevails in almost any competitive or market circumstances." DECHERD



Warburg, who covers Belo. "Dallas itself is the standard for newspaper-TV convergence in the United States."

But the newfound synergy is not limited to just Dallas, where Belo is based. Across the country, the company has grouped most of its media assets into three regional clusters—Texas, the Pacific Northwest (Washington, Oregon and Idaho), and the Southwest (California and Arizona)—putting TV stations, cable news, Internet operations and newspapers under three giant umbrellas. It's a strategy the company hopes will lead to strong news-gathering operations, increased revenues and market share, as well as more cost-efficiencies.

That said, the company is coming off a terrible 2001, having seen its total revenue drop 14 percent to \$1.4 billion and its net earnings slide

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from \$150.8 million in after-tax profit in 2000 to a loss of \$2.7 million. The company reduced its full-time staff by 8 percent. To be fair, 2001 was not a good year for most media companies, particularly broadcasters; in addition, Belo had enjoyed an extra bump in ad revenue in 2000 from the elections, the Olympics and the dot-com boom. Despite last year's disappointing results, Belo executives say they have no intention of changing the company's convergence strategy.

"YOU HAVE THREE PARTS," explains Robert Decherd, Belo's chairman, president and CEO, sitting in his 17th-floor office, which affords an expansive view of the Dallas skyline. "You have incremental revenues, you have cross promotion and co-branding opportunities that reinforce with our audiences our overall presence in these marketplaces, and then third, you have some consolidation of expense or efficiencies," Decherd says. Through technology like central casting (a system that allows broadcasters to operate multiple stations from one site) and tapeless digital servers, Belo is making significant capital investments that will save the company millions of dollars in the long run.

Already, the company is able to run its San Antonio UPN affiliate KBEJ out of TXCN's Dallas studio. "Nothing we're doing is unique to Belo," adds Decherd, whose youthful appearance belies his leadership of



"It's not all about getting the dollar today, it's about investing toward more dollars tomorrow." WILLIAMSON

After Sept. 11 "we didn't have to have reporters in New York for 35 days straight." CLEMENTS-HILL

form of journalism. For example, Belo has partnered with Cox in creating local cable news channels in Norfolk, Va., (Belo owns ABC affiliate WVEC there) and New Orleans (home to its ABC affiliate WHAS). Belo is also working with Time Warner Cable in launching local cable outlets in Charlotte, N.C., (where Belo owns WCNC, an NBC affiliate), Houston and San Antonio.

One big beneficiary of convergence is Belo's news-gathering ability. Houston's KHOU was recently able to feed coverage of the Andrea Yates murder trial and the Enron bankruptcy to many of Belo's 19 stations, saving manpower and resources. "A really big national story is really a local story for us," Sander says. "My Houston reporter becomes not only a cluster reporter but in some cases almost a national reporter. If Seattle wants a localized shot, we can do all that without expending any manpower to cover that from Seattle or Charlotte."

Belo also sent a crew of reporters, photographers and producers to Salt Lake City to cover the Winter Olympics games for its NBC affiliates. That team busied itself with producing special programs for the NBC stations in the Northwest as lead-ins to their prime-time coverage.

In Texas, the biggest of the clusters, the company's assets not only share news resources but also sales muscle. With four local stations and TXCN, Belo can sell advertisers the entire state and then some (since the company also owns WHAS in neighboring New Orleans). An in-house department, Belo Marketing Solutions, is designed to craft packages for advertisers that are looking to go beyond the traditional station-by-station buy.

"It's not millions and millions of dollars at this point, but it is a few million dollars," says Decherd. "It's business that we would not otherwise have been able to put on the books. We're just not far enough along, and I don't believe any of the companies with these kind of concentrations can tell you precisely what this means yet."

WFAA and the *Morning News* recently created one of the first cross-platform deals with Dallas' Children's Hospital, which included airtime on the station and ad space in the newspaper.

"There was no down side. The client ended up with a lot of advertising and promotion and a common theme that hit people from numerous directions," says Larry Spiegel, principal of The Richards Group, the Dallas-based ad agency that negotiated the million-dollar deal for the hospital. Spiegel says the package was ideal for the client because it "got more advertising, more leverage on each dollar, because we got more from Belo than we would have gotten if we bought the parts individually. It's different from the big guys—the focus is on the local market or the region."

While Belo may be leading the industry in the drive to convergence, the company is still deep in the learning curve, says UBS Warburg's Westerfield. "They're still in the early phase. There's a considerable amount of operation efficiencies to be gleaned" from the clusters, says the analyst, noting brand reinforcement and audience control are two areas in which the company should concentrate. "There's still quite a bit of work to do in learning how convergence can work."



Belo for more than 15 years (he took over at 35). "It's an opportunity available to any company that has these kinds of concentrations."

Though Texas is its biggest region, Belo's other clusters also pack news-gathering and advertising might. In the Pacific Northwest, Seattle's NBC affiliate KING and independent station KONG regularly share news content and sales resources with sister properties Northwest Cable News, CBS affiliate KREM and UPN/WB affiliate KSKN in Spokane, Wash., NBC affiliate KGW in Portland, Ore., and NBC affiliate KTVB in Boise, Idaho.

It's the same setup in the Southwest, where Belo has grouped together *The [Riverside, Calif.] Press-Enterprise* with WB affiliate KASW and independent station KTVK in Phoenix, the Arizona News Channel (a joint venture with local cable operator Cox Communications) and Fox affiliate KMSB and UPN affiliate KTTU in Tucson, Ariz.

The company sees some value in local cable news, a relatively new

OUTSIDE THE COMPANY'S THREE established regional clusters, Belo owns a handful of other TV stations and/or newspapers in markets from Norfolk, Va., to Charlotte, N.C., to Louisville, Ky., and it's in those regions that many expect the company to focus on its future growth.

"We'll be a careful consolidator," says Decherd, who mentioned Charlotte and Providence, R.I., where Belo owns *The Providence Journal* newspaper, as two markets the company would consider turning into new clusters. "We're attentive to the opportunities provided by these deregulatory changes, but we don't feel compunctioned to do anything. If we could create another cross-ownership at a very appropriate price, we would. If we could create another duopoly at an appropriate price, we would, but we're not going to overpay and we don't feel any urgency to do anything. We want to look at existing geographies either to add an asset that makes sense or perhaps to create another cluster."

However, even with the industry headed toward deregulation ("A given," Decherd predicts), the CEO does not think it will trigger massive consolidation. "There isn't a land rush where everyone feels compelled to create a duopoly at any cost," Decherd says. "What you haven't seen are what I am calling run-off transactions, where a company like ours (or companies smaller than ours) goes into a market and pays a seller the price that seller would like simply to create a duopoly. What we know, what Viacom knows, what any operator of duopolies knows is that, yes, there are benefits, but they are not so

great as to justify paying a premium or more than a premium to create a new duopoly."

Decherd's caution notwithstanding, the company will move swiftly if the right opportunity presents itself. "If there was a way to buy a second station in Charlotte or there was a way to get the rest of North Carolina, would that be something that Robert would want to look at?" Sander asks. "My bet is he would...If someone called us with a station in Palm Springs that kind of filled out the circle with *The Press Enterprise*, would we have to look at that? You bet. It would be more rounding out our geographical cluster strategy and making sure we are deep enough in a marketplace to be successful."

But for now, Belo is quite content with its current concentration of existing assets (four ABC, four NBC and five CBS stations). "We have a balanced portfolio of assets," said Dunia Shive, Belo's executive vp/chief financial officer, who notes that the company's even mix of network affiliates protects it from dramatic swings in network viewership.

"They don't feel like they need to sell, and they don't feel like they need to buy," agrees Bear Sterns media analyst Victor Miller, who points out that the stations "rank among the very highest in the industry" in ratings and revenue.

Westerfield doubts Belo will be a big buyer, and he bases his opinion on the fact that the company, with only a \$4 billion market capitalization, might be hard-pressed to outbid bigger rivals like Gannett, Hearst-Argyle and Tribune for assets.

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AT THE HEART OF BELO is a simple theory—quality journalism produces ratings and circulation, and that in turn makes money.

“All the evidence to this point makes it clear that great journalism prevails in almost any competitive or market circumstances,” Decherd believes, and notes that 14 of Belo’s 19 stations gained revenue share last year (the stations that didn’t were the company’s four ABC affiliates and its independent station in Tucson). “Quality creates these relationships with readers, viewers and on-line users. It also sustains those relationships, and therefore no matter how many competitors are out there, no matter what kind of economic environment exists at any given point in time, we’re able to reach those very large desirable audiences in a predictable way.”

One need only look at Belo’s stations for evidence. Fourteen years after Belo bought what was a last-place station, Houston’s KHOU is now battling two aggressive competitors for the No. 1 position, and it’s doing so on the back of hard-news journalism. The station made national headlines two years ago by breaking the alleged deadly connection between Ford Explorers and Firestone tires. And just last New Year’s Eve, Dallas flagship WFAA broke a sensational story involving a string of Hispanic immigrants arrested on phony drug charges—police officers planted what turned out to be crushed sheet rock on the immigrants. The story, broken by WFAA reporter Brett Shipp and producer Mark Smith, was later picked up by ABC’s *Nightline*. It’s that kind of journalism that has helped WFAA’s 10 p.m. newscast withstand a 23 percent decline in ABC’s prime-time audience and still hold its share. The station, the undisputed news leader in Dallas, regularly doubles its network lead-in.

“I say you show me a news that always improves its lead in and I will show you a quality news operation,” Sander says. “That’s the single biggest indicator in my mind of a news leader when you’re willing to change that channel.”

The company also points to its coverage of events surrounding Sept. 11. Its papers and stations have spent hundreds of thousands of dollars covering the story, including printing more than 100,000 free copies of a special Sept. 11 edition of the *Morning News* and sending more than a dozen reporters and photographers to the Middle East and Afghanistan to cover the war.

“The economy didn’t affect that kind of coverage—not for us,” says Kathy Clements-Hill, WFAA’s president/general manager. The station was able to use Belo’s “size and scope” to its advantage in covering the crisis. “We didn’t have to have reporters in New York for 35 days straight,” Hill continues, adding that the stations alternated in sending reporters to the area, armed with satellite trucks, edit packs and other equipment. “That was the only conversation we had that was even remotely about money, just so we didn’t have 19 stations in the same place.”

The events surrounding Sept. 11 “reinforced subtly, and in some instances very directly, the difference between very high-quality, thorough and balanced journalism versus the rest of the news and information marketplace,” Decherd insists. “People confronted with crisis or uncertainty gravitate to the news that have those characteristics.”

With costs soaring and audiences growing more and more fragmented, it’s those types of local news operations that will survive,



WALL-BREAKERS: The *Morning News*' Wilk (left) and WFAA's Dutch collaborate regularly on news.

Decherd adds. “Local news will survive. That’s a certainty. What’s less certain is whether markets can support more local news choices than market revenues would suggest are viable.”

Other station groups, including Sinclair Broadcast Group, which shut down its local news operation at St. Louis ABC affiliate KDNL, are increasingly pulling the plug on expensive operations that don’t yield bottom-line results. “Everybody’s rushed into news [coverage] in the last 15 years,” says Decherd. “But what we have learned again is that developing relationships with audiences is a long-term proposition. It’s harder to do in today’s competitive environment than it was 15 years ago.”

Decherd points to Houston’s KHOU, a station that took years—and a lot of money—to find its footing. “It took us ten years to achieve competitive parity from a news-audience standpoint,” Decherd says. “Ten years in which we had to try a lot of different things. But every year we invested substantially in developing relationships with news audiences. You don’t have ten years to do that anymore. In fact, I’m not sure it’s possible. The question then is, can you maintain a third-, fourth-, fifth-, sixth-ranked TV news service in every market? Probably no.”

The challenge for companies like Belo is to remain relevant and necessary to viewers, all the while growing revenues and keeping investors happy. “You have to have a longer-term perspective,” adds the TV group’s Williamson. “If you do the right things in your community, if you put on the right kind of newscasts that have a quality orientation and that are meaningful and compelling and advance that community’s understanding of the issues of the day, you have a business model that’s best for shareholders over the long term. It’s not all about getting the dollar today; it’s about investing toward more dollars tomorrow. And so I don’t see those two things in conflict.”

Believe it or not, Wall Street, that fickle advocate of financial gain at any cost, agrees.

“We believe that,” says Bear Sterns’ Miller. “In general, Belo’s stations are either No. 1 or No. 2 in their markets. And profit margins are solidly competitive with everyone in the business. The difference is they reinvest a lot of that money into their stations.”

Part by choice and part necessity.

“This is not a Pollyanna kind of situation that says the Belo way is warm and fuzzy or the Belo way is soft and cuddly or the Belo way is investigative and hard-hitting,” argues Sander. “It is about what is our responsibility and therefore as a public company how do we make money doing it in the correct and important way?” ■

NCAA Hoops Telecasts Score for CBS, ESPN

Viewership of the NCAA Men's Basketball Championship finals on CBS (April 1) and Women's finals on ESPN (March 31) were generally positive this year, although household ratings for the men's championship on CBS were down 3 percent to a 15.0/24, while household ratings for the women's championship on ESPN were up 24 percent to a 4.1. On CBS, 43.5 million viewers watched the game, up 4 percent from the 41.9 million who watched the 2001 men's championship final game. On ESPN, 3.48 million viewers watched the women's final game, compared to 2.1 million last year. The number of viewers on ESPN was the largest number to watch a college basketball game on the cable network, surpassing the 3.44 million who watched a 1990 men's first-round NCAA tournament game. Overall, all of the 2002 NCAA Men's Tournament broadcasts on CBS averaged a 6.5/14 rating, the same as last year's average, with each telecast averaging 9.6 million viewers, up 5

percent from last year's 9.1 million viewers. CBS' coverage of the two Final Four games on Saturday, March 30, averaged a 10.4/20, the same as last year's two games. An estimated 136.6 million viewers watched all or part of CBS' entire tournament coverage, up 3 percent from last year's 133.2 million viewers. The entire women's tournament coverage on ESPN averaged a 1.2 rating and 1 million homes, up 9 percent and 13 percent respectively over last year.

Food Adds Series to Programming Menu

Armed with a 39 percent increase in its programming budget, Food Network plans to diversify its 2002 schedule by leaving the studio kitchen for more distant international horizons. Joining the recently launched *A Cook's Tour* with globe-trotting foodie Anthony Bourdain, the Scripps-owned network announced last week it will add to its schedule the travel-based series *\$40 A Day*, *The Thirsty Traveler* and *My Country, My Kitchen*. Hosted by Rachel Ray, *\$40* shows

viewers how they can eat well in the great cities of the world—Paris, San Francisco, Rome—for that amount of money, while *My Country* is a limited series in which chefs return to their native countries to explore local food. Both premiere in April of this year. *The Thirsty Traveler*, premiering this summer, travels from New Mexico to Scotland to study locally distilled beverages. Also among the 10 new series announced last week is *Oliver's Twist*, the second series from quirky British chef Jamie Oliver (*Naked Chef*), in which he travels the streets of London checking out local grub. It premieres in May 2002. "This year is evolution of last year's strategy," said Food Network president Judy Girard. "We've got more field shows in prime time, more competition shows and format shows where the food is the star." Competition shows include the special *Cook and Ladder Competition* featuring firefighters who whip up Tabasco-infused firehouse delicacies to be tasted by a panel of judges. *All American Festivals* fits the cate-

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things to love about The Times.

New York Women in Communications will present the **Matrix Awards**, recognizing women who have achieved excellence in advertising, books, broadcast, film, magazines, newspapers, new media and public relations, April 15 at New York's Waldorf-Astoria. Contact: 212-297-2133.

American Women in Radio and Television will host the New York market winners of the **2002 Gracie Allen Awards**, honoring outstanding women in broadcasting behind the scenes and on the air, at a luncheon on April 16 at Tavern on the Green in New York. Contact: 703-506-3290.

The New York Chapter of the **International Advertising Ass'n** will offer Master Classes for international marketing communications professionals beginning April 18-19 at the Princeton Club in New York. Contact: 212-292-4248.

The Association of National Advertisers will present the **ANA TV Advertising Forum** April 24 at the Plaza Hotel in New York. The event will include a panel session on trends in integrating products into TV programming, with discussion of how different vehicles are being used, funded and measured. Contact: 212-697-5950.

Cable Positive, the cable-industry organization dedicated to AIDS awareness and prevention, will host its annual benefit dinner, this year entitled "**Absolutely Positively**," April 25 at the New York Marriott Marquis. The event will honor William McGorry, senior vp, Reed Business Information. Contact: Sandy Friedman at 212-463-6740.

American Society of Magazine Editors in association with Columbia University Graduate School of Journalism will present the **National Magazine Awards** May 1 at the Waldorf-Astoria in New York. Contact: ASME at 212-872-3700.

The **National Cable & Telecommunications Association** will hold its annual convention from May 5-8 at the Morial Convention Center in New Orleans. Execs slated to speak include Brian Roberts, president of Comcast Corp., Richard Parsons, CEO-designate of AOL Time Warner, and Jim Robbins, president/CEO of Cox Communications. Contact: 202-775-3669.

gory in a way, too, as host Tyler Florence goes behind the scenes of the National Crab Derby Competition and the Chuck Wagon Cook-Off. In addition to new series that show viewers the culinary highlights of domestic locations such as the Napa Valley (*Tasting Napa*), Miami (*Eating Out Loud: Miami*) and New York (*After Midnight... NYC*), Food Network is also focused on format and instruction. Following the success of *Unwrapped*, which examines how popular snack foods like Twinkies are made, Food is launching a special *Summer Unwrapped* in June. Other format shows include *Sara's Secrets*, demonstrating easy, stress-free meals. Last year New York-based Food added 17 million subscribers and now reaches almost 72 million homes. In first quarter, household ratings in prime time grew 50 percent to 0.6 in its universe.

XM Outpaces Its Own Growth Estimates

XM Satellite Radio said last week it had signed 76,000 subscribers as of March 31, exceeding its first-quarter target by 15 percent and putting it on track to sign 350,000 subscribers by year-end. Based in Washington, D.C., XM charges consumers \$9.99 for 71 music and 29 news, talk, sports channels, about 40 of which are commercial-free. XM completed its national rollout last November and had signed 30,000 subscribers by the end of 2001. In its fourth-quarter conference call earlier this year, XM said it expected to have 70,000 subscribers by the end of first quarter, 130,000 subs by the end of second quarter and 350,000 at the end of the year. In a separate announcement, XM said it was searching for a new chief financial officer to succeed Heinz Stubblefield, who has accepted a CFO position with AHL Services of Arlington, Va. Greg Cole, treasurer of XM, will serve as acting CFO.

CMR Adds Networks to Monitor List

CMR, the research service that tracks advertising expenditures across media, announced April 2 it is adding seven cable networks and one broadcast network to its service. Beginning this spring, CMR will monitor American Movie Classics (AMC), ESPN Classic, Outdoor Life, Oxygen, Speed Channel, Women's Entertainment (WE) and Galavision, for a total of 44 cable networks. The company will also begin to monitor Telefutura, the new broadcast TV network, bringing CMR's broadcast coverage to 10 networks. In January, competitor

Nielsen Monitor-Plus added AMC, Game Show Network and The Hallmark Channel to the cable networks it monitors for a total of 40. Monitor-Plus currently monitors nine broadcast networks and has no plans yet to add Telefutura.

Advance Opens Shared Services Center

Advance Magazine Publishers Inc. (AMPI) has created a new shared services center, which provides support for three of AMPI's corporate services departments: accounting and finance, human resources, and information services and technology. Advance is the parent organization of Advance magazine properties, which includes Condé Nast Publications, Fairchild Publications, Parade Publications, Golf Digest Cos., Condé Nast Bridal Division, CondéNet and Miami-based Ideas Publishing Group. Based in Wilmington, Del., the new shared services center is slated to open in the first quarter of 2003.

NBG to Debut Alt-Country Music Series

Through an agreement with No Depression, publishers of a bimonthly Alternative Country magazine, NBG Radio Network will syndicate a weekly two-hour Alternative Country music show to launch at the end of April. Alternative Country music is a mix of several musical genres that includes country, roots rock, honky-tonk, western swing, bluegrass and folk, made popular by the Grammy-winning movie soundtrack to *O Brother Where Art Thou*. The show will be produced and hosted by Rob Reinhart, who has hosted a similar show called *Acoustic Cafe* since 1994.

Smithsonian Creates Guide for Museums

Smithsonian Magazine has created a digest-sized guide, titled *My Smithsonian*, to the Smithsonian Institution museums in Washington, D.C. Dodge, Fuji Film and The History Channel have signed on to sponsor the 54-page, four-color guide. *Smithsonian* will distribute 2.5 million copies twice annually to 14 museums, 180 local hotels and visitor information centers.

Hearst, A&E Drive Lincoln Into Icons Series

Hearst Magazines, Lincoln and A&E Networks have formed a multimedia marketing partnership that features the carmaker's brand through print, cable and Internet media. A Hearst custom magazine titled *New Cultural Icons* will debut in June

through mailings to select subscribers of the July issues of six Hearst books, including *Esquire*, *SmartMoney* and *O, The Oprah Magazine*. With Lincoln advertising throughout, the publication will feature emerging American trendsetters in areas such as film, art and food. Shortly after the magazine launch, Lincoln will sponsor a full week of A&E's *Biography* series, programs that will center on the New Cultural Icons theme. Each month afterward, 82-year-old Lincoln will continue as the title sponsor of *Biography*. The *New Cultural Icons* program also will have an expanded presence on respective Hearst and Lincoln Web sites.

N.Y. Sun Secures Distribution

The New York Sun, the daily broadsheet that will debut April 16 with an initial distribution of 60,000, will share the distribution services used by *The New York Times* and *Newsday*. For single-copy delivery, City & Suburban (a subsidiary of The New York Times Co.) and *Newsday* and DSA Direct

(both owned by the Tribune Co.), will deliver the *Sun* to more than 4,000 newsstands. For home and office delivery, *Newsday's* distribution service and Mitchell's Newspaper Delivery Service will distribute the five-day-per-week paper, owned by One SL.

Sunset Staff to Contribute to Best Series

Travel editors and writers from *Sunset* magazine, published by Sunset Publishing Corp., part of AOL Time Warner, will share their knowledge of Western living with the California Travel and Tourism Commission for its new television series *The Best of California*, which will begin airing on April 6 and will run through June 22. Each program, with additional sponsorship from Amtrak California, BP and Honda Motorcycles, features a different travel theme. The show will be broadcast on NBC affiliates KCRA-TV in Sacramento and KSEE-TV in Fresno, on independents KCAL-TV in Los Angeles and KICU in San Francisco, and also on KFMB, a CBS affiliate in San Diego.

Dallas Turner Takes Time Off From TV

Dallas Turner, host of Great American Country's afternoon request show *CRL*, plans to leave the cable show at the end of May. Expecting her first child, Turner intends to spend time with her family. *CRL*, syndicated by Jones Media Networks, will continue to air daily at 5 p.m. with guest hosts until a permanent replacement is named. Jones Radio Network cancelled Turner's weekly syndicated radio show back in February.

LIN Outlines Share Plans for IPO

Providence, R.I.-based LIN Television, which owns 26 TV stations, announced last week plans to sell 14.65 million common shares of stock for \$19-\$22 as part of its upcoming initial public offering. The company hopes to raise more than \$300 million, which it will use to pay down debt and acquire more outlets in midsized and small markets. The company is awaiting a response from the Securities and Exchange Commission before it can announce a date for the IPO. ■

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Culture Trends

MTV #1s Around the World

Week of 4/1/02

Europe

Shakira "Whenever, Wherever"

Korea

Ses "U"

Latin America (North)

Linkin Park "Papercut"

Latin America (Central)

Alicia Keys "Fallin'"

Phillipenes

Mandy Moore "Cry"

Modern Rock Tracks

The top-selling albums compiled from a national sample of retail store sales.

This Week	Last Week	Weeks on Chart	Title	Artist
1	3	23	The Middle	Jimmy Eat World
2	1	18	Youth of the Nation	P.O.D.
3	2	24	Blurry	Puddle of Mudd
4	4	25	Crawling in the Dark	Hoobastank
5	5	16	For You	Staind
6	6	11	First Date	Blink-182
7	9	12	Friends & Family	Trik Turner
8	8	18	Too Bad	Nickelback
9	11	11	Seein' Red	Unwritten Law
10	10	34	In the End	Linkin Park

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Culture Trends

MTV's BUZZWORTHY

Buzzworthy songs are usually by new, up-and-coming artists who MTV believes have special potential. Of the videos designated as Buzzworthy, the vast majority have been certified gold or platinum.

Week of 4/1/02

Artist/Group: Andrew W.K.

Song/Video: "Party Hard"

Album: *I Get Wet*

Like the Strokes, Andrew W.K. is relying on U.K. buzz to formulate U.S. buzz. Whether he'll be successful remains to be seen, but if you've seen the video it's gotta pique your interest just a little bit. As aggressive as the Stooges (he's from Detroit too), and also reminiscent of such varied 70s/80s bands as Queen, Def Leppard and Faith No More - Andrew W.K. is out to make rock dangerous again. And as silly as a song entitled "Party Hard" may seem, I'll take it over Puddle of Mudd and The Calling any day of the week...

Artist/Group: Vanessa Carlton

Song/Video: "A Thousand Miles"

Album: *Be Not Nobody*

Brought up on Debussy and Mozart, this 21-year-old classically trained pianist claims her first favorite song was "It's a Small World". How precious...

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The Hollywood Reporter's Box Office

For weekend ending March 31, 2002

This Week	Last Week	Picture	3-Day Weekend Gross	Days in Release	Total Gross Sales
1	New	Panic Room	30,056,751	3	30,056,751
2	2	Ice Age	18,135,449	17	116,862,514
3	New	The Rookie	16,021,684	3	16,021,684
4	1	Blade 2	13,021,698	10	54,921,131
5	New	Clockstoppers	10,108,333	3	10,108,333
6	3	E.T.	6,163,305	10	24,294,365
7	New	Death to Smoochy	4,266,463	3	4,266,463
8	9	A Beautiful Mind	3,884,455	101	160,844,681
9	6	We Were Soldiers	3,723,298	31	67,601,100
10	4	Showtime	3,532,984	17	33,300,131

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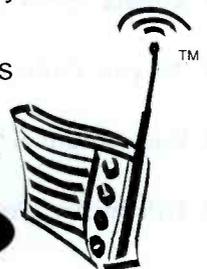
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Culture Trends

MTV Top 20 U.S. Countdown

Week of 4/1/02

1. **Fat Joe Ashanti** "What's Luv?"
2. **Enrique Iglesias** "Escape"
3. **Blink-182** "First Date"
4. **System of a Down** "Toxicity"
5. **Jennifer Lopez** "Ain't it Funny"
6. **Usher** "U Don't Have to Call"
7. **Tweet** "Oops"
8. **The X-Ecutioners** "Goin' Down"
9. **Craig David** "Can't Get You Out of My Head"
10. **Ludacris** "Saturday"
11. **Nickelback** "Too Bad"
12. **Pink** "Don't Let Me Get Me"
13. **Ashanti** "Foolish"
14. **Faith Evans** "I Love You"
15. **Michelle Branch** "All You Wanted"
16. **Busta Rhymes** "Pass the Courvoisier"
17. **Adema** "The Way You Like It"
18. **'NSync** "Girlfriend"
19. **Vanessa Carlton** "A Thousand Miles"
20. **Trik Turner** "Friends & Family"

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The Billboard 200

The top-selling albums compiled from a national sample of retail store sales.

This Week	Last Week	Weeks on Chart	Title	Artist
1	-	1	Now 9	Various
2	-	1	Best of Both Worlds	R. Kelly & Jay-Z
3	1	65	O Brother, Where Art Thou?	Various
4	-	1	World Outside My Window	Glenn Lewis
5	-	1	Far Side of the World	Jimmy Buffett
6	3	10	Drive	Alan Jackson
7	6	74	Hybrid Theory	Linkin Park
8	4	4	Under Rug Swept	Alanis Morissette
9	7	17	Word of Mouf	Ludacris
10	8	18	Misunderstood	Pink

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The Billboard Hot 100

The most popular singles compiled from a national sample of radio play and retail sales.

This Week	Last Week	Weeks on Chart	Title	Artist
1	1	15	Ain't it Funny	Jennifer Lopez
2	5	8	What's Luv?	Fat Joe w/ Ashanti
3	2	23	In the End	Linkin Park
4	9	8	Foolish	Ashanti
5	6	19	Girlfriend	'NSync
6	3	31	How You Remind Me	Nickelback
7	7	16	Blurry	Puddle of Mudd
8	12	9	U Don't Have to Call	Usher
9	4	21	Always on Time	Ja Rule w/ Ashanti
10	11	9	Oops	Tweet

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Culture Trends

MTV #1s Around the World

Week of 4/1/02

Australia

George Michael "Freek"

Brazil

Nickelback "How You Remind Me"

Germany

Shakira "Whenever, Wherever"

India

DJ Aquel/Vaishali "Tu Hai Wahi"

Indonesia

Melly & Eric "Ada Apadengan Cinta"

Japan

Hikaru Utada "Hikari"

Latin America - Argentina

Alanis Morissette "Hands Clean"

Southeast Asia

Westlife "World of Our Own"

UK/Ireland

Gareth Gates "Unchained Melody"

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Nielsen Ratings

For the week of March 18 - 24, 2002

	Program	Network	Night	Viewers
1	Academy Awards	ABC	Sunday	25.4
2	Pre-Awards	ABC	Sunday	17.1
3	Everybody Loves Raymond	CBS	Monday	13.4
4	Friends	NBC	Thursday	13.0
5	Survivor: Marquesas	CBS	Thursday	12.6
6	Barbara Walters Special	ABC	Sunday	11.8
7	Becker	CBS	Monday	11.5
8	Law & Order	NBC	Wednesday	11.1
9	Leap of Faith	NBC	Thursday	10.0
10	E.R.	NBC	Thursday	9.9

Care of Nielsen Media Research

CollegeTV Network Video Playlist

Submitted by College Television Network for week ending March 31, 2002

Artist	Title
Aaliyah	More Than a Woman
Baha Men	Move It Like This
Creed	Bullets
Dashboard Confessional	Screaming Infidelities
Godsmack	I Stand Alone
Mary J. Blige w/ Ja Rule	Rainy Dayz
Maxwell	This Woman's Work
Pete Yorn	Strange Condition
Sheryl Crow	Soak Up the Sun
Simple Plan	I'm Just a Kid
Smash Mouth	Holiday in My Head
Super Furry Animals	It's Not the End of the World
Tantric	Mourning
The Sound of Urchin	Scary Skull Eyes

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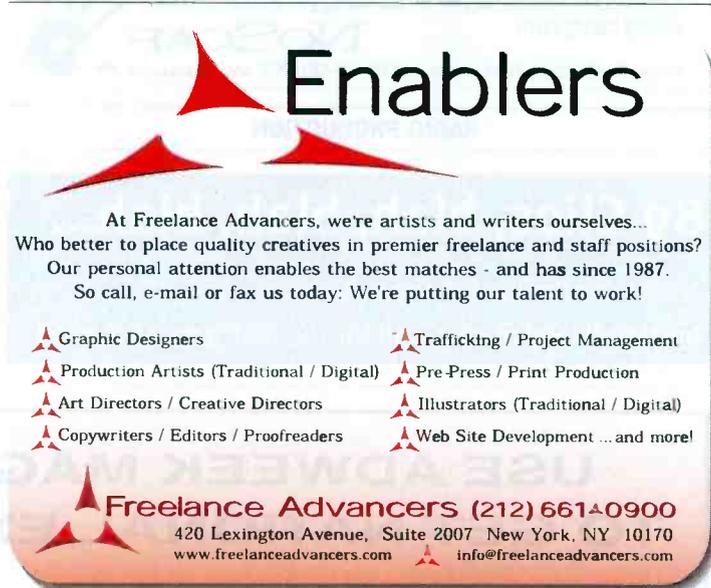
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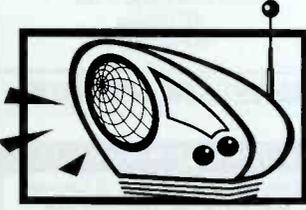
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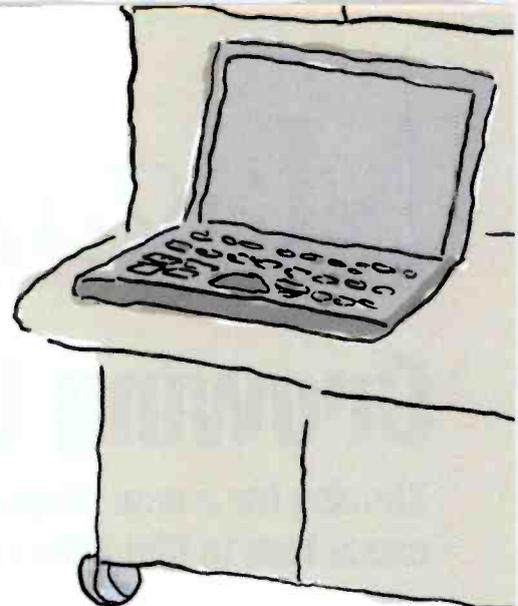
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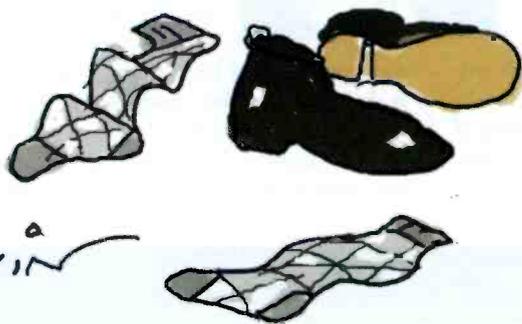
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Magazines

EDITED BY LISA GRANATSTEIN

Growing Up

Striving for a new stage of maturity, Dennis Publishing execs look to CFO John Lagana to show them the way

FIVE YEARS AFTER LANDING ON U.S. SHORES, U.K.-BASED DENNIS PUBLISHING HAS EVOLVED from a risky, one-title venture into a respected publisher of men's magazines. Along with flagship *Maxim*, which now boasts a 2.5 million circulation, and 1.1 million-circ *Stuff*, Dennis last year rolled out the biannu-

al *Maxim Fashion*, the 350,000-circ music title *Blender* (which will increase its frequency in August from 8 to 10 times per year) and *The Week*, a 100,000-circ news weekly. In addition to attracting readers, Dennis' titles have impressed advertisers. Year after year, ad pages at *Maxim* and *Stuff* have soared with double-digit gains. Through April this year, the maturing *Maxim* has flattened out at 332 pages, but *Stuff* continues to climb, up 23.8 percent to 228 pages, according to the *Mediaweek Monitor*.

Yet the rapid growth has not come without some cost to Dennis. Many of the company's ad deals have included steep rate-card discounts that have been well above average for the men's category. With the exception of Condé Nast's *GQ*, which does not negotiate rates, Hearst Magazines' *Esquire*, Emap's *FHM* and Wenner Media's *Rolling Stone* tend to offer high-30s-to-low-40s percentage discounts off

their rate cards to high-volume advertisers. Media buyers say *Maxim's* discounts have ranged from the high 30s to 50 percent, and *Stuff* has made deals as high as 60 percent off rate card.

Now, as the company has matured into a successful multititle publisher, Dennis' way of doing business is changing, as well. Last November, John Lagana, longtime CFO of Wenner, joined Dennis in the same capacity, succeeding Paul Fish, who left.

"All companies that experience tremendous growth have to adapt their management and reporting structure accordingly," says Stephen Colvin, Dennis president. "John brings years of U.S. publishing experience to our company—plus a lot of wisdom, which is invaluable for a startup company like Dennis."



Money man: Dennis' Lagana has imported a rate-card approval system conceived at his former employer, Wenner Media.

Lagana is no garden-variety financial officer. Having spent his career serving maverick publishers including Malcom Forbes and Jann Wenner, he has been involved in a wide range of business areas—operationally and strategically—that he would not have touched at larger publishing companies. "I decided [early in my career] that I did not want to be another financial executive in a corner office, but would rather be the resident financial

60sec. With



John Rasmus Editor in Chief, *National Geographic Adventure*

Q. 'Adventure' has been nominated for three National Magazine Awards, including General Excellence. What are some of your proudest accomplishments from 2001? **A.** In the March/April issue, Sebastian Junger traveled to Afghanistan to profile General Ahmad Shah Massoud, the guerrilla commander who opposed the Taliban [Massoud was assassinated on Sept. 9th]. Junger interviewed him and hung out with him. It was an ambitious piece. Another contributing editor, David Roberts, did a story in the September/October issue on the annual craziness on Mount Everest, which dealt with the competitiveness and lack of cooperation among the climbers. **Q.** Speaking of Everest, the National Geographic Society is celebrating the 50th anniversary of the first summit. Will 'Adventure' be participating in any way? **A.** We are sending David Roberts to Everest to cover the anniversary next month. He is going to climb to the "advance" base camp, a good way up the mountain. **Q.** Why don't you go? **A.** Well, I'm here making sure that our transition to 10 issues a year goes smoothly. We shifted from publishing bimonthly to almost monthly in January. **Q.** Any special editorial coming up? **A.** In May, we will have our first themed issue, "The Secrets of the Great Parks." It's a cover story, by author Tom Cahill, on the wild side of Yellowstone. **Q.** You guys write about some pretty crazy adventures. Would you do even half the stuff you've published? **A.** Yeah, I would say maybe about half.



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The Ad Council was formed in 1942 to use the power of advertising to help America deal with issues related to WWII. Following the tragedy of September 11th, the Ad Council has returned to its wartime footing to communicate messages that will inform Americans about activities that will strengthen our nation and help win the War on Terrorism.

The section will cover the Ad Council's rich history, advertising's best-loved icons, and how Presidents through the years have called upon them to bring important messages to the nation. We will address the increasingly competitive nature of PSA's and talk with some of the many agencies and celebrities who have offered their talents on behalf of Ad Council efforts.

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executive who also could do whatever was necessary to get the job done," says Lagana.

At Wenner, Lagana's CFO role was unconventional in many ways. He handled everything from Jann and his estranged wife Jane's personal finances to Jann's private jet (Lagana's office was dubbed the "Aviation Department.") He was also responsible for approving the ad rates that publishers at *Rolling Stone*, *Men's Journal* and *Us Weekly* offered their clients, though he had never been on a sales call. "The publishers determined the rates—I just happened to 'approve' them," Lagana says. "The system worked extremely well at Wenner."

That same system is now in place at Dennis. Lagana has made senior financial analyst Brian Kelley, another Wenner veteran, the point man.

Maxim and *Stuff* "have published approximately 12 rate cards each since their inception," Colvin says. "Anything that gives us a better perspective on rates and makes the whole process as scientific and impartial as possible is good for the client and the publisher. It gives the sales staff support and reassurance that the rates have sound thinking behind them." If publishers disagree with the rates, they can appeal to Colvin.

The unusual reporting structure of publishers answering to the CFO on ad rates, set up a decade ago by senior vp/general manager Kent Brownridge at Wenner, has worked well there, though some publishers have taken umbrage. "We couldn't present anything other than the rate card [to advertisers] without going into John Lagana's office and saying... 'Here's my recommendation on what we need to close the business,'" says a Wenner alum. "The company basically was saying, 'I don't trust my publishers to make that decision by themselves.'"

Former *RS* publisher Jack Rotherham, now associate publisher of Time Inc.'s *Teen People*, sees it differently: "It was certainly unique, and at times it created a lot of drama, but at the end of the day it never stopped us from getting business," he says. "We always ended up making a smarter decision with [Lagana's] input."

So far, the system seems to be working at Dennis. "We have to realize the maximum value of the pages we sell," says Jamie Hooper, *Stuff* group publisher. "If we sell pages at deeply discounted rates, we don't have a business."

While the impact of Dennis' restructuring has yet to be seen, advertisers say cutting back on discounts will be tough going. Says one buyer: "Once the horse is out of the stable, how do you get it back?" —Lisa Granatstein

Mediaweek Magazine Monitor

WEEKLIES April 8, 2002

	ISSUE DATE	CURRENT PAGES	ISSUE DATE LAST YEAR	PAGES LAST YEAR	PERCENT CHANGE	YTD PAGES	YTD LAST YEAR	PERCENT CHANGE
NEWS/BUSINESS								
BusinessWeek ^X	5-Apr	99.66	7-Apr	95.03	4.87%	708.02	1,004.39	-29.51%
The Economist	1-Apr	48.00	26-Mar	51.00	-5.88%	643.00	783.00	-17.88%
Newsweek ^{EX}	8-Apr	40.13	9-Apr	28.83	39.20%	436.06	396.78	9.90%
The New Republic ^{3D}	NO ISSUE		9-Apr	23.50	N.A.	88.59	118.23	-25.07%
Time ^{EX}	8-Apr	51.44	9-Apr	39.35	30.72%	558.88	553.00	1.06%
US News & World Report	8-Apr	23.90	9-Apr	45.23	-47.16%	313.68	371.09	-15.47%
The Weekly Standard	15-Apr	9.83	16-Apr	8.30	18.43%	132.54	129.94	2.00%
Category Total		272.96		291.24	-6.28%	2,880.77	3,356.43	-14.17%

SPORTS/ENTERTAINMENT/LEISURE

AutoWeek	8-Apr	34.40	9-Apr	28.73	19.74%	323.95	401.08	-19.23%
Entertainment Weekly	5-Apr	57.72	6-Apr	60.94	-5.28%	417.39	460.92	-9.44%
Golf World	5-Apr	60.54	6-Apr	19.62	208.56%	418.83	329.77	27.01%
New York ³	8-Apr	58.30	9-Apr	62.80	-7.17%	668.30	693.00	-3.56%
People ^X	8-Apr	101.23	9-Apr	101.84	-0.60%	865.14	954.70	-9.38%
The Sporting News	8-Apr	12.91	9-Apr	13.16	-1.90%	195.56	187.95	4.05%
Sports Illustrated	8-Apr	46.94	9-Apr	43.35	8.28%	674.24	646.37	4.31%
The New Yorker ^F	8-Apr	26.84	9-Apr	56.56	-52.55%	476.37	606.45	-21.45%
Time Out New York	3-Apr	64.06	4-Apr	55.31	15.82%	841.19	892.69	-5.77%
TV Guide	6-Apr	42.25	7-Apr	48.21	-12.36%	660.20	830.02	-20.46%
US Weekly ¹	8-Apr	41.00	9-Apr	41.00	0.00%	277.84	264.16	5.18%
Category Total		546.19		531.52	2.76%	5,819.01	6,267.11	-7.15%

SUNDAY MAGAZINES

Parade	7-Apr	13.97	8-Apr	14.21	-1.69%	175.50	179.85	-2.42%
USA Weekend	7-Apr	12.70	8-Apr	13.28	-4.37%	173.01	169.40	2.13%
Category Total		26.67		27.49	-2.98%	348.51	349.25	-0.21%
TOTALS		845.82		850.25	-0.52%	9,048.29	9,972.79	-9.27%

D=double issue 4/9/01; E=estimated page counts; F=4/9/01 issue includes festival guide, 9/2/02 issue will include 2002 festival guide; X=2001 YTD includes an out-of-cycle issue; 1=1 less issue in 2002 over 2001; 2=2 fewer issues in 2002; 3=3 fewer issues thus far in 2002

BIWEEKLIES April 8, 2002

	ISSUE DATE	CURRENT PAGES	ISSUE DATE LAST YEAR	PAGES LAST YEAR	PERCENT CHANGE	YTD PAGES	YTD LAST YEAR	PERCENT CHANGE
BUSINESS/ENTERTAINMENT								
ESPN The Magazine	15-Apr	52.99	16-Apr	52.41	1.11%	367.57	354.06	3.82%
Forbes ^{A/E/2}	1-Apr	68.80	2-Apr	143.50	-52.06%	569.29	1,023.81	-44.39%
Fortune	15-Apr	227.47	16-Apr	300.22	-24.23%	933.96	1,263.10	-26.06%
National Review	22-Apr	11.497	16-Apr	18.41	-37.56%	95.31	128.98	-26.10%
Rolling Stone	25-Apr	55.25	26-Apr	36.50	51.37%	414.63	389.50	6.45%
CATEGORY TOTAL		416.01		551.04	-24.51%	2,380.76	3,159.45	-24.65%

A=extra issue 4/2/01; E=Publisher's estimates; 2=two fewer issues to date in 2002

Big Is Beautiful Plus-size *Grace* debuts in May

With the firm belief that there is a women's plus-size market to conquer, *Grace* magazine will launch next month, taking over where the now-defunct *Mode* left off. Managed largely by *Mode* veterans, including *Grace* editor in chief Ceslie Armstrong and publisher Robert Bellone, the magazine will target women size 12 and above and with a median age of 36.

The lead investor in *Grace* Media is Jane Siebels, chairman and chief investment officer of Green Cay Asset Management.

Due on newsstands May 14, *Grace* will publish quarterly (it plans to publish bimonthly in '03) and will guarantee advertisers a circulation of 200,000. In addition to a projected 300,000 copies sold at \$3.99 per issue on stands, Bellone

says a direct-mail campaign to recruit subscribers will kick off in mid-April. Instead of buying magazine lists to get subs, Bellone snapped up names from fashion catalogs. (*Mode*'s estimated 480,000 sub file was acquired last year by Hachette Filipacchi Media. The list is being fulfilled by *Woman's Day*.)

While *Mode* focused on fashion and beauty coverage, Armstrong says a major point of difference for *Grace* will be its lifestyle editorial. "The request from [*Mode*] readers was always, 'I want to have some fun,'" says Armstrong, *Mode*'s last executive editor. "So we decided to complete the picture."

Among fashion advertisers signed up by *Grace* so far are Lancôme and Liz Claiborne Woman, a new plus-size clothing line launching this month. The title also expects that its lifestyle coverage will help attract non-endemic advertisers. —LG



2 Billion
Media \$\$\$ Available.

Movies & the Media Special Issue. May 14.

In 2001 marketing and advertising costs rose to \$31 million, up from \$27 million in 2000. Intense and increasingly expensive campaigns were in part responsible for another record-breaking year at the box office.

Hollywood marketing executives know that the right media buys can make or break a film for its opening weekend. Which is why last year they spent over \$2 billion on network and cable TV, magazines, newspapers, outdoor, radio and online advertising. To get your share of the media pie plan now to advertise in our "Movies & the Media" special issue. It's the most targeted way to reach Hollywood's marketing mavens and producers who decide where their media dollars are spent.

Bonus distribution to the top 100 ad agencies.

Space Deadline: April 26. Materials Deadline: May 2.

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The 2002 **MEDIAWEEK** Media Plan of the Year Competition

CALL FOR ENTRIES ~ Deadline: April 8th

Enter Your Best Plans In Our Annual Competition. . . Your Group Could Win the \$10,000 Grand Prize!

The media plan expresses the essence of the advertising business. It is the place where all the lines of advertising intersect — account planning, creative, media planning, media buying, account management, and top management. Your media plan may be the best in the business. Enter it in MEDIAWEEK's Plan of the Year competition by April 8th, 2002 and find out. You might win the \$10,000 Grand Prize.

\$10,000 Grand Prize For Excellence
Awarded for the judge's choice for best overall plan.

Our distinguished panel of judges will select Plans of the Year in the following categories:

1. Best plan for a campaign spending more than \$25 Million
2. Best plan for a campaign spending between \$10 Million and \$25 Million
3. Best plan for a campaign spending between \$1 Million and \$10 Million
4. Best plan for a campaign spending \$1 Million or less
5. Best use of National Television and/or Cable
6. Best use of Local Television
7. Best use of Magazines
8. Best use of Radio
9. Best use of Newspapers
10. Best use of Out-of Home
11. Best use of Internet

Judging Criteria

- ◆ innovative nature of the concept
- ◆ tactical approach
- ◆ creative and or innovative use of media
- ◆ effectiveness relative to the objective

Your Secrets are Safe with Us

Media plans often contain sensitive, competitive information but don't let that keep you from entering this competition. Our judges all sign confidentiality agreements and they are never assigned to product categories in which they compete professionally.

Who is Eligible?

Any US advertising agency media department, media buying service or in-house advertising agency or media department may enter. To be eligible, your plan must be under execution between February 28, 2001 and March 1, 2002.

How to Enter

Detach and complete the official entry form on the bottom of this page. Please photocopy this form for multiple submissions. Attach the completed entry form as a cover to your statement which should describe the nature of the plan, why you consider it creative, and how it achieved the clients objectives. Statements should not exceed **750 words in total** and must be **typed on a single page**. Feel free to discuss any background information or situation analysis relevant to set the stage for the program description.

Questions?

Please call Jennifer Minihan at MEDIAWEEK at (646) 654-5134 or email her at jminihan@adweek.com

Documentation

Please include documentation such as a copy of the media plan, examples of the execution and any client testimonials demonstrating the successful results of your plan. In order to properly categorize your entry, be sure to indicate the level of media spending on your entry. Confidential, proprietary information in the supporting documentation may be censored.

Entry Deadline

All entries must be postmarked by April 8, 2002.

Entry fees: \$160 per entry.

Checks or money orders should be made payable to MEDIAWEEK's Media Plan of the Year.

Send entries to:

Jennifer Minihan
MEDIAWEEK
770 Broadway, 7th Floor
New York, NY 10003

MEDIAWEEK's Plan of the Year Official Entry Form

All entries must be postmarked by April 8, 2002

Category number (1 through 11): _____

Your Client: _____

Submitted by: _____

Brand: _____

Company: _____

Budget: _____

Address: _____

Media used when the plan was implemented: _____

City: _____

State: _____ Zip: _____

Phone: _____

Names and titles of those involved in developing the plan: _____

Fax: _____

SEND ENTRIES TO:

Jennifer Minihan
MEDIAWEEK
770 Broadway, 7th Floor
New York, NY 10003

MEDIAWEEK

Media Person

BY LEWIS GROSSBERGER



Dismembering TV

LAST WEEK, TV GUIDE RAN ONE OF THOSE SPECIAL ARTICLES

that we all anticipate with so much, well, anticipation. "TV We'll Always Remember" presented a panoply of eclectic celebrities sharing their favorite TV moments of the past 100 years. The feature was so con-

fibulous and carried so many regnant propinquities that Media Person wanted it to never end. And so, he thought, why should it? Learning that *TV Guide's* editors had gathered more material than they were able to use, Media Person acquired the outtakes (at great cost) and now presents as a public service "TV We Almost Forgot to Always Remember."

Russell Crowe: As a child growing up in Australia, we only had one channel, but it was great. It was the Wombat Channel, and it had a lot of great shows on the life of the wombat such as *The Wombat Show* and *The Week in Wombats*. But, of course, my favorite was *Wombat World* because it was unscripted and unrehearsed. They're very unruly animals, wombats, and they would rarely say anything civil. Watching them grump about, I thought, "That's what I'd like to be some day, a surly animal."

Larry Hagman: They tell me I was in a great show called *Dallas*, but to tell you the truth, I can't recall very well. I think I would rub a lamp, and Victoria Principal would pop out in a scanty costume and plot to have me killed.

Ari Fleisher: The President's favorite show was *Meet the Press*. He watched it regularly, starting at the age of 5. His most memorable moment was when Lawrence Spivak asked Spiro Agnew to define "nabob." I'll have more on this at the 4 o'clock briefing.

Jerry Seinfeld: I get quite a kick out of watching all my former cast members bomb on their own shows. It's really funny. It's hard to say whose show was worse, Michael's or Jason's, they were both so lame.

Billy Graham: I was a big fan of that excellent drama series *All in the Family*. What can I say about Archie Bunker? I idolized the man. He had the courage of his convictions and provided the kind of moral leadership society needs so desperately. I once recommended the show to President Nixon, who had never seen it, and he said that J. Edgar Hoover had informed him that the actor playing Meathead was a Jew.

Martha Stewart: When I was little, I adored the star of *The Mary Tyler Moore Show* Betty White, who played the immortal Sue Ann Nivens, the Happy Homemaker. I'll never forget the time she prepared a savory Veal Orloff for Mary's party and that rude Lou Grant barged in and ruined everything because there wasn't enough entrée to go around. Oh! It still makes me furious!

Charles Manson: My favorite moment was watching Jack Ruby shoot Lee Harvey

years old, I saw Elvis on *The Ed Sullivan Show*, and it totally blew my mind. I thought, "Wow, rock 'n' roll, that's what I want to do when I grow up!" And I told my parents I wanted to learn to play guitar. No, wait a minute. Sorry, that's Paul Simon's memory, not mine.

Paul McCartney: When I was 22 years old, I saw the Beatles on *The Ed Sullivan Show*. And I thought, "Hold on! How can I be watching the Beatles on *The Ed Sullivan Show* when I'm one of the Beatles and I'm performing on *The Ed Sullivan Show*?" It was a very scary moment, but finally I realized I was just hallucinating after taking a huge amount of LSD.

Bill O'Reilly: Milton Berle was my favorite. I liked the way he would horn in on every act, talk in a really loud voice, shout dumb, obnoxious insults and completely dominate everyone around him. Of course, that was just for fun. I never took him seriously.

Matt Drudge: When I saw the moon landing in '69, I was so young I wasn't even wearing a fedora at the time. You know, I'm the one who started the rumor that the

MEDIA PERSON ACQUIRED THE OUTTAKES (AT GREAT COST) AND NOW PRESENTS "TV WE ALMOST FORGOT TO ALWAYS REMEMBER."

Oswald. I just thought, "Zowie, now that's entertainment."

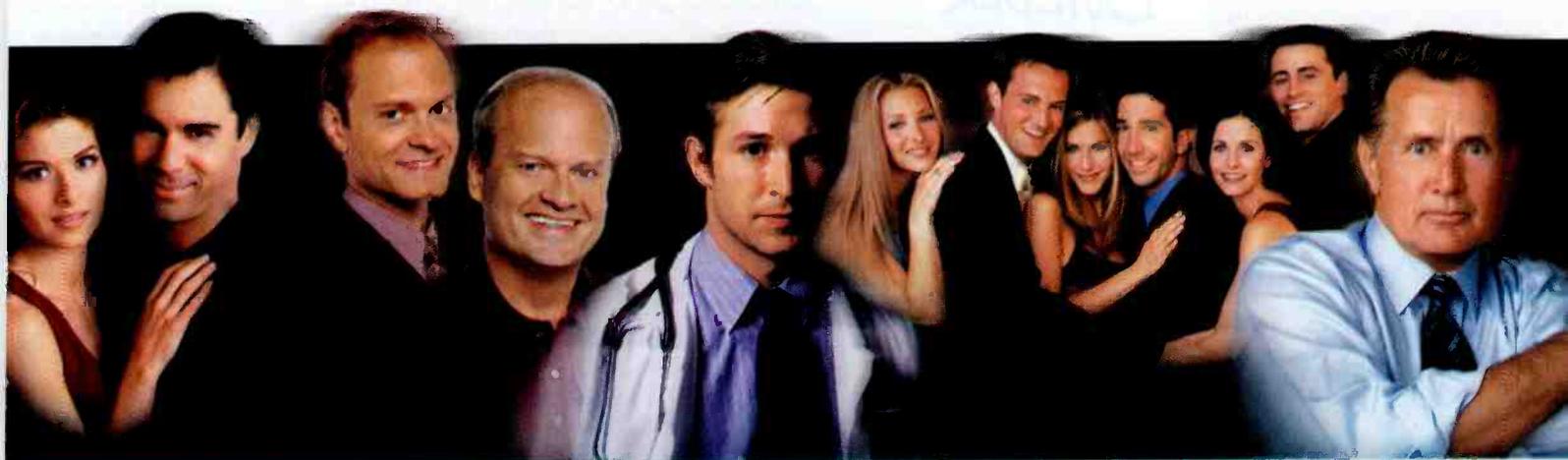
Henry Kissinger: I was not allowed to watch television as a child. As a result, I grew up vid an accent and became unbearably pompous. Had I been allowed to watch *Howdy Doody*, I believe I would be a far better person today and at some point would have told Nixon to go to hell instead of groveling and gowtowing as I invariably did.

Doris Kearns Goodwin: When I was 9

whole thing was faked in a TV studio and never really happened. Lots of people still believe that to this day. It was my first scoop.

Dennis Hopper: My favorite show was *The Twilight Zone* with the great Rod Serling. I'll never forget the night I was watching, and they had this freakish monster from another dimension who was menacing a frightened woman, and no one could help her. But then I realized it wasn't *The Twilight Zone* at all—it was Tiny Tim's wedding on the Johnny Carson show. ■

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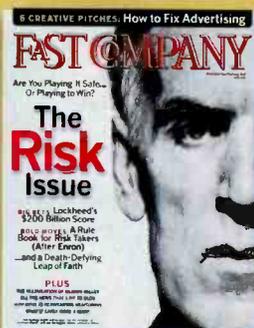
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