

# Fox, Renaissance trade markets

Stations in Denver and Dallas go for a total \$170 million

By Julie A. Zier

**F**ox and Renaissance Communications scratched each other's backs last week with TV trades in Dallas and Denver.

Fox sold its KDAF-TV Dallas to Renaissance for \$100 million and is buying Renaissance's KDVR-TV Denver for \$70 million.

After the Fox-New World alliance in May moved the network's affiliation from KDAF-TV to KDFW-TV, Fox put KDAF-TV on the block along with WATL-TV Atlanta, which also is being divested to allow for the New World agreement. Last week, the new Tribune-minority partnership agreed to

## Veronis Suhler report

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operating income margins for 1993 at 20.5% and 19%, respectively. Cable operators retained the top spot despite having no margin growth for the year.

Time Warner posted the highest revenue in the industry with \$14.8 billion, VSA says. Sony was number two with \$7.2 billion, and Capital Cities/ABC was third with \$5.7 billion.

During the five years from 1989-93, the three fastest-growing companies came from what VSA termed the "interactive digital media segment." Liberty Media was the fastest growing of the three, largely due to its acquisition of Home Shopping Network. Sega was second and QVC was third.

For the next five years, VSA projects, advertiser spending will grow at an annual compound rate of 6.3%, compared with 2.4% for the previous five-year cycle.

For network advertising, VSA projects annual growth of 5.3%—from \$10.4 billion in 1993 to 13.5 billion in 1998. For local TV stations for the same time period, advertising growth should average 5.6%—from \$26.6 billion in 1993 to \$34.7 billion in 1998.

Cable advertising will continue to grow at double-digit rates, says VSA, rising to \$4.4 billion in 1998 from \$2.5 billion in 1993. Total spending on cable will grow an average 4.7%, from \$21.8 billion in 1993 to \$27.4 billion in 1998. ■

buy WATL-TV (see "Top of the Week").

Although KDAF-TV will lose its Fox affiliation in 1995, Renaissance Chairman/CEO Michael Finkelstein says the station will affiliate with the WB Network, hopefully by first quarter 1995. The network needs an outlet in that top 10 market before its Jan. 11 launch. But its lawsuit against Gaylord could keep the affiliation status up in the air for a while longer. Gaylord allegedly broke a contract with the network last September to ally with CBS in Dallas and Seattle.

KDVR-TV did a 3 rating/9 share in October, according to Nielsen. BIA's 1993 Investing in Television Market Report puts the station's revenue at \$14 million.

According to the October Nielsen



ratings, KDAF-TV had a 12 share (sign on-sign off). The BIA book puts the station's revenue at \$40 million, but industry observers say the loss of the Fox affiliation reduced the station's value.

Renaissance is upgrading from the 18th-ranked market to the 8th-ranked market, which gives it "the edge" in the deal, says TV broker Frank Boyle. "The downside is that they will probably inherit an untried network."

Renaissance owns six TV stations: one WB Network and five Fox affiliates. This swap to a higher-ranked market increases the company's U.S. household coverage from 6.3% to 7%.

If all of Fox's outstanding transactions are approved by the FCC, the network will own 11 stations covering just under 22% of the country. ■

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