

BROADCASTING & CABLE

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WHAT HAPPENED TO PAX TV?

Going Into Its Sixth Season, Network Barely Shows Up

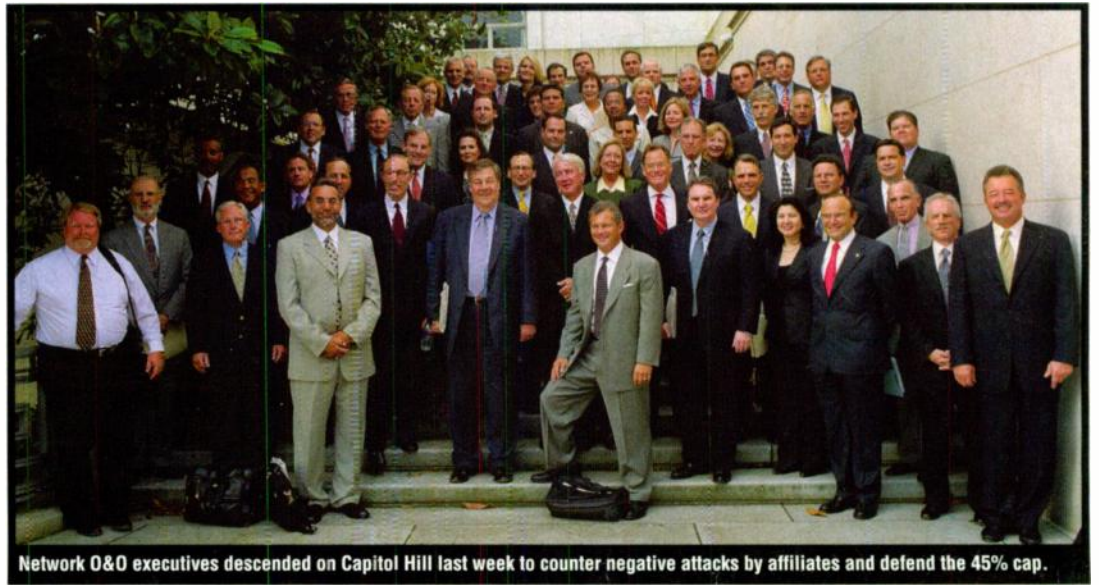
Sue Thomas F.B. Eye

BY PAIGE ALBINIAK

With virtually no new programming on its slate going into the fall season, people are wondering whether it's about time to write off Pax TV.

After spending most of 2001 and 2002 hemorrhaging more than \$110 million, Paxson Communications Corp. finally realized last fall that it couldn't continue to aggressively build its TV network. Paxson shut down its West Coast offices, returned to af-

Continued on page 45



Network O&O executives descended on Capitol Hill last week to counter negative attacks by affiliates and defend the 45% cap.

READY, AIM, RE-REG!

35% rollback gains steam in Congress; White House threatens veto

BY BILL MCCONNELL

The battle to reverse the FCC's dereg initiative opened on new fronts last week. While network GMs stormed Capitol Hill to show the flag, legislators elsewhere were voting to rollback the gains their network

parents had made in the FCC's June 2 decision lifting the ownership cap to 45%.

It got messy—nasty enough that the White House weighed in with veto threats while a group of Senators marshaled their forces for a veto of their own.

Despite lobbying by House Commerce Committee Chairman Billy Tauzin (R-La.), a dereg

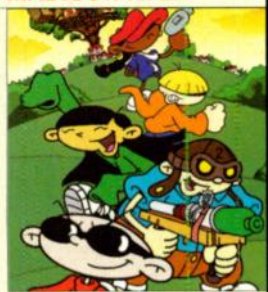
defender, Appropriations Committee members last week voted 40-25 to reinstate the 35% cap on one company's TV-household reach, reversing one of the FCC's major deregulatory thrusts.

Faced with a growing re-regulation movement on Capitol Hill, White House aides were using the "V" word. "Members of Con-

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HBO LEADS EMMY NOMS PG. 13

MADISON AVE.



LONG LOOK

26.0

Cartoon Net, at 26 minutes, is fourth-best network at keeping viewers from channel-hopping; SoapNet is champ. TV BUYER, PAGE 26

Free Over-the-Air Digital TV Service Catches On in the UK

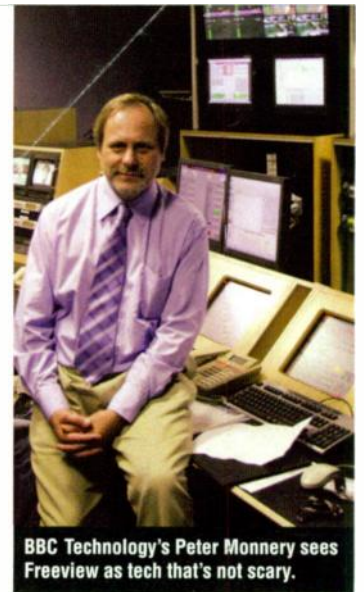
BY KEN KERSCHBAUMER

During the past five years, over-the-air broadcasters around the world have been struggling to find the perfect mix of content, resolution and price that would enable a smooth transition to digital television. Ideological battles over HDTV vs. SDTV, COFDM vs. VSB and 720p vs. 1080i have dominated the dis-

cussions, placing the consumer in the backseat of a car that seemed headed in circles.

But, in Great Britain last October, a consortium called Freeview launched its free over-the-air digital television system, and it has blossomed into a phenomenon. More than 800,000 customers have paid just \$80 to purchase DTV set-top boxes that allow their ordinary television sets to receive

Continued on page 40



BBC Technology's Peter Monnery sees Freeview as tech that's not scary.

NEWSPAPER

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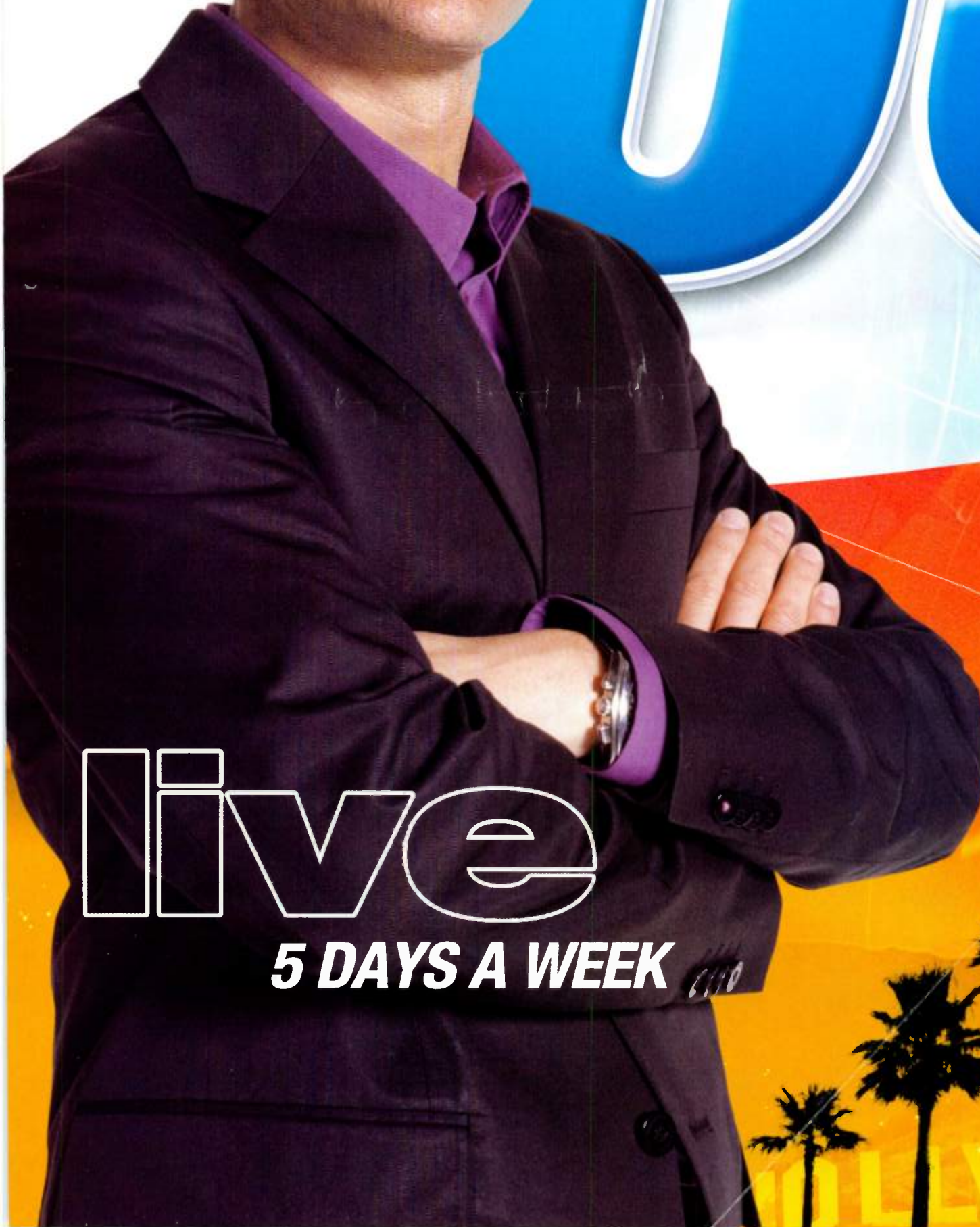
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5



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World Radio History

BREAKING...

ABC Merges This Week With Nightline

NEW YORK—ABC News is giving limping *This Week With George Stephanopoulos* an extreme makeover. In mid August, its staff will merge with that of *Nightline*. No layoffs are planned. *Nightline* executive producer Tom Bettag will head the merged unit. He said last week the new *This Week* will be a much more highly produced program, with more packaged pieces tailored to Stephanopoulos's strengths, much the same way the broadcast was originally tailored to the unique talents of David Brinkley 20 years ago.

Askin To Head ATAS

LOS ANGELES—Tribune's Dick Askin is ready to assume the chairmanship of the Academy of Television Arts and Sciences after the deadline to run for the office came and went last week. He replaces Bryce Zabel, who guided the academy through the aftermath of 9/11 and a rocky but ultimately lucrative license-fee renegotiation with the broadcast networks. The vote for new elected officials will be August 20.

AOL Time Warner Sells CD/DVD Unit

NEW YORK—AOL Time Warner agreed Friday to sell its Warner Music Group's DVD- and CD-manufacturing business to Canadian company Cinram International for \$1.05 billion in cash. AOL is aiming to reduce its \$25 billion debt. Recent dealings, including the \$1.2 billion sale of AOL's stake in Comedy Central to Viacom, have generated about \$3.8 billion toward that goal.

Senate Panel To Study Public Interest

WASHINGTON—The Senate Commerce Committee this Wednesday will hold a hearing examining how broadcasters are fulfilling their obligations to provide public interest and local programming. Among the witnesses: Sinclair Broadcasting General Counsel Barry Faber and Brent Bozell, president of the Parents Television Council.

Vivendi Dances at Its Own Tempo

MGM ups its offer to \$11.5B, but VUE says it's not impressed

BY JOHN M. HIGGINS

While U.S. media moguls courting Vivendi Universal are lusting for a passionate tango, the French company continues to stage a slow, frustrating *pas de six*.

Vivendi has made little outward progress in the auction of its U.S. entertainment properties in the three weeks since its board reviewed bids for Vivendi Universal Entertainment and immediately rejected just one player, oil billionaire Marvin Davis. Since then, the process has been a series of meetings and gradual exchange of data, not the kind of shootout some of the U.S. cowboys are accustomed to.

"Everybody submitted bids a month ago, and they've eliminated one guy," said an executive at one of the bidders. "Damn."

An executive with another bidder sees no sign that things will speed up. "They've set a series of meetings in the next two weeks. They're having discussions of the value of the different offers, contract markups. This is a tedious thing when you're doing it with one party, but they're doing it with more."

Bids for Universal's movie studio, theme parks and USA Networks unit were submitted June 23, valuing the operation at \$11 billion-\$12 billion.

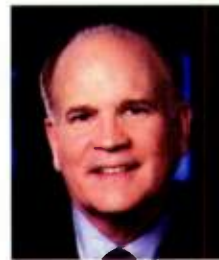
The most intensive discussions, not surprisingly, are with the three companies that actually submitted

bids: Liberty Media, an investor group led by Vivendi board member and former Seagram CEO Edgar Bronfman Jr., and MGM Studios. General Electric's NBC is said to still be interested in forming some sort of a partnership with VUE, so the broadcast network could get its hands on cable's USA and Sci Fi channels.

MGM has grown frustrated enough to demand that Vivendi speed up the due-diligence process, particularly by delivering more detailed data on its operations faster. The studio sent

man] John Malone or [NBC Chairman] Bob Wright managing your interests; you're going to pick MGM?"

Liberty and Bronfman have to rework their bids because they had initially offered to buy Vivendi's ailing Universal Music record division. But that's a troubled company in a troubled sector that none of the suitors is eager to acquire. Vivendi's bankers figure that the absence of excitement is depressing the price that bidders put on the other assets, particularly the highly coveted USA and Sci Fi. So



Says one industry executive, 'Vivendi is willing to carry a piece of the action, so money isn't the only thing here. You have John Malone or Bob Wright (left) managing your interests; you're going to pick MGM?'

Vivendi a letter raising its offer to \$11.5 billion, conditioned on receiving more complete information by this week.

Vivendi rejected the demand. But industry executives disputed reports that the company also dismissed MGM completely. The executives said the French company's bankers are still sending MGM some data.

But players on other sides of the deal see MGM as the weakest bidder. "Vivendi is willing to carry a piece of the action, so money isn't the only thing here," said an admittedly biased executive with one of the other suitors. "You have [Liberty Chair-

Vivendi decided to keep Universal Music, attempt to turn it around itself and probably sell it later.

No deadlines have been set for a second round of bids.

Malone is seen as the leading bidder because, unlike GE, Liberty actually submitted the kind of bid Vivendi had sought, a mixture of cash and assumed debt plus stock that would give Vivendi a carried interest. Liberty's stock is more widely traded than, say, MGM's, which has a smaller market capitalization and, hence, is a less attractive currency when taking it in billion-dollar chunks. ■

BROADCASTING & CABLE

July 21, 2003

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Pew study shows viewers want objective but patriotic newscasts



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WEEK OF JULY 11-17

B&C INDICES

THE B&C 10

WEEK

4.7%

YTD

14.0%

BROADCAST TV GROUPS

WEEK

-1.6%

YTD

8.6%

CABLE TV MSO'S

WEEK

-2.7%

YTD

19.3%

RADIO

WEEK

0.2%

YTD

8.2%

	CLOSE	WEEK	YTD
Dow Jones	9050.82	0.2%	8.5%
Nasdaq	1698.02	-1.0%	27.1%

The B&C 10

	CLOSE	WEEK	YTD
AOL Time Warner	\$16.40	1.0%	25.2%
Clear Channel	\$41.65	0.8%	11.7%
Comcast Corp.	\$29.63	-2.9%	31.2%
Cox Comm.	\$32.98	-2.1%	16.1%
Disney	\$20.82	1.3%	27.7%
EchoStar	\$34.95	-3.3%	57.0%
Fox Ent.	\$29.80	0.3%	14.9%
Hearst-Argyle	\$24.30	-3.0%	0.8%
Tribune	\$46.65	-1.2%	2.6%
Viacom	\$43.80	1.3%	-1.0%

GOOD WEEK

Charter	\$4.56	14.6%	286.4%
SonicBlue	\$0.01	11.1%	-98.9%
ValueVision	\$15.77	8.5%	5.3%
Big City Radio	\$1.08	8.0%	-36.5%
SeaChange	\$10.60	6.1%	72.4%

BAD WEEK

Tivo	\$10.62	-10.2%	103.8%
Cablevision	\$20.73	-6.8%	23.8%
Entertainment	\$10.75	-6.1%	7.7%
Scripps	\$82.85	-6.0%	7.7%
Crown Media	\$4.00	5.7%	77.0%

SCRIPPS SLIPS

-6%

Cable nets have driven E.W. Scripps earnings, but the 2Q earnings report noted a sales dip at Shop At Home as the company shakes up its new acquisition. Program costs at HGTV and Food Network should rise 25% as the nets upgrade. Not even 27% growth in cable revenue and 69% in profit pleased investors.

Source: CNET Investor (investor.cnet.com). This information is based on sources believed to be reliable, and while extensive efforts are made to assure its accuracy, no guarantee can be made. CNET Investor assumes no liability for any inaccuracies. For information regarding CNET Investor's customized financial research services, please call 415-344-2836.

What If Cablevision Launched a Satellite And Everybody Asked Why?

BY JOHN M. HIGGINS

Cablevision got its new DBS bird launched into orbit. Now if observers only knew why. Last week's successful launch of the high-powered satellite didn't loosen the tongues of Cablevision executives, who have been rather silent on the business plan.

Rainbow 1, a 5-ton satellite built by Lockheed Martin, lifted off from Cape Canaveral, Fla., Thursday night. Thunderclouds loomed, "but the clouds just cleared, and we were ready to go," said Cablevision Executive Vice President of Technology Wilt Hildenbrand

"This is a lot more fun than putting wires up on telephone poles," Cablevision Chairman Chuck Dolan said shortly after the launch.

Dolan and other company executives say they plan to launch a DBS service by October but won't say exactly what programming they plan to deliver or how they plan to price and market it to compete with DirecTV and EchoStar.

They indicate that the service will deliver a mix of standard- and high-definition signals, but high-def probably won't be available for two years. Cablevision has hinted that it might try a mix of retail and

wholesale, using its relatively high capacity to deliver HDTV signals that DBS and some cable systems may not have the bandwidth to deliver on their own.

The venture is widely criticized on Wall Street because few investors see how Cablevision could thrive as a third DBS player when the overall multichannel video market seems to be topping out around 85% of all U.S. homes. Given that it costs the relatively mature DirecTV and EchoStar \$600 to add a subscriber, some analysts estimate that rolling out a consumer DBS business could run \$2 billion. And Cablevision has no backup satellite. "We would have preferred [Cablevision] to shut down the business or sell it pre-launch," said Richard Greenfield, an analyst with Fulcrum Capital.

Cablevision has said it will spin the DBS venture off to its shareholders along with \$450 million in funding from the company. That will ostensibly limit the downside for Cablevision shareholders.

Rainbow 1 is hovering at the equator. Going north to the United States, that longitude runs 300 miles east of the coast of Maine. But the signals won't quite cover the entire continental United States, leaving at least the Pacific Northwest beyond reach.

Cablevision talks about the satellite's ultimately having capacity for 468 stan-



Cablevision's Rainbow 1 satellite lifted off from Cape Canaveral, Fla., aboard an Atlas 5 rocket.

dard-definition video channels. Further, "spot beams" can direct different programming to 22 circular regions, 252 channels per region. But that high capacity presumes that the satellite will transmit in the MPEG-4 compression scheme, a standard that has not yet been finalized for video delivery. That means that decoder chips aren't available and won't be at mass-market prices any time soon. ■

WB Stations Poised For New Affiliates

Under new FCC rules, network sees duopoly opportunities with Big Three

BY PAIGE ALBINIAK

Now that the FCC has changed its rules to allow duopolies in all markets as long as the top four stations don't combine, executives from The WB say its affiliates are the best deal in town, and it hopes some better, deeper-pocketed owners link up with them.

WB stations typically are the fifth-rated station in any market. The stations' young demographics are a perfect fit with ABC, CBS and NBC affiliates, whose audiences skew older, says The WB's President and COO Jed Petrick. The thinking is advertisers can buy the older audiences and the younger-skewing ones attracted to The WB, with hits like *Everwood* and *Charmed*, in one buy.

"Even Big Three affiliates that are the most mature television presence in their market are struggling in this competitive environment. Imagine the difficulty for a new-market entrant, like some of The WB stations," he says. "Having a big-network affiliate as a strong partner in that market to help out promotionally, to leverage program acquisitions, to amortize original production costs, and to provide advertising packaging opportu-



WB shows like *Everwood* skew younger than the Big Three networks.

nities can do nothing but help quicken the pace of growth for The WB stations."

Running duopolies tends to give station owners operating efficiencies they otherwise lack. A big affiliate can launch a 10 p.m. news program on a WB affiliate without competing with itself at 11 p.m.

One potential buyer in this scenario is Tribune, which is a part owner of The WB and owns 26 stations, 19 of them WB affiliates. Tribune is The WB's largest distribution partner.

"Our strategy is clear: We are an acquirer of TV stations in the top 30 markets," says Pat Mullen, president of Tribune Broad-

casting. Mullen would not identify markets where Tribune might be looking, but Granite Broadcasting has said its WB affiliates, KBWB (TV) San Francisco and WDWB (TV) Detroit, are up for sale. Tribune also could look at Big Three affiliates in top-30 markets to pair with its WB stations.

Patrick says Hearst-Argyle's NBC-WB duopoly in Sacramento, Calif., already is a shining example of how such duopolies can

work. Over the past five years, KQCA (TV) Sacramento has become the No. 3 WB affiliate in the country, up from No. 22, among persons 12-34. And it is No. 2 out of all WB affiliates among persons 18-34, up from No. 24.

Acme Communications, owned by WB Chairman and CEO Jamie Kellner, also is a good candidate for station sales and trades. Acme President and COO Doug Gealy says the company is a "buyer in the right situations and a trader in others. If the Big Three stations don't step up in some markets, we would." Belo and LIN stations also present duopoly opportunities, Patrick says. ■

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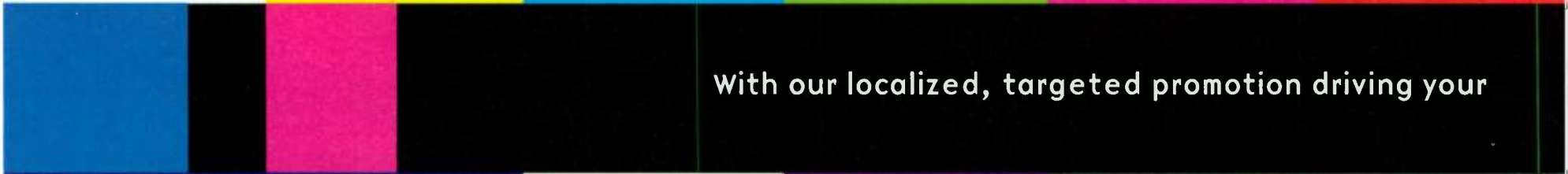
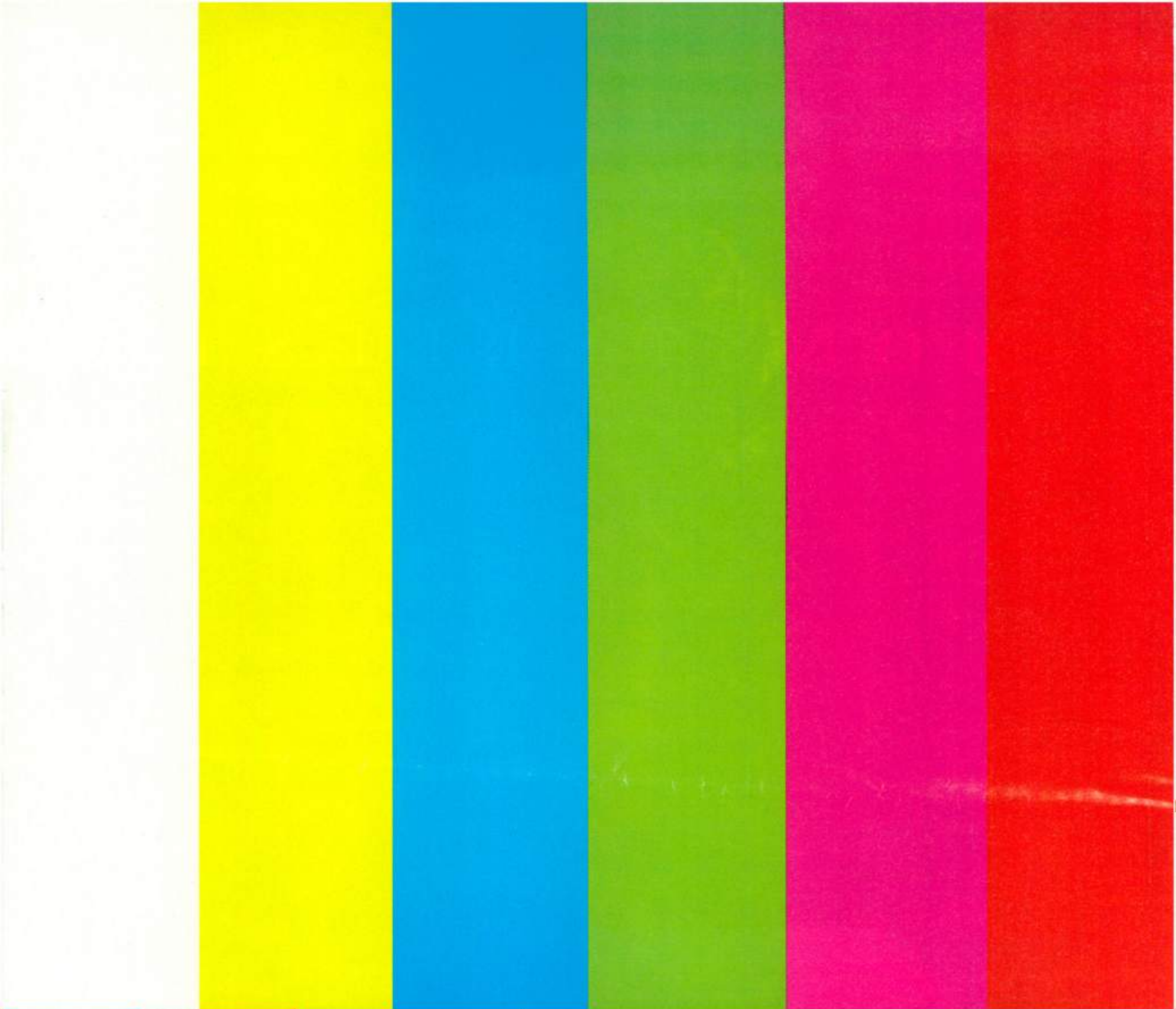
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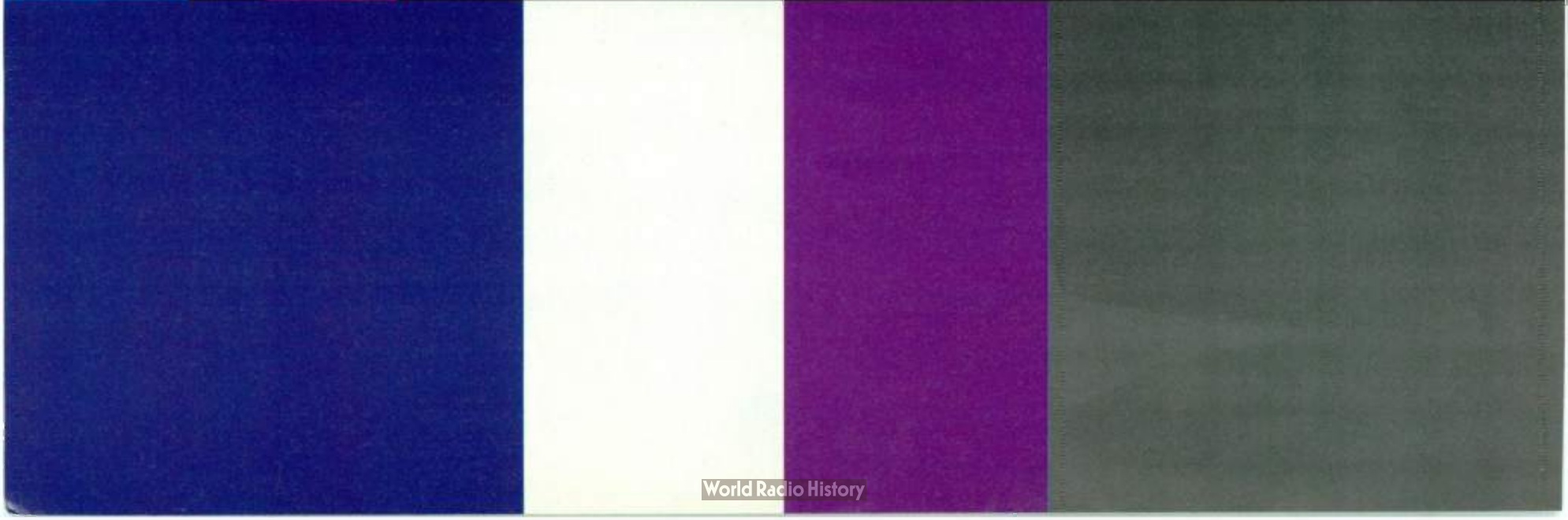
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CABLE

The Adventures
of Heidi (Klum)

The Travel Channel's quest to inject more "personality" into its programs has led the network to supermodel Heidi Klum. She is working on a show that will take viewers to exotic locales for off-the-beaten-track adventures. Discovery Networks President Billy Campbell says they will be the sorts of things "regular people" can do if they go looking for adventure. This would be Klum's second Discovery project. She will also host a night of Discovery Channel's Shark Week in August.—A.R.



Would you go where Heidi Klum goes?

BEHIND THE SCENES | BEFORE THE FACT

IN THE LOOP

PRODUCT PLACEMENT

Game Show *Cram*-med With Plugs

The Game Show Network is featuring goodies from Sarah Lee and Radio Shack on original game show *Cram*. A new 10-episode deal with Radio Shack will have contestants—who stay up all night cramming for the next day's trivia competition—using wireless headphones, high-tech binoculars and recording picture frames. *Cram* host Graham Elwood and co-host Icey (right) will also play with ZapZip minicars before and after commercial breaks.

Sarah Lee's new microwavable sandwiches will be given out as rewards to hungry contestants who answer questions correctly (the microwave will double as a timer).

Radio Shack is a first-time Game Show advertiser, and this is Sarah Lee's first product-placement play. The key to placement, says Game Show ad sales chief Michael Sakin, is "using product in the game play" so viewers aren't overwhelmed.—A.R.



PROGRAMMING

Darn Right

At B&C, we have the tendency to watch TV attentively. Perhaps too attentively. For example, somehow a staffer noticed Charles Gibson's propensity to use the expression "I'll be darned." In fact, our research indicates that the *Good Morning America* co-anchor has uttered the phrase 47 times since Aug. 29, 1996. Assuming that Gibson has been on *GMA* for approximately 3,500 hours since then, this may not seem to be a big deal. However, *Today's* Matt Lauer has never darned since he started anchoring in January 1997, and Harry Smith has been darn-less in nine years on *CBS This Morning* and *The Early Show*. Even Diane Sawyer, Gibson's co-anchor, has darned only once. We'll be darned.—H.S.

PROGRAMMING

Linked by Adam's Legacy

Memphis, Tenn., anchor Steve Dawson was scheduled to introduce *America's Most Wanted's* John Walsh (pictured) at a Tunica, Miss., casino's speaker series over the weekend. Dawson hosts a local version of the show, WHBQ-TV's *Mid-South's Most Wanted*, but his connection to Walsh extends back to the tragedy that redefined Walsh's life.

"I broke the story of Adam Walsh's kidnapping" as a reporter at WSVN(TV) Miami, Dawson recalls. "I got a tip from a viewer that there was a big search going on for a little boy." At the Walsh home, he met Adam's parents. While Rive Walsh was unable to talk about it, John Walsh was anxious to tell his story. "This was back in 1981, when people didn't want to do interviews when they were looking for their kid. But he understood the power of the press." Adam Walsh was not saved, but *AMW* and Dawson's show have combined for nearly a thousand captures.—D.T.



ADVERTISING

Viacom's Bounty

Viacom-Plus, the media company's integrated marketing unit, has picked up a quick chunk of change, quietly renewing (for a third year) packaged-goods company Procter & Gamble's cross-platform ad deal. In the two previous years, P&G spent about \$300 million per year, and it's believed the new deal calls for a similar number. Under the pact, P&G commercials will appear on CBS, UPN and a bunch of Viacom-owned cable nets, including MTV, VH1, Nickelodeon and TV Land, as well as in syndicated shows distributed by King World and Paramount. P&G confirmed that the deal has been renewed for the 2003-04 season but would not provide details.—S.M.



New Study: Urban LPFMs Might Be Just Fine

By BILL MCCONNELL AND JOHN EGGERTON

There may be room to expand low-power FM service into major cities after all. Restrictions barring LPFM stations from operating on third-adjacent channels (a two-channel separation) from full-power stations are not necessary, according to a Mitre Corp. report submitted to the FCC June 30.

Mitre concluded that LPFM stations can be operated on third-adjacent channels if "relatively modest" geographic separa-

tion—from a few tens of meters to slightly more than a kilometer—is maintained.

The restrictions, imposed by congressional order, essentially blocked the introduction of low-power stations in most urban markets, where radio dials are typically too crowded to permit LPFM introduction and still maintain a buffer of three channels between them, the standard spacing for full-powers.

In 2000, then-FCC Chairman Bill Kennard pushed for the new low-power stations as a way to promote diversity of voices on the radio band. That proposal would have allowed low-powers to oper-

ate on channels only three stops on the dial from existing stations.

In December 2000, citing conflicting interpretations of interference studies and in the wake of an NAB campaign against it, Congress passed legislation requiring third-channel agency protections. But Congress also instructed the FCC to undertake a study of whether LPFMs not subject to third-channel-adjacent spacing requirements actually would pose a serious interference risk. The NAB had no comment last week.

FCC Media Bureau Chief Ken Ferree said last week that the FCC will not de-

cide whether to seek relaxed protections until after public comments on the report, due Sept. 12, are reviewed.

Sen. John McCain (R-Ariz.) was the LPFM effort's most outspoken congressional supporter, although he predicated his support on a lack of "harmful interference." His office had not returned calls at press time.

Future of Music Coalition spokesman Michael Bracy called the report "a slam dunk" for adding LPFMs to the dial. According to the FCC, 744 low power permits have been issued to date, with 220 LPFMs currently operating. ■



HBO's *Six Feet Under* led all shows with 16 Emmy nods, helping HBO easily lead all other networks in nominations.

As Usual, Emmy Awards Will Pit NBC Against HBO

BY PAIGE ALBINIAK

HBO widened its lead over NBC in the Emmy race last week, garnering 109 nominations to NBC's second-place 77. The two networks will go head-to-head in the outstanding-series categories: HBO has two of the nominated dramas, while NBC has one, and HBO and NBC each have two of the nominated comedies. The Emmy Awards ceremony is Sept. 21.

Getting nods for outstanding drama were Emmy stand-bys: HBO's *Six Feet Under* and *The Sopranos*, Fox's *24*, NBC's *The West Wing* and CBS's *CSI: Crime Scene Investigation*.

Six Feet Under received the most nominations (16), followed closely by *The West Wing* (15) and *The Sopranos* (13). NBC powerhouse *Law & Order* would have broken a tie (with *M*A*S*H* and *Cheers*) for most consecutive best-series nominations had it garnered its 12th for outstanding drama. But it received one nomination in a relatively minor category.

The West Wing is in a position to be upset after winning the best-drama category the past three years. Last season, though, it suffered in the ratings and creatively, with creator and ex-

ecutive producer Aaron Sorkin departing at the end of the season.

The outstanding-comedy nominees were also regulars: NBC's *Friends* and *Will & Grace*, HBO's *Sex and the City* and *Curb Your Enthusiasm*, and CBS's *Everybody Loves Raymond*. *Raymond* and *Sex* tied for the most (13), followed by *Will & Grace* (12) and *Friends* (11).

The Academy of Television Arts & Sciences added a category for reality shows, nominating CBS's *Amazing Race* and *Survivor* and Fox's *American Idol* for outstanding reality series.

HBO's 109 nods topped its record-setting 93 last year. Although NBC was in second-place overall, its 77 nods were far less than last year's 89. CBS's 59 nominations beat last year's 50. Fox's 37 nominations were four more than last year. And ABC's 33 were two less than last year's 35. UPN received 7 nods, two less than last year, while The WB received two, on par with 2002.

Among cable networks, TNT was a distant second with 14 nominations, followed by A&E (12) and Sci Fi (10).

On basic cable, Tony Shalhoub was nominated as best lead actor in a comedy series for USA's *Monk*. Michael Chiklis was nominated as best lead actor in a drama series for FX's *The Shield* after winning last year. ■

PBS Leads in News Emmy Nods

But Fox decides it won't play and doesn't submit entries

BY DAN TRIGOBOFF

Nominations are in for the 24th annual news and documentaries Emmy Awards with PBS leading among TV networks with 31, followed by CBS (19), ABC and NBC (18 each), MSNBC (13) and CNN (six).

Also receiving nominations: Discovery Channel (five), The History Channel (four), and Cinemax, HBO and TLC (three each).

"We received nearly 1,500 entries, one of the largest numbers ever," said Bill Small, National Academy of Television Arts and Sciences vice chairman for News and Documentaries. "The number and range of entries demonstrate that quality journalism is alive and well on U.S. television."

Tired of regularly being passed over for nominations, Fox News Channel preempted

that possibility and did not submit any entries. But Fox-owned WNYW(TV) was nominated for a 9/11 special that ran on the Fox network.

In individual programs, MSNBC's *National Geographic Explorer* garnered the most nods (12) for the third year in a row. NBC's *Dateline* received 11, while ABC's *Nightline*, CBS's *Evening News With Dan Rather* and *60 Minutes II* will be up for six awards each. (Among the *CBS Evening News*' half dozen nominations, four were for investigative reporting within a regularly scheduled newscast.) And PBS's *Nova* was nominated for four awards.

At the Sept. 3 awards dinner in New York, *60 Minutes* creator Don Hewitt, executive editor Phil Scheffler and current and past correspondents—including the late Harry Reasoner—will receive a lifetime achievement award. Retiring Associated Press CEO Lou Boccardi will also be honored. ■

FAST TRACK

And Now, the News

Former NBC STUDIOS President TED HARBERT has signed a two-year deal, with an option for a third, with TWENTIETH CENTURY FOX TV. Through his TED HARBERT TELEVISION, he will serve as a non-writing executive producer, working with Twentieth-based writers. He already has five shows in the works: two script commitments at NBC, two pilots at CBS and a pilot at THE WB. Now he also will target development to Twentieth's sister company, FOX BROADCASTING. ...

Spurred by the Telecommunications Act of 1996, the cable sector has upgraded plant and added services to the tune of \$173 billion in gross economic output and boasts 1.1 million jobs. That's according to a glowing, just released study from BORTZ MEDIA & SPORTS GROUP for DANIELS & ASSOCIATES. Among the study's other findings: Basic-cable nets increased from 87 in 1992 to 308 in 2002 and boosted spending on programming more than six-fold, from \$1.4 billion in 1990 to \$9.2 billion in 2002. ...

COURT TV will appeal a decision by New York State Supreme Court Justice SHIRLEY KORNEICH that upholds a ban on cameras in trial courts. All 50 states now allow cameras in appellate courts, but New York is one of just 11 that still ban them in trial courts. ...

FCC MEDIA BUREAU Chief KEN FERREE last week suggested that a Senate proposal requiring the FCC to clarify its process for reviewing complaints about political ads is not a great idea. The measure has been pushed by Senate Commerce Committee Chairman JOHN MC-

sitcom



Writers Return to The Aging Frasier

With the show having faltered artistically last season and facing strong competition from ABC's silent hit, *According to Jim*, veteran *Frasier* scriptwriters Christopher Lloyd, Joe Keenan and Jeffrey Richman will rejoin the show as executive producers, and Rob Greenberg will rejoin as creative consultant for the 11th and likely last season of the much honored NBC sitcom.

CAIN, partially motivated by the fact that his complaint about attacks ads against him is still pending at the FCC. That McCain's complaint has been pending for more than two years "indicates what can happen when you file a formal complaint," Ferree said.

Startup cable channel THE FOOTBALL NETWORK is teaming with MTV NETWORK'S SPIKE TV (formerly TNN) on two new football-themed shows. TFN, planning to launch this fall, will produce two half-hour shows for Spike. *Football 101* will be a magazine show; *Fantasy Football 2003* will offer news and information for fantasy-football players. The shows will air first on Spike, then replay on TFN. The two networks team up to sell advertising.

Can Practice Make Pretty Good?

ABC's decision to renew DAVID E. KELLEY's *The Practice* at about half its reported \$7 million-per-episode license fee forced him to choose between two options: bringing the whole cast back at reduced salaries or keeping some and letting others go. Said Kelley at the critics' press tour in Hollywood, "I chose the latter because the economic realities coincided with the creative needs of the show. I look at this as a challenge, a new beginning. We can't count on our viewing constituency. We have to give them a reason to come back."

And yes, SHARON STONE is signed on for four or five episodes, and former lead DYLAN MCDERMOTT will return for four. But JAMES SPADER is now the new star of the show.

Clarification

A story on page 20 of the July 14 edition suggested that Sen. Gordon Smith (R-Ore.) said Dr. Laura Schlessinger's television talk show failed in 2001 because of derogatory remarks she made about gays. In fact, he said an anti-Schlessinger campaign by gay activists speeded the show's cancellation; she maintains she has never made anti-gay comments. In the same article, her last name was misspelled.

STATION BREAK

BY DAN TRIGOBOFF

Piette Tops WCCO-TV

MINNEAPOLIS—Dennis Swanson's talent search shook up Twin Cities television last week as the Viacom Stations Group Executive VP replaced WCCO-TV General Manager Rene LaSpina with KSTP-TV-KSTC(TV) boss Ed Piette.

LaSpina's tenure at the station had been stormy. Hired in 2002 after running the immensely successful WNEP(TV) Wilkes-Barre-Scranton, Pa., she and her news director, Maria Reitan, generated some negative feeling at the station—and protracted negative publicity locally—when popular Amelia Santaniello got the short end of an anchor shuffle following a maternity leave. Santaniello did sign a contract extension, however, for which she credited group-management efforts.

Station sources said complaints had made it to Swanson, and, for months, rumors circulated—mostly by unhappy station staffers—that LaSpina would be replaced. Although speculation on changes at the station abounds, particularly regarding news, Piette says he has made no decisions yet.

He says he had been approached about jobs before but what made it different this time was that it was in this market and that the rules of the game have been changed to favor the bigger companies even more. Piette praised his former bosses at Hubbard but believes smaller broadcasters "will eventually get swamped." After the FCC's rule changes in June, "it was a whole lot easier to say I was interested this time."

Hubbard President Stanley S. Hubbard said he was disappointed by the abrupt departure and by Piette's comments, which he said made the Hubbard

weathermen



A Long Way From Punxsutawney, Pa.

Onetime Chicago resident Bill Murray joined WMAQ-TV meteorologist Andy Avalos for an impromptu weathercast on the NBC-owned station. Murray was in town for a charity golf outing. Avalos said he spotted Murray—who played a Punxsutawney, Pa., weatherman in the film *Groundhog Day*—in the studio, and "made eye contact. Then I knew he was going to do something." The comic actor "helped out" in providing temperatures and conditions for several Midwest areas. "We ended up going long," naturally, Avalos says. And although the weather info was no longer applicable, the spot ran again on later newscasts.

company look "like we're behind the curve." Hubbard has expansion plans, he said, and Piette, as a key member of management, was aware of them. "We are not a takeover target. How does a private company become a takeover target?"

KFOR-TV Anchor Sues for Freedom From Noncompete

OKLAHOMA CITY—KFOR-TV anchor Tammy Payne has sued her station, hoping to be free of a noncompete clause in her contract in order to look for another job. Payne asserts that her claim of sexual harassment brought retaliation from News Director Mary Ann Eckstein. The New York Times-owned station had no comment and had not yet filed a response last week.

According to her attorneys, Payne complained that inappropriate remarks were directed toward her and that she filed a complaint with the Equal Employment Opportunity Commission prior to filing a lawsuit.

Payne is currently in the third year of a three-year contract, earning \$92,000 per year. Under the noncompete clause, she would have to pay the station damages were she to accept employment in the market within six months.

Ray vs. Ray

NEW YORK—WPIX(TV) last week boasted that Ray Romano fans love *Raymond* even more in late night. On two nights last week, the station says, syndicated *Everybody Loves Raymond* episodes beat "not only their late-night competition but also every regularly scheduled prime time program on New York TV, according to Nielsen Station Index (NSI) overnight household ratings." That includes, the station says, the prime time airing, albeit a summer rerun, of *Raymond* on WCBS-TV.

The annual Major League Baseball All-Star Game did surpass *Raymond's* late-night numbers, however.

All news is local. Contact Dan Trigoboff at (301) 260-0923, e-mail dtrigoboff@reedbusiness.com or fax (413) 254-4133.

Two Discovery Execs Departing

Ford goes to Nat Geo; McGowan sets out on his own

BY ALLISON ROMANO

Longtime Discovery Networks veterans John Ford and Bill McGowan said last week that they will move to new jobs. Ford, the ex-programming chief, is defecting to a Discovery rival, the National Geographic Channel, as executive vice president of programming. Sales executive McGowan will leave to start his own company.

Ford was introduced to Nat Geo President Lauren Ong by another former Discovery executive, now-Fox Cable ad sales chief Bruce Lefkowitz. Ford was intrigued, he said, because he'll be arriving as "the channel is poised to move from an emerging network to fully distributed status."

Nat Geo, now in about 45 million homes, is jazzing up its original fare with more-entertaining non-fiction programming like *Worlds Apart*, a reality show that sends an American family to live like locals in a far-flung locale. And Ford, with his Discovery pedigree, is a good match.

The challenge for a programmer at Nat Geo or Discovery, he says, is to take the "real world and translate that experience into powerful, compelling television."

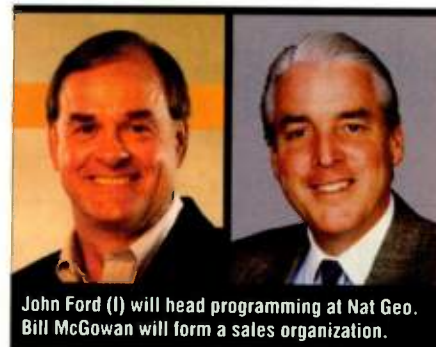
A 14-year Discovery vet, Ford left the company in February, six months after Billy Campbell was tapped to be president of Discovery Networks U.S.

Ford had been head of Discovery's content group, overseeing programming and production for its stable of channels. When Campbell arrived, Ford transitioned to president of new media, where he launched Discovery's HD Theater high-def channel.

With Ford steering programming, "we will be a force," predicts his new boss, Ong. She plans to spend more time on strategy and building distribution.

Discovery has weathered a string of executive departures in recent years. In March 2002, former company President Johnathan Rodgers jumped ship. At the network level, several executives have left in the past two years.

McGowan will join the parade at the end of the year, when he will leave to



John Ford (l) will head programming at Nat Geo. Bill McGowan will form a sales organization.

start his own sales organization. McGowan Communications LLC.

Famous in the cable industry for his annual upfront predictions, McGowan is Discovery Networks' executive vice president of ad sales. That made him the cable group's top salesman until Campbell lured Joe Abruzzese away from CBS last fall to be Discovery's president of ad sales.

In his new venture, McGowan's first client will be Discovery. He'll handle the company's paid infomercial programming and its direct-response advertising, calling the efforts "Discovery Direct." ■

Syndie Squabble Over Pauley Time Slots

BY PAIGE ALBINIAK

Paramount Domestic Television and Warner Bros. Domestic Television Distribution are disputing claims that NBC Enterprises has locked its new talker, *The Jane Pauley Show*, in early fringe time slots on NBC-owned stations in New York and Los Angeles for fall 2004, as reported in the July 14 edition of BROADCASTING & CABLE and elsewhere.

But Paramount and Warner Bros. claim NBC Enterprises has its facts wrong. John Nogawski, president of Paramount Domestic Television, says he has a contract with WNBC-TV New York that locks double runs of two Paramount shows, *Judge Judy* and *Judge Joe Brown*, into 3 p.m. and 4 p.m. through at least January 2005 and, because of a performance clause, likely through fall of that year.

Some rival syndicators fear NBC Enterprises is cherry-picking time slots for



Paramount Domestic Television says *Judge Judy* will air at 3 p.m. on WNBC-TV through January '05.

its own syndicated shows, regardless of previous deals those stations struck.

Meanwhile, Warner Bros. is set to air *The Ellen DeGeneres Show* at 3 p.m. on KNBC-TV Los Angeles starting this fall. Unlike Paramount, Warner Bros. does not have a contract that locks *Ellen* into its KNBC-TV time slot in 2004.

NBC Enterprises declined comment, while executives from WNBC-TV and KNBC-TV were unavailable. ■

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*Source: Nielsen Media Research. Recontact Phone Survey of Trio Viewers based on Nov. 02 and Feb. 03 NSI sweeps. Phone survey conducted May 03. Indices to national average based on MFI A18+ Fall 2002.

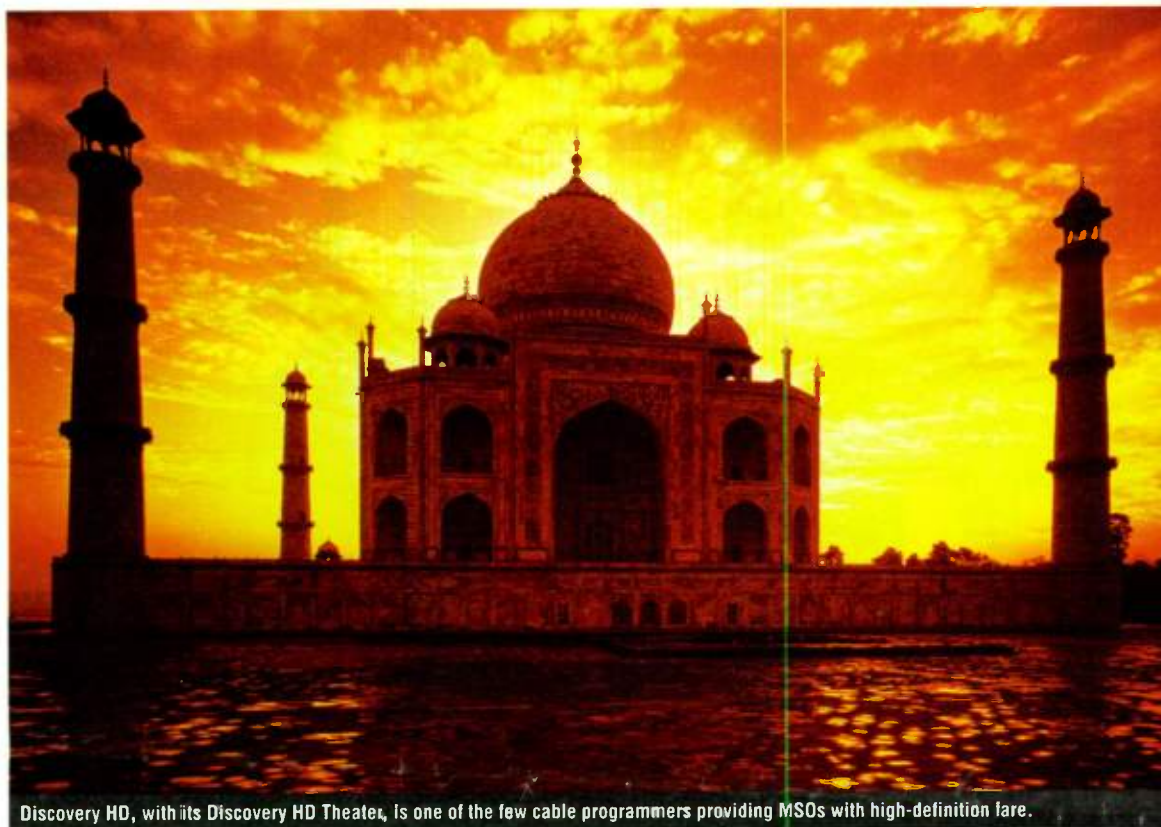


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HOW TO SELL HDTV AND VOD



Discovery HD, with its Discovery HD Theater, is one of the few cable programmers providing MSOs with high-definition fare.

As HD Grows, Job of Explaining It Does, Too

Programmers, MSOs turn to consumer media, retailers for help

BY ALLISON ROMANO

Understanding high-definition television, admit programmers and MSOs alike, requires an education. Many consumers can't grasp it. Some think they already receive it with digital cable. And others buy a pricey HD set only to learn they *still* can't receive HD.

So, with television critics gathered in Los Angeles two weeks ago, industry executives tried to offer a version of HD 101.

"We have to change the message," said Bryan Burns, ESPN vice president of business planning and development. "We're getting out of geeks' buying these

things to Joe and Martha buying."

And average consumers like Joe and Martha, he said, don't care much about 720p or 1080i delivery formats: "The content, the picture is the story."

Of course, the cable industry wants consumer media to help tell that story. Every mention in the lo-

Comcast runs commercials that tout the superb picture quality of HD. But the same ads also remind customers that, first and foremost, if they want HDTV, they will need a high-def set.

Cable operators say they're ready to deliver high-def service. According to the National Cable &

Telecommunications Association, in 78 of the top 100 markets, at least one cable operator provides HD service. And

112 markets out of 210 total DMAs nationwide have some HD service. Satellite operators DirecTV and EchoStar also offer HD packages.

Subscribers "are hungry for anything at this point," said DirecTV Director of Marketing Mark Ryan. "There isn't a large

Continued on page 18

Special Report

cal paper helps. But that's just one element of a puzzling marketing initiative. How should programmers and distributors communicate high-def? Where to start?

"It's very difficult to communicate the benefits until they have an HD picture," admitted Comcast VP of Marketing for New Video Products Page Thompson.

CTAM Aims At High Tech—and Old, Too

BY JOHN M. HIGGINS

Spurring growth of new products and reviving old ones will be the center of discussion this week when cable marketing executives gather in Seattle for Cable and Telecommunications Association for Marketing's annual "summit." CTAM has themed this year's convention "The Art and Science of Marketing."

CTAM hasn't seen the dramatic collapse in attendance that most other industry trade shows have experienced. The group expects around 2,300 attendees, off a bit from last year's show in Boston (a location far more conducive to last-minute drop-ins by East Coasters) and down around 10% from CTAM's largest gatherings back when the economy was strong.

Hot issues

include

fighting

telcos' price

cuts for

high-speed

Internet

services,

packaging of

VOD

services, and

operators'

rollout of

personal

video

recorders.

But other conventions more dependent on attendance by vendors and their booth bunnies, such as NCTA and NATPE, have seen attendance plunge 25-50%.

Hot issues at CTAM will include fighting telcos' new price cuts for high-speed Internet services, packaging of video-on-demand services, and operators' rollout of personal video recorders in the face of the difficulties of existing players.

"Our advice has been to the marketers, don't talk about the technology; talk about the product," said CTAM President Char Beals.

CTAM's focus is on education and training, so speakers from outside the industry are encouraged to emphasize what lessons their companies have learned that can be applied to cable. Sometimes it works and sometimes it doesn't.

But the big speakers, of course, have something to sell to cable operators. Opening the convention Monday will be Microsoft CEO Steve Ballmer, who is once again trying to persuade operators to incorporate his company's software in set-top boxes. The software giant has badly flopped in past attempts.

Tuesday will feature Rob Glaser, CEO of streaming company RealNetworks, which is trying to persuade operators to incorporate its RealOne package of news, sports and entertainment video into cable's high-speed Internet deals.

Other non-cable speakers include Michael George, chief marketing officer of PC maker Dell, and Brian Fetherstonhaugh, chairman, global brands for ad agency Ogilvy & Mather Worldwide. ■

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Continued from page 16
menu of programming out there.”

The menu is growing, though, with cable nets and broadcasters increasingly adopting high-def (see box, at right). Cable-industry consultant Steve Effros boasted to TV critics at their annual tour that, this month, “You could spend all your time watching HD on cable” with movies and sporting events on every day.

But only a fraction of U.S. homes actually possess an HD television set. There are currently between 2 million and 5 million HD sets in U.S. homes, depending on estimates. In contrast, nearly 90 million homes receive cable. And, among those HD homes, fewer than half have the tuner necessary for receiving the high-def signal.

That frustrates cable programmers, who say they've anted up for high-def content (which can run as much as \$50,000 more per hour to produce) and launched such services as Discovery HD Theater and ESPN HD.

“People are all dressed up with no date to the ball,” said Discovery HD Senior Vice President and General Manager Clint Stinchcomb. He'd like to see operators get more aggressive in rolling out HD-enabled set-top boxes.

Meanwhile, MSOs are tinkering with pricing models for hardware and programming. Each provider seems to favor a different model. Comcast charges a standard \$5 for its box and gives the HD tier away for free. So far, though, Comcast's HD package comprises only broadcast networks, Comcast SportsNet HD, and, for subscribers, HBO and Showtime. Comcast and Time Warner Cable, which has a free but more extensive HD offering, want to use free HD to drive their

digital cable businesses and ward off churn.

Other operators see direct revenue opportunity. In Las Vegas, Cox Cable charges an extra \$7 monthly for an HD box and \$6.99 for ESPN and Discovery services. Want just Discovery? That runs \$5. DirecTV charges a flat \$10.99 per month for its HD tier, which includes ESPN, Discovery and HD Net, but customers need to pony up for a pricey HD receiver, which can run as high as \$500.

Against this backdrop, marketing efforts are heating up. Un-



Premier Retail Networks distributes high-definition programming demos to 2,500 Best Buy stores.

til now, say programmers and operators, they haven't had to do much. The first wave of users, the tech-savvy early adopters, haven't required much marketing: They know about the product and are willing to pay for it. But, with the price for an HD-capable set slipping below \$1,000, HD is becoming more accessible.

Until now, “the price point was not a mass-consumer business,” said Showtime Executive Vice President of Corporate Strategy Mark Greenberg. About 75% of Showtime's programming is in high-def, but marketing efforts have been mostly targeted, such as event promotions, direct mail and launch support for operators' new HD service.

With HD sales likely to climb, “we'll step up our efforts,” Greenberg said.

Retail stores are a prime target for marketing. Nothing befuddles a customer shopping for an HD set more than a salesperson who promises that HD looks fantastic but can't offer a programming demo.

And with high-def, said Discovery's Stinchcomb, “Seeing is selling really.”

One way to get seen: Discovery, like HBO, ESPN, Showtime and the broadcast networks, works with Premier Retail Networks, which distributes HD programming demos to 2,500 Best Buy, Sears and Circuit City stores. Customers can watch HD and standard-def feeds of, say, *Trading Spaces* side by side to see the difference. PRN even produces a “best of HD” segment with *TV Guide* that airs in stores and highlights upcoming HD telecasts.

Big events help programmers and operators hype HD. They use, for example, sports events to drive awareness and sampling. Comcast tailored promotions to last February's NBA All Star Game, which TNT produced in HD at no charge to operators. Next fall, DirecTV will offer a few high-def NFL games to its *Sunday Ticket* out-of-market subscribers.

And, of course, there's plenty of more traditional marketing like direct mailings and cross-channel spots. But nothing, executives agree, measures up to consumers' watching HD with their own eyes.

Noted Showtime's Greenberg, “A 30-second spot that tries to show you what high-definition can do shown on a standard-definition set is kind of a contradiction.” ■



Bravo HD+ will offer programming from its new owner NBC, like hit *The West Wing*, in high-definition.

Slowly, Cable HD Spreads

So far the roster of cable programmers dipping into high-def is lean. but it is growing. HD offerings break down to two camps: standalone high-def services from aggregators or cable programmers like ESPN, and content from programmers like CSTV: College Sports Television and the Tennis Channel that produce some high-def content but don't have a dedicated channel. Here's a roundup of some of the existing HD services:

BRAVO HD+: Bravo's new service launches July 31, although it doesn't have any carriage yet. Its high-def programming covers a broad swath of fare, including *The West Wing*, *Cirque du Soleil* and, come 2004, because of the net's new NBC ownership, the Athens Summer Olympics.

COMCAST SPORTSNET HDTV: Regional sports nets produce telecasts in HD for such teams as the NBA's Philadelphia 76ers and Washington Wizards and MLB's Philadelphia Phillies and Baltimore Orioles in its Washington, Philadelphia and Baltimore markets. HD-enabled Comcast subscribers get the service at no extra charge.

NBA in HD



DISCOVERY HD THEATER: 24-hour service showcases programs from all the Discovery channels, from big Discovery Channel specials to series like TLC's *Trading Spaces*. Discovery Networks is pushing its five analog channels (Discovery Channel, TLC, Animal Planet, Travel Channel and Discovery Health) to produce about 20% of new fare in high-def. Discovery HD is delivered in 1080i.

ESPN HD: ESPN channel offers HD telecasts of Major League Baseball, National Football League, National Basketball Association and National Hockey League, among others. Come April, when ESPN moves into a new digital production facility, *SportsCenter* will be produced in HD. ESPN's telecasts are in 720p.

FOX SPORTS NET HD: Fox Sports started out providing high-def telecasts to HDNet but is now go-

ing on its own. Fox will produce some local games—including pro basketball, baseball and hockey—from its owned-and-operated regional sports nets.

INHDTV: Pay-per-view provider InDemand is launching an HD service Sept. 1. The channel will offer 12 hours per day with movies and programming from other networks, like CSTV: College Sports Television and the Tennis Channel.

HBO HDTV: HBO, which says it was the first cabler to launch a high-def service, in 1999, offers theatricals, original movies and its hour dramas in HD. Sister net Cinemax will launch an HD feed later this year.

HDNET: Internet entrepreneur Mark Cuban's high-def service also offers a mix of sports, entertainment and movies. And there's also HD Movie Net. Cuban has movie deals with Sony, Warner Bros. and, most recently, New Line Cinema.

SHOWHDTV: Showtime's service offers both theatricals and original programming. This year, the premium service will offer six of its original series, like *Queer as Folk* and *Dead Like Me*, in high def, along with many of its original films.

STARZENCORE: After hesitating to get into high-def, the pay service is launching three HD services. Starz! HD will be an HD version of the flagship Starz movie channel; Sharper Movies HD, another movie service, could be part of MSOs' high-def tiers; and Starz on Demand HD, with 100 movies per month in high-def. —Allison Romano



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Cable Operators Still Trying To Figure Out VOD

Approaches to pricing, packaging and marketing vary widely; 'making it up as they go along'

By JOHN M. HIGGINS

Heavy user" doesn't begin to describe Rick Partlow's appetite for video products. In his Lakeland, Fla., home, he has an HDTV set (including a subscription to the local Advance Newhouse Cable HDTV package). He owns around 250 movies on DVD. His Replay is the third personal video recorder he has owned (in the five-year life of that business). He describes recording shows and football games, then burning them onto disc—sans commercials—via his DVD recorder.

As early an adopter as Partlow is, though, he has never, ever used the video-on-demand services available through his digital cable converter. "I thought about doing it once," he said. "The first time I tried, I didn't find anything I wanted." He describes VOD as "an answer looking for a question."

Clearly, cable operators have a

bit of a selling job to do with video-on-demand. Even though VOD services are being widely rolled out around the country, cable executives sharply disagree on how to price, package and market the product. Some operators see



'We're already well past any point where it's a disappointment. We believe that it has a positive impact on the business.'

KRISTIN DOLAN, Cablevision

VOD as a premium product that should be a revenue source. Others believe the right approach is stuffing it with "free" product at little or no additional charge to keep digital cable subscribers happy and thwart DBS, which can't really offer VOD.

"Nobody knows what they're doing," complained an executive at one network. "Cablevision start-

ed out packaging lots of programming together, then moved to à la carte. Comcast started out as packaged; now they're moving to free. Time Warner was free; now they're moving to packaging."

Said Bear, Stearns & Co. media

analysts are starting to use as a word rhyming with "pod") as snatching a big slice of the \$11.6 billion home-video industry.

But studios are still delaying cable's VOD and PPV windows 30-45 days after Blockbuster and

least product up on VOD servers.

Steve Burke, president of No. 1 MSO Comcast's cable division, considers VOD part of a mix of new products keeping subscribers away from DirecTV and EchoStar. The DBS services don't have the bandwidth to offer the fat packages of HDTV and VOD product that cable can deliver. Comcast is starting to offer TiVo-like PVRs integrated into digital cable tuners, playing catch-up to DBS.

"In the near term, we're primarily doing VOD for strategic reasons," Burke said. But he noted that the product is evolving quickly. "There may be revenue models that we have not thought of."

Time Warner Senior Vice President of Marketing Brian Kelly said the company puts a little more emphasis on direct revenue, but he agrees with Burke. "It tends to get lost on folks" that a "top priority in introducing VOD product is content to distinguish ourselves from satellite."

Some MSO executives caution against underestimating the fi-

analyst Ray Katz, "Basically, you think everybody's making it up as they go along. They haven't figured out how to monetize it."

There seems to be one point of consensus forming, but it's not an exciting one: Operators aren't counting on VOD to be the source of giant growth they once expected. Initially, operators spoke of VOD (which cable exec-

Wal-Mart get to rent and sell titles on video.

Now, however, the most aggressive operators speak of VOD and similar "subscription" video-on-demand not as a primary driver of revenues but as supporting penetration of digital cable or reversing the drain of customers away to DBS. The MSOs emphasizing revenues are putting the



VOD is good. But just think how great a 24/7 On-Demand Storefront could be.

Introducing Microsoft® TV Foundation Edition. This new software platform—for existing and future set top boxes—helps you get more value from your digital network and build more satisfied subscribers. Until now, VOD has typically been a movie on the weekend or more immediate Pay Per View. But Microsoft TV Foundation Edition enables you to package and promote video in new ways, so VOD can be an every-hour-of-every-day experience. Imagine creating your own On-Demand Storefronts rotating throughout the day—children's programming in the morning, fitness

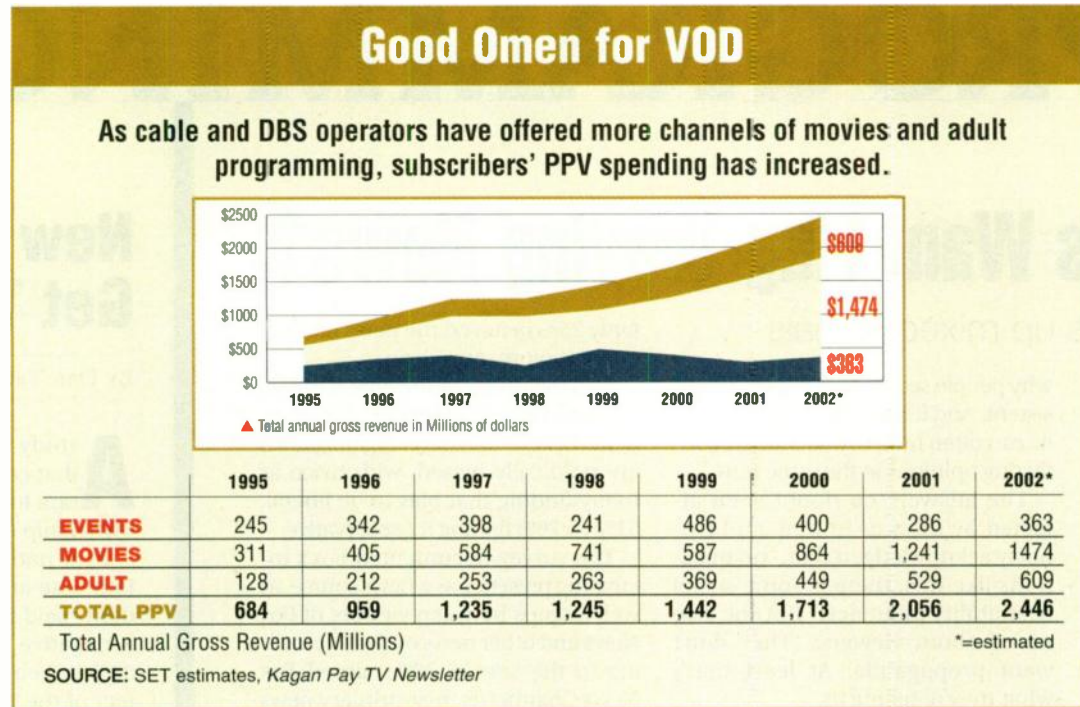
financial potential of VOD, both directly and from side effects on customer churn.

"We're already well past any point where it's a disappointment," said Cablevision Vice President of Digital Product Management Kristin Dolan, who is focused on getting cash out of VOD service. "We believe that it has a positive impact on the business."

The starkest contrast is between Comcast and Cox. Like other operators, Comcast sees three primary VOD "buckets." The first is movies on demand, similar to the existing pay-per-view business but far more flexible for consumers, who can buy a movie or adult-video package, pause it, rewind or fast-forward it, and watch it for up to 24 hours per purchase. (Movies account for about 60% of current PPV revenue; adult channels, about 20%, wrestling and boxing events, the rest.)

The second bucket is SVOD, generally packages of movies and series from an existing pay network. Subscribers can get HBO, Showtime or Starz! SVOD only if they also subscribe to the underlying network.

The third is "free-OD" (a term that makes marketing execs cringe). To consumers, Time



Warner Cable Kelly calls it "favorites" on demand. That's generally anywhere from a smattering to several hundred hours of product from basic, ad-supported cable networks like Discovery, HGTV and Comedy Central.

Comcast sells movies like everyone sells movies. It's much more aggressive in SVOD, though, offering them to sub-

scribers at no additional charge rather than at the \$5-\$7 monthly some other operators levy.

Comcast also offers 600 free VOD programs not just from basic-cable networks but from aspiring networks that don't have other distribution. That includes the Anime Network, backed by a company that has a strong home-video business in Japan-

ese animation, and Varsity Television, a teen-targeted channel.

Comcast acquired systems from AT&T Broadband that have been decimated by DirecTV and EchoStar. Comcast Executive Vice President of Marketing Dave Watson said the package is aimed squarely at DBS. "We felt that, when you just did a movie-only version, the results were fine, but

it wasn't enough to really move the needle against the competition. It wasn't enough to address what we thought we really needed, which was to drive competition."

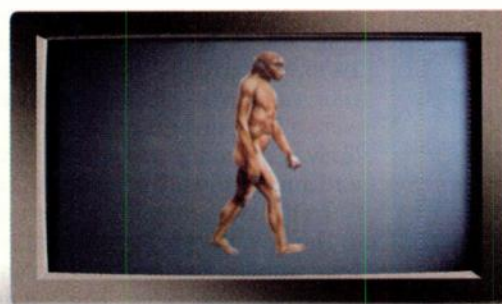
In metro Philadelphia, about 30% of Comcast subscribers take digital. So far, about 50% use some VOD service at least every 90 days; about 30% use it every 30 days.

Cox is different. Usually the most aggressive in deploying new products, it is taking its time in VOD. The company offers movies on demand in just two markets, San Diego and Oklahoma City, and hasn't yet launched any SVOD.

That's because Cox wants VOD to clearly generate revenue, said Director of Marketing for Video Services Kevin Hill. "We love this product. We love it more than any other MSO. This thing needs to be a very strong revenue stream on its own."

Cox has a luxury that other operators don't, he added. The Atlanta-based MSO has always spent more money on system upgrades and customer service and, hence, hasn't lost as many subscribers to DBS as other operators. "We've been very successful with our bundle, so there's not as much of a driving need for reduction on churn." ■

Think outside the box.



videos and soap operas in the afternoon, movie packages at night. Imagine providing on-demand programming integrated with your IPG and throughout your service. Imagine how customers will respond to on-demand services like news, weather, sports, and games—all from their TV set. And just think about the potential of your very own On-Demand Storefront that evolves with you as your needs change. *Take the next step. Visit www.microsoft.com/tv.*



PROGRAMMING

Do Americans Want Flag-Waving News?

Pew news review picks up mixed signals

BY DAN TRIGOBOFF

Do American news viewers want it both ways: objective but at the same time skewed? A lengthy study from the Pew Research Center for the People and the Press finds that viewers seem to want it that way. Nearly two-thirds, 64% of just over 1,200 respondents to the phone survey in late June and early July, said they preferred news coverage of the war on terrorism to be neutral, while

why people see these things as inconsistent. And it's also true that the public can often hold two seemingly conflicting opinions at the same time."

The answers no doubt were affected by the war in Iraq, and Doherty acknowledged that, "on questions like this, there is some social desirability influence." But she also noted about viewers: "They don't want propaganda. At least that's what they're telling us."

"It's about point of view vs. coverage. We make a distinction in the question, and certainly the public

Only 25% believed the news had become too pro-American.

And the image of the liberal media persists. Fifty-five percent of respondents believe that news organizations are politically biased, with twice as many finding that bias to be liberal, 51% vs. 26% finding it conservative.

The survey documented Fox's increasing presence as a news source, as well as gaps between viewers of Fox News and other news outlets. According to the survey, 22% named Fox News Channel as their primary news source, up from 16% a year ago. As for CNN, 27% said they get most of their news there, about the same as last year. Pew did not break out similar numbers for the third cable news net, MSNBC, because, it said, the sample was smaller and would risk a far higher margin for error.

"The growing audience for the Fox News Channel, nearly half of whom identify themselves as conservatives, has more consistently negative views of media, especially regarding its patriotism. Nearly two-thirds of Fox News viewers (65%) believe some news outlets are becoming too critical of America, compared with fewer than half of CNN and network news viewers (48%, 45% respectively)." Fox News viewers, Pew said, "also are more likely to prefer pro-American coverage of the war on terrorism."

Pew said 41% of Fox News viewers identified themselves as Republican, 47% as conservative and 27% as conservative Republican. Twenty-four percent listed themselves as Democrat, 30% as independent (2% higher than CNN's total there), 43% as moderate, 6% as liberal Democrat (only 1% lower than CNN's total in that category) and 15% as liberal. Fox viewers were a few percentage points more likely to be among the best-educated and most affluent of viewers. Fox News had no comment on the study.

The broadcast networks and CNN were within a few percentage points in several categories. Thirty-eight percent of broadcast network news viewers identified themselves as conservative, as did 36% of CNN viewers; 43% of the viewers of each called themselves moderate.

Approval of President Bush was higher among Fox News viewers, but still high in all three viewer categories. More than 80% of Fox viewers approved of the decision to go to war with Iraq, while 66% of broadcast viewers and 73% CNN viewers approved the move. The President's performance on the economy was rated lower in all viewer categories; albeit rated higher by Fox viewers. ■

New FCC Rules Get Thumbs Down

BY DAN TRIGOBOFF

A study by the Pew Research Center finds that consumer knowledge of and opposition to the FCC decision to loosen media-ownership rules have increased since February.

In a nationwide survey of 1,201 adults in late June and early July, about half of respondents said they believe the decision will have a negative impact on the country, up from 34% in February. Ten percent believed the effect of the rule change would be positive. The FCC passed liberalized ownership rules on

June 2.

Just under half the respondents said they were familiar with the rule changes—about double the previous survey result—although only 12% said they knew a lot about them. Of those, 70% thought the rule changes would be negative, compared with 6% who thought it would be positive.

"Knowledge of the issue has a strong impact on opposition [to the ownership-rule changes], That's clear," noted Pew Research Center Editor Carroll Doherty. "And there's more awareness now than in February, although it still hasn't become a front-burner issue for most Americans."

Does that mean that the networks conveniently failed to report on a story when coverage might have raised opposition to their own interests?

Not necessarily, says Andrew Tyndall, who

Down on Big Media

Pew found that

48%

of those polled now thought they knew "a lot" (12%) or "a little" (36%) about the FCC's June 2 ownership-rule changes.

In February, just

26%

knew about it.

How viewers think the FCC's plans would impact the country:

LIKELY IMPACT	HEARD A LOT	A LITTLE
Negative	70%	57%
Positive	6	8
No difference	21	33
Don't know	3	2

SOURCE: Pew Research Center

monitors TV news coverage for his *Tyndall Report*. The coverage of the FCC rule change issue, he observes, was fairly typical at the news networks: an in-depth package prior to the announcement of the decision, with briefer coverage afterward. "Any conflict of interest aside, that would be normal for that type of regulatory decision." Important legislation typically "gets more coverage because it's debated. And Supreme Court decisions, like the one recently on affirmative action, are generally seen as more newsworthy than regulatory ones."

Where TV news gets more prolific, Tyndall notes, is in covering any train wrecks that result from a regulatory decision. "If a crisis happens, that will get big coverage." ■



THE PATRIOTIC PRESS?

Pew separated viewers by the newscasts they usually watched and then asked loyal viewers of broadcast networks, CNN or Fox News (above) how they think news organizations represent a U.S. point of view.

NEWS ORGANIZATIONS GENERALLY...	TOTAL	NETWORKS	CNN	FOX
Stand up for the U.S.	51%	56%	51%	44%
Are too critical of us	33	34	38	46
Neither/don't know	16	10	11	10

SOURCE: Pew Research Center

29% said they preferred pro-American coverage.

Yet about three-quarters of all polled viewers of TV news agreed with the statement that "it is good that news organizations take a pro-American point of view." This sentiment held regardless of whether they were viewers of the broadcast networks (72% agreed), CNN (74%) or Fox News (77%).

"The survey shows," the study report said, "that the public has nuanced views about patriotism and the press."

Pew Research Center Editor Carroll Doherty said, "It's easy to understand

makes a distinction in its answers. There's a pretty fine line between point of view and coverage. Point of view is a more difficult concept. People want to believe that the networks are supporting America. But it's one thing to put up an American flag or an 'Iraqi Freedom' logo. The public doesn't want that to influence the coverage. And I don't see the public objecting to flags or flag decals on the air as undermining neutral coverage."

A narrow majority, 51% of respondents, believe that news organizations did, in fact, "stand up for America," while 46% felt the news had become too critical of the country.

SYNDICATION WATCH

RATINGS | June 30-July 6

Nielsen Media Research

| talk shows |

Top 25 Shows

Households

RANK	PROGRAM	AA	GAA
1	Wheel of Fortune	7.2	NA
2	Jeopardy	5.8	NA
2	Seinfeld	5.8	7.0
4	Seinfeld (wknd)	5.5	7.0
5	Friends	5.4	6.3
6	Everybody Loves Raymond	5.0	5.6
7	Oprah Winfrey Show	4.9	5.0
8	Dr. Phil	4.3	4.3
9	Judge Judy	4.2	6.1
9	Entertainment Tonight	4.2	4.3
11	Wheel of Fortune (wknd)	3.8	NA
12	That '70s Show	3.5	4.4
13	Will & Grace	3.3	3.7
14	Live With Regis and Kelly	3.2	NA
14	Home Improvement	3.2	4.0
14	Maury	3.2	3.5
17	Judge Joe Brown	3.1	4.0
17	King of the Hill	3.1	3.5
17	Entertainment Tonight (wknd)	3.1	3.3
20	Who Wants To Be a Millionaire	2.9	NA
20	Friends (wknd)	2.9	3.0
22	Divorce Court	2.8	3.8
23	Inside Edition	2.7	2.8
24	Jerry Springer	2.5	2.8
25	Texas Justice	2.4	3.2
25	Frasier	2.4	2.7

Top Off-Net Sitcoms

Households

RANK	PROGRAM	AA	GAA
1	Seinfeld	5.8	7.0
2	Seinfeld (wknd)	5.5	7.0
3	Friends	5.4	6.3
4	Everybody Loves Raymond	5.0	5.6
5	That '70s Show	3.5	4.4

According to Nielsen Media Research Syndication Service Ranking Report Sept. 22-28, 2003

AA = Average Audience Rating

GAA = Gross Aggregate Average

ONE NIelsen RATING = 1,067,000 households, which represents 1% of the 106.7 million TV Households in the United States

NA = not available

And the Hype Begins

BY PAIGE ALBINIAK

Gearing up for two of this fall's biggest syndie launches, Warner Bros. Domestic Television has started shipping promos to stations for *The Ellen Degeneres Show* and *The Sharon Osbourne Show*.

The quirky and endearing promos for *Ellen*—which feature her on a moving scaffold at Home Depot or sitting and chatting with kids up to their necks in multicolored plastic balls at Ikea—were sent to stations over the Fourth of July weekend. *Sharon's* promos, showing people across the country shouting the rock 'n' roll matriarch's name in the manner of her husband, Ozzy, were set to begin airing over this past weekend.

Given the importance of both shows to Warner Bros.' success, the syndicator has spent millions of dollars on both on- and off-air marketing, says Jim Paratore, executive vice president of Warner Bros. Domestic Television Distribution and president of Telepictures Productions. "These two shows are unprecedented launches by our company."

Therefore, Warner Bros. commissioned a Nielsen study to determine which TV shows potential *Ellen* and *Sharon* viewers watch. The study found that, on the NBC owned-and-operated stations and affiliates, *Ellen's* primary launch group, Warner Bros.' *Extra* is the most popular show among *Ellen's* key demographic, women 18-54. On Tribune, *Sharon's* primary launch group, Warner Bros.' *Friends* is the favorite among *Sharon's* target audience, women 18-49.

Besides airing promos during popular access programs, Warner Bros. also is promoting both shows on their respective stations in the time periods when the shows actually are going to run. For *Ellen*, that's between 9 a.m. and noon in 80% of the country and in early fringe in 20% of the country. *Sharon* will air between 9 a.m. and 2 p.m. The two shows will air back-to-back on the cable-delivered WB 100+, with *Sharon* at 10 a.m. and *Ellen* at 11 a.m. And *Ellen* will be repurposed on cable channel Oxygen one week after it broadcasts in national syndication.

Although promos are starting up now, publicity for both shows will grow more intense as the shows get closer to launch, Paratore says. Promotions for both shows were created by Warner Bros.' in-house production, and Grey Advertising placed the off-air ads. ■

Promos for *Ellen* have started shipping.

Syndie

Insider

Kantor Joins Twentieth TV

Veteran television marketing executive Susan Kantor has been named SVP, marketing and creative, at Twentieth Television, said Bob Cook, president/COO. Kantor was formerly SVP/creative director at VH1 in New York. Prior to that, she was SVP of marketing for Universal Television Worldwide, moving up from EVP of USA Networks and Studios USA. Prior to Universal, Kantor spent four years as vice president of advertising and promotion for Paramount Television.

Ratings Take a Holiday

Syndicators struggled during the July Fourth weekend with people out picnicking and watching fireworks. The number of households watching daytime TV plunged week to week by an average 555,000 homes, to the lowest viewing level of the season. Making things even tougher for syndies were preemptions on NBC stations for coverage of the Wimbledon tennis tournament.

Daytime shows were especially hard hit. Paramount's *Judge Judy* sank to its lowest rating in more than five years, dropping 11% week-to-week to 4.2, although it remained the top court show in syndication. Compared with last year at this time, *Judy* was off 9%. Paramount's *Judge Joe Brown* was down 9% to 3.1 in second place, even with last year. Twentieth's *Divorce Court* at 2.8 was flat both week-to-week and year-to-year.

Among talk shows, King World's *The Oprah Winfrey Show* matched its season low, losing 11% to 4.9, but was still up 11% from last year. King World's rookie, *Dr. Phil*, dipped 2% from the previous week to 4.3. Universal's *Maury* dropped 9% to 3.2 but was up 14% from last year. Buena Vista's *Live With Regis and Kelly* slipped 3% to 3.2, tying *Maury* for third and remaining flat vs. last year. Universal's *The Jerry Springer Show* was down 7% to 2.5 and even with last year, while Paramount's *Montel Williams* equaled its lowest rating ever, tumbling 9% to 2.1, which put it down 16% from last year.

Among other rookies, Buena Vista's *Who Wants To Be a Millionaire* slipped 9% to 2.9. Sony's *Pyramid* hit a new low, a 1.6, as its ratings crumbled 20%. Warner Bros.' *Celebrity Justice* was unchanged at 1.2. Twentieth's *Good Day Live* was also steady at 1.1, but Twentieth's newcomer, *Ex-Treme Dating*, in its fourth week hit its lowest rating yet, falling 18% to a 0.9.

**"This Season's
Breakout Star"**

- People Magazine

RYAN SEACREST

**It All Happens
January 2004**



NIELSEN | July 7-13 | RATINGS

THE PRIME TIME RACE

Top 10 Basic Cable Shows

July 7-13

Total Households (in millions)

PROGRAM	DATE	NET	HHS
1. WWE 10p	7/7	TNN	3.8
2. WWE 9p	7/7	TNN	3.4
3. Fairly Odd Parents Mv	7/12	NICK	3.0
4. Real World XIII	7/8	MTV	2.9
5. Mv: Wedding Planner	7/11	TNT	2.7
5. Mv: Wedding Planner	7/12	TNT	2.7
5. Monk	7/11	USA	2.7
8. Spongebob Sqrpants	7/12	NICK	2.6
8. Law & Order 9p	7/7	TNT	2.6
10. Law & Order 8p	7/7	TNT	2.5

Adults 18-49 (in millions)

PROGRAM	DATE	NET	AA
1. WWE 10p	7/7	TNN	3.3
2. WWE 9p	7/7	TNN	2.9
3. Real World XXIII	7/8	MTV	2.7
4. The Osbournes	7/8	MTV	2.3
5. American Chopper	7/7	DISC	2.2
6. Mv: Wedding Planner	7/12	TNT	1.9
8. Making the Band 2	7/9	MTV	1.9
8. MTV News Now	7/8	MTV	1.8
8. Mv: Wedding Planner	7/13	TNT	1.8
8. The Dead Zone	7/13	USA	1.8

SOURCE: Turner Entertainment Research, Nielsen Media Research

Broadcast Networks

July 7-13

Total households (in millions)

	WEEK	STD
1. NBC	5.8	7.8
2. CBS	5.7	8.3
3. ABC	4.4	6.3
4. FOX	3.6	6.1
5. UPN	2.2	2.4
6. WB	1.8	2.6
7. PAX	0.6	0.9

Adults 18-49 (in millions)

	WEEK	STD
1. NBC	3.9	5.4
2. CBS	3.1	4.6
3. FOX	2.9	5.1
4. ABC	2.7	4.5
5. UPN	1.7	1.9
6. WB	1.3	2.1
7. PAX	0.3	0.4

Top 10 Broadcast Shows

Total Households (in millions)

	WEEK	
1. Law & Order Wed 10p	NBC	9.4
2. For Love or Money	NBC	9.0
3. CSI	CBS	8.9
4. Without a Trace	CBS	8.1
5. Everybody Loves Raymond	CBS	7.8
6. Law & Order Wed 9p	NBC	7.7
7. CSI: Miami	CBS	7.6
8. 60 Minutes	CBS	7.5
8. Dateline NBC Tue	NBC	7.5
8. Law & Order: Crim Intent	NBC	7.5

Adults 18-49 (in millions)

	WEEK	
1. For Love or Money	NBC	7.7
2. Dateline NBC Tue	NBC	5.1
2. CSI	CBS	5.1
4. Law & Order Wed 10p	NBC	4.9
4. Big Brother 4 Tue	CBS	4.9
6. Big Brother 4 Wed	CBS	4.8
6. Last Comic Standing	NBC	4.8
8. Everybody Loves Raymond	CBS	4.6
9. Cupid	CBS	4.5
9. King of Queens	CBS	4.5
9. The Simpsons	FOX	4.5
9. Fear Factor	NBC	4.5

SOURCE: Nielsen Media Research

	abc	UPN	NBC	FOX	PAX	UPN	WB
Week 42	4.0/7	6.4/11	7.4/13	3.2/5	0.6/1	2.2/4	1.7/3
MONDAY							
8:00	60. George Lopez 3.9/7	27. Yes, Dear 5.1/9	22. Fear Factor 5.2/9	81. Anything for Love 2.9/5	124. PAX Monday Night at the Movies—American Flyer 0.5/1	90. The Parkers 2.2/4	94. 7th Heaven 1.9/3
8:30	80. George Lopez 3.9/7	22. Still Standing 5.2/9		76. Stupid Behavior 3.1/5		86. One on One 2.3/4	
9:00	52. George Lopez 4.1/7	5. Ev Lvs Raymnd 7.3/12		71. Paradise Hotel 3.3/5		86. Girlfriends 2.3/4	110. Everwood 1.4/2
9:30	55. George Lopez 4.0/6	12. King of Queens 6.5/10	2. For Love or Money 8.5/14			94. Half & Half 1.9/3	
10:00	55. Primetime 4.0/7	7. CSI: Miami 7.1/12				117. Diagnosis Murder 0.8/1	
10:30							
TUESDAY							
	4.3/8	4.8/8	5.7/10	3.7/6	0.6/1	2.4/4	1.8/3
8:00	37. 8 Simple Rules 4.6/9	15. Big Brother 4* 6.0/11	34. Dog Eat Dog 4.7/9	39. American Juniors 4.5/8	130. Mysterious Ways 0.4/1	103. America's Next Top Model 1.7/3	100. Gilmore Girls 1.8/3
8:30	64. Life With Bonnie 3.8/7						
9:00	34. According/Jim 4.7/8	52. The Guardian 4.1/7	22. Last Comic Standing 5.2/9	81. Keen Eddie 2.9/5	124. Promised Land 0.5/1	74. America's Next Top Model 3.2/5	100. Smallville 1.8/3
9:30	52. Less Than Perfect 4.1/7						
10:00	47. NYPD Blue 4.3/8	43. Judging Amy 4.4/8	8. Dateline NBC 7.0/12			113. Diagnosis Murder 1.0/2	
10:30							
WEDNESDAY							
	4.0/7	5.8/10	6.8/12	4.2/7	0.7/1	1.4/3	1.7/3
8:00	27. My Wife & Kids 5.1/10	13. 60 Minutes II 6.4/12	43. Fame 4.4/8	50. That '70s Show 4.2/8		118. Candid Camera 0.7/1	104. Enterprise 1.6/3
8:30	20. George Lopez 5.3/10						104. Boarding House 1.6/3
9:00	39. Drew Carey 4.5/8	16. Big Brother 4 5.9/10	6. Law & Order 7.2/12	50. Paradise Hotel 4.2/7		122. Doc 0.6/1	111. The Twilight Zone 1.2/2
9:30	43. Drew Carey 4.4/7						104. Jamie Kennedy 1.6/3
10:00	85. The Dating Experiment 2.4/4	27. Cupid* 5.1/9	1. Law & Order 8.8/16			118. Diagnosis Murder 0.7/1	94. Jamie Kennedy 1.9/3
10:30							
THURSDAY							
	4.7/8	7.0/13	4.8/9	3.0/5	0.5/1	3.6/6	2.3/4
8:00	39. ABC Thursday Night Movie—Picture Perfect 4.5/8	22. Amazing Race 4 5.2/10	17. Friends 5.8/11	79. Dale Earnhardt Tribute Concert 3.0/5	124. It's a Miracle 0.5/1	68. WWE Smackdown! 3.6/6	86. WB Thursday Movie—Blue Streak 2.3/4
8:30		3. CSI 8.3/14	31. Scrubs 5.0/9		133. Encounters With the Unexplained 0.3/1		
9:00			34. Will & Grace 4.7/8				
9:30			43. Frasier 4.4/7				
10:00	22. Primetime Thursday 5.2/9	4. Without a Trace 7.6/14	39. ER 4.5/8		122. Diagnosis Murder 0.6/1		
10:30							
FRIDAY							
	5.2/10	4.0/8	5.7/11	1.9/4	0.5/1	0.9/2	1.9/4
8:00	20. America's Funniest Home Videos 5.3/11	33. Big Brother 4 4.8/10	27. Dateline NBC 5.1/10	93. Boston Public 2.0/4	123. Friday Night Flx—Killer Bees 0.5/1	115. UPN's Movie Friday—Gun Shy 0.9/2	94. Reba 1.9/4
8:30				94. Boston Public 1.9/4			104. What I Like About 1.6/3
9:00	55. Whose Line Is It 4.0/8	68. JAG 3.6/7					91. Reba 2.1/4
9:30	55. Whose Line Is It 4.0/8						94. Grounded for Life 1.9/4
10:00	13. 20/20 6.4/12	65. 48 Hours Investigates 3.7/7	11. Law & Order: Special Victims Unit 6.8/13		124. Diagnosis Murder 0.5/1		
10:30							
SATURDAY							
	2.9/6	3.4/7	2.0/4	4.0/9	0.4/1		
8:00	81. ABC Saturday Night at the Movies—Deep Rising 2.9/6	71. 48 Hours Investigates 3.3/7	104. Just Shoot Me 1.6/4	74. Cops 3.2/7	130. Candid Camera 0.4/1		
8:30			100. Just Shoot Me 1.8/4	65. Cops 3.7/8			
9:00		76. Hack 3.1/6	91. NBC Saturday Night Movies—Critical Assembly 2.1/4	37. AMW: America Fights Back 4.6/9	130. PAX Saturday Night Movie—The Trial of Old Drum 0.4/1		
9:30							
10:00	79. Dragnet 3.0/6	30. The District 3.9/8					
10:30							
SUNDAY							
	3.6/7	5.4/10	4.6/8	3.4/6	0.7/1		1.2/2
7:00	55. Wonderful World of Disney—The New Swiss Family Robinson 4.0/8	8. 60 Minutes 7.0/15	31. Dateline NBC 5.0/10	86. Futurama 2.3/5	124. Candid Camera 0.5/1		111. Gilmore Girls 1.2/3
7:30				76. King of the Hill 3.1/6			
8:00		47. Becker 4.3/8		47. The Simpsons 4.3/8	118. Doc 0.7/1		109. Charmed 1.5/3
8:30				70. Banzai* 3.5/6			
9:00	84. Alias 2.6/4	19. CBS Sunday Movie—The Mask of Zorro 5.5/10	8. Law & Order: Criminal Intent 7.0/12	71. Malcolm/Middle 3.3/6	115. Sue Thomas, F.B. Eye 0.9/2		113. Boarding House 1.0/2
9:30				60. The Simpsons 3.9/7			
10:00	65. The Practice 3.7/7		18. Crime & Punishment 5.6/10		118. Just Cause 0.7/1		
10:30							
Averages							
Week	4.1/8	5.3/10	5.4/10	3.3/6	0.6/1	2.1/4	1.7/3
S-T-D	5.9/10	7.8/13	7.3/12	5.7/9	0.8/1	2.2/4	2.4/4

KEY: Each box in grid shows rank, program, total-household rating/share | Blue bar shows total-household rating/share for the day | Top 10 shows of the week are numbered in red | TV universe estimated at 106.7 million households; one ratings point is equal to 1,067,000 TV homes | Tan tint is winner of time slot | (NR)=Not Ranked; rating/share estimated | *Premiere | Programs less than 15 minutes in length not shown | S-T-D = Season to date | SOURCES: Nielsen Media Research, CBS Research | Compiled By Kenneth Ray

Right Move for ESPN

Limbaugh gets NFL gig

By ALLISON ROMANO

Conservative radio host Rush Limbaugh is suiting up for a new game, joining ESPN as a commentator on its NFL pregame show. He will give the "fan's perspective" on ESPN's weekly *Sunday NFL Countdown* beginning Sept. 4.

Limbaugh, who is a self-described NFL junkie, says, "If I wasn't doing what I'm doing, I'd like to run an airport or be involved somehow in the National Football League."

For his new gig, Limbaugh won't be on the set of the ESPN show but either in an adjoining studio in ESPN's Bristol, Conn., headquarters or participating via satellite. During each game, he'll give a one-minute commentary, plus three or four "challenges" per show, weighing in on a football or game-related issue.

"I am simply going to bring the perspective of the guy watching," he says. "The point is not to irritate or make people mad. I want it to be entertaining."

Of course, he'll continue to do his syndicated radio show, which boasts 20 million listeners on more than 600 stations.

Limbaugh has flirted with football before. A few years ago, he tried out to be a commentator on ABC's *Monday Night Football*, but the job went to comedian Dennis Miller.

His ESPN aspirations go back even further. Limbaugh said he and ESPN senior coordinating producer Bob Rauscher first batted around ideas 10 years ago but couldn't come up with the right project. Three months ago, they hit on the idea for the *Sunday NFL Countdown* gig. ■



Rush Limbaugh will join *Sunday NFL Countdown*.

MARKET | Joplin | FOCUS

AT A GLANCE

The Market

DMA rank	145
Population	393,000
TV homes	153,000
Income per capita	\$13,748
TV revenue rank	149
TV revenue	\$17,900,000

Commercial TV Stations

RANK*	CH.	AFFIL.	OWNER	
1	KOAM-TV	7	CBS	Sega
2	KSNF(TV)	16	NBC	Nexstar
3	KODE-TV	12	ABC	Mission

*May 2003, total households, 6 a.m.-2 a.m., Sun.-Sat.

Cable/DBS

Cable subscribers (HH)	76,500
Cable penetration	50%
ADS subscribers (HH)**	43,452
ADS penetration	28.4%
DBS carriage of local TV?	No

**Alternative Delivery Systems, includes DBS and other non-cable services, according to Nielsen Media Research

What's No. 1

Syndicated Show	RATING/SHARE***
Wheel of Fortune (KOAM-TV)	18/36
Network Show	
CSI (KOAM-TV)	20/32
Evening Newscast	
KOAM-TV	16/31
Late Newscast	
KOAM-TV	12/24

***May 2003, total households

SOURCES: Nielsen Media Research, BIA Research

Room for One More?

In the Joplin, Mo.-Pittsburg, Kan. DMA, the TV ad pie will be divided a little more by the end of the year with the addition of Fox affiliate KFJX-TV, announced July 10. That makes a tight market even tighter.

"The only way that we are going to grow our revenue," says KSNF(TV) General Manager Jeff Hoffmann, "is to look at the other [advertising] mediums to swing some of their dollars in the TV pie."

KFJX-TV will occupy an unused channel licensed to Davis Television, but the station will be run by Sursey Productions, an area producer of industrial videos. It will have a shared-services agreement with CBS affiliate KOAM-TV.

KOAM-TV General Manager Danny Thomas describes the market as a patchwork of small cities. "There are over 30 communities, all of smaller size that all have unique traits. There are probably 15-20 towns with 10,000-15,000 people over 14 counties and three states."

Hoffmann's Nexstar-owned NBC affiliate entered into a shared-services arrangement with KODE-TV when Mission Broadcasting purchased the ABC affiliate in 2001. While each station has its own news operation and salespeople, they share a news director and often share footage. "Financially, it made sense," Hoffmann says. "They might shoot one news story, which would allow us to cover another story. We share ideas and video, and our reporters might rewrite the stories."

Thomas notes that KOAM-TV's total news audience is more than KODE-TV and KSNF combined and expects that, as the shared newscast goes forward and viewers see similarities, "that will drive more [viewers] to ours."

KOAM-TV, owned by Sega Communications, is celebrating its 50th anniversary with several locally produced specials. The station was the first in the market, and the call letters stand for the states in which its signal was originally available: Kansas, Oklahoma, Arkansas and Missouri.—Henry Seltzer



PHOTO: CITY OF JOPLIN

WHAT THEY DO

6,165 students are enrolled at Pittsburg State University.

8,000 flight fans flock to the annual Joplin Airfest at the Joplin Regional Airport.

10K people attend the Festival of the Four States (Missouri, Kansas, Oklahoma, Arkansas), which includes a car show, a cook-off, and street entertainment.

SOURCES: Pittsburg Area Chamber of Commerce, Joplin Chamber of Commerce

HATCHETT PRESIDES OVER MEMPHIS!



Delivering WLMT's BEST 11:00pm performance in 3 years, JUDGE HATCHETT scores big ratings in Memphis!

JUDGE HATCHETT

4.3

HOUSEHOLD RATING!

+87%

OVER YEAR AGO!

+10%

OVER LEAD-IN!

SONY PICTURES TELEVISION

©2003 Sony Pictures Television Inc. All Rights Reserved.

www.sonypicturestelevision.com

Source: NSI, WRAP Overnights, 7/7-7/14/03, 11-11:30PM tp; year ago=July '02; lead-in=1/2 hr tp

TV BUYER

Networks Like When Viewers Watch a LOT

'Length of tune' is a stat broadcast nets push to ad buyers

By STEVE McCLELLAN

A decade ago, when cable was starting to gain serious traction as an advertising medium, CBS paid Nielsen many thousands in additional fees to produce specialized research designed to show that cable was the land of channel surfers, who tuned out every time a commercial came on the air.

Broadcast networks, by contrast (or so they asserted), was the land of loyal viewers, who tuned in for the content and stayed through the ads as well.

Ten years later, broadcast networks still have some of the most loyal audiences—what's left of them that is. But some of those viewers have migrated to cable, and they don't all have itchy trigger fingers.

In fact, the audience with the longest staying power in prime time television today belongs to a cable channel: Disney's SOAPnet. Perhaps the network has a built-in advantage: Soap opera fans have a reputation for being the most loyal devotees of any genre on the small screen. Soaps make the point for appointment TV.

Older-skewing (50-plus) and younger-skewing (kids) networks dominate the top 10. Only three networks fall outside that general trend: NBC, Lifetime Movie Network and SOAPnet, all with 40-something median ages in prime time, according to a recent report by Magna Global.

The data CBS had Nielsen collect was and still is called "length of tune," or LOT for short. And it's defined as the average consecutive viewing minutes that an audience tunes to a network or program service before changing the channel.

Not surprisingly, a longer length of tune is more desirable, researchers say. That's because the longer viewers stays with a network, the more likely they are to sit through commercials. Whether they're actually paying attention to those spots is another question altogether, one that LOT data doesn't address.

Still, buyers and sellers say the data is useful and, thanks to recent innovations in the way Nielsen crunches data, is a lot easier to come by.

Tim Brooks, executive vice president, research, Lifetime, says that anybody with Nielsen's N-Power system, which provides access to respondent-level data from the ratings company's national household sample can now do LOT analysis at a desktop computer. "The data always existed, but it was very hard to get at for many years. It cost a great deal of money and was old by the time you got it."

As a group, the six broadcast networks still have a higher average length of tune than the 50 cable networks measured by Nielsen. The average LOT (prime time, house-

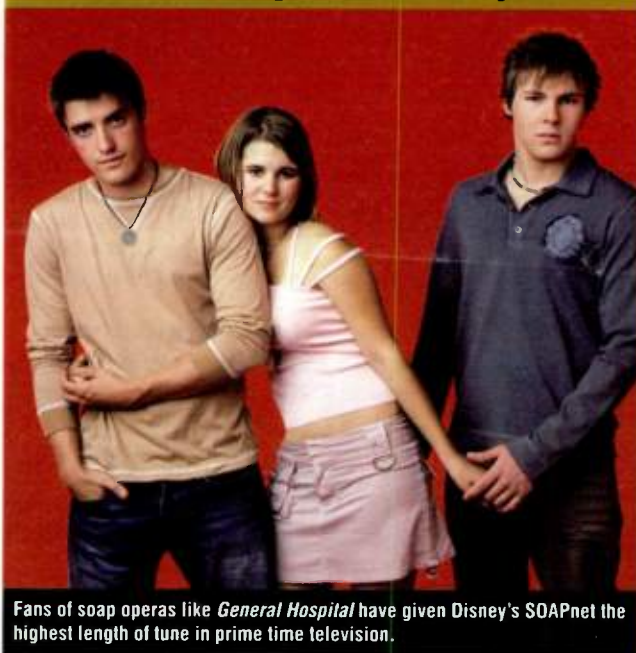
holds) for the first half of 2003 for the broadcast nets is 22.3 minutes. For the cable nets, the average is 16.1 minutes.

Dragging down the cable average, of course, are networks with largely short-form programs like MTV and VH1.

The only broadcast networks among the top 10 video services in Nielsen's LOT ranking, though, are CBS and NBC. Fox and ABC are 12th and 13th, respectively, and UPN and The WB are 20th and 21st.

The gap narrows considerably if you compare the broadcast networks with selected groups of cable networks, such as general-entertainment networks, where the broadcast

How Long Viewers Stay



Fans of soap operas like *General Hospital* have given Disney's SOAPnet the highest length of tune in prime time television.

TOP 10

NETWORK	LOT*
SoapNet	28.7
CBS	27.2
Toon Disney	26.7
Cartoon Net	26.0
Lifetime Movie	25.5
Lifetime	25.4
NBC	24.7
Hallmark	23.9
Court TV	22.5
Nickelodeon	22.3

BOTTOM 5

VH1	8.9
Weather Channel	8.5
E!	8.2
Fuse	6.1
TV Guide Channel	4.3

*Average length of tune in minutes, prime time, households, January-June 2003

SOURCE: Nielsen Media Research

advantage in LOT narrows to about a minute and a half. Among women 18 to 49, the LOT for the broadcast networks is 23.8 minutes vs. 21.8 minutes for the top five cable networks in the demo (Lifetime, TNT, TBS, USA and TLC).

Broadcasters tend to use LOT data in a pitch against cable. The cable networks use it against each other. Fox News, for example, has pointed to its longer LOT vs. CNN's. According to a Lifetime analysis for the first six months of the year, FNC's household LOT was 20 minutes, vs. CNN's 15.1 minutes.

"One of the things we'll work on is increasing the time spent viewing," CNN News Group President Jim Walton acknowledged during the TV critics press tour recently.

At the same time, he said CNN reaches significantly more viewers for a shorter period of time than Fox.

But Lifetime's Brooks says that's just the point. He contends that high reach with a low LOT is "false reach": A whole lot of viewers being counted as "reached" within a given period of time are probably tuning in for just a couple minutes and surfing off before watching any commercials. And in an ad-driven world, what's the point of that?

So where's the cutoff between good LOT and bad LOT? In Brooks's view, "something in the mid-20-minute range

Continued on page 28

EBB & FLOW

Better Times Ahead for Radio, Experts Say

Despite mostly flat radio revenues for the second quarter, executives who buy or sell advertising or monitor the business see growth in the months ahead.

On a year-to-date basis, the Radio Advertising Bureau reports local sales figures (80% of all radio revenue) up 1%, January through May, while national dollars climbed 5%.

3Q Estimated Sales
+2.5%

Third-quarter projections, however, are more robust, with one Intertep source describing national radio pacing as up 11%-13%.

Sue Johanning, EVP/director of local broadcast, Initiative Media, agrees. "Those are the same numbers we're hearing. National radio has picked up considerably in the last few weeks." Retail and automotive are up, she notes, adding, "We been told Chrysler has made a huge buy for third quarter, plus, in August, you've got 'Back to School' sales kicking in."

Other national categories looking especially strong are airlines, travel, fast food, movies, financial services and broadcast/cable TV.

Tim Wallace, senior broadcast analyst for UBS Securities, also sees a second-half rebound after a slow start. "Second-quarter radio was flat," he notes, "but our third-quarter estimates are for 2.5% growth with fourth quarter up 3%." UBS's projection for 2003 sees a combined national and local radio growth of 2.2%.

The Los Angeles market, according to a Southern California Broadcasters Association analysis, is a case in point. SCBA reports that, in May, L.A. radio revenue, for the first time, topped \$100 million, making the second-largest radio market No. 1 in radio dollars. —Jean Bergantini-Grillo

NEXT WEEK:
TV Networks



With TAKEN, television history was rewritten.

This December on SCI FI Channel,
a classic will be reborn.

Sci Fi

Reality Shows Line Up for Product Placement

On-air integration helps advertisers fight PVRs

BY STEVE MCCLELLAN

CBS's new reality matchmaking show *Cupid* and The WB's new *Pepsi Smash* have joined the growing list of sponsored programs with on-air integration (otherwise known as product placement) opportunities. Both shows debuted last week.

For *Cupid*, a relationship show where viewers help a female lonely-heart select a beau, both AT&T and online dating service Match.com have signed on as sponsors with category exclusivity.

As part of AT&T's deal, two phone features have been embedded into the format, including an 800-telephone number that viewers can call to vote for Ms. Lonely Heart's would-be mate. Viewers also can vote via text message, an AT&T Wireless phone feature.

So-called on-air integration opportunities have drawn interest from advertisers as another way of boosting awareness of their products, especially in the face of continuing audience erosion and concern over such devices as the personal video recorder (PVRs), which enable viewers to avoid watching TV commercials altogether.

Still, product placement is not without controversy. There's an ongoing debate about how much integration is acceptable. "If you do too much of it you run the risk of cheapening a show and offending viewers," says one senior level executive at a network.

But Jo Ann Ross, president of CBS Sales says on-air integration is valuable if executed properly. Of the *Cupid* deal, she said last week, "The nature and format of the show not only invites sponsor participation like this but really benefits from it."

The Match.com deal includes an online contest where *Cupid* viewers compete for a "dream date" with one of the nine finalists who isn't selected as Mr. Right. The Web site will also sponsor an Internet poll that will be integrated into the show. "We think this strategy will deliver an incredibly engaging and convergent internet/television experience," says

Tim Sullivan, president of Match.com.

At The WB, Pepsi is taking a page from sports marketers with a deal that incorporates its brand name into the title of the show, *Pepsi Smash*. It's a live music show that will air Wednesday nights and possibly be repeated in the network's Sunday 5 p.m.-7 p.m. block.

Don't be surprised to see cans of Pepsi being consumed during the series, although a WB spokesman couldn't confirm that would be the case. What he did confirm however, is that Pepsi will buy most by not all of the show's ad time.

Pepsi and The WB have another sponsorship deal cooking. On Sept. 14th, the network will debut *Play for a Billion*, a new game show from Michael Davies, of *Who Wants to be a Millionaire*

fame, that features Pepsi as the primary sponsor. *Millionaire*, the game show that soared then fizzled on ABC several years ago, was one of the early adopters of product placement, featuring AT&T.

Fox's *American Idol* and CBS's *Survivor* remain the most successful shows to use product placements. But in recent editions of *Survivor*, the network has cut back on sponsorships



CBS's *Cupid* has signed product-placement deals with Match.com and AT&T.

(usually priced in the \$12-\$13 million range) to sell most of the inventory in the general ad sales market, both upfront and scatter.

On July 20, NBC's *The Restaurant* debuted with product placements from American Express and Mitsubishi. And though some patrons might like a Bettinelli Merlot to go with their Chateaubriand, they'd better settle for Coors. The beer company is part of the *Restaurant* deal. ■

Networks Like When Viewers Watch a LOT

Continued from page 26

is really desirable for an advertiser because you're guaranteed pretty good exposure to your commercials. Once you get below 20 minutes, there's a good chance viewers aren't staying through commercial pods. And below 10 minutes, forget it."

That analysis doesn't get endorsed at MTV, where first half '03 household LOT averaged 10.5 minutes. Betsy Frank, executive vice president, research and planning, counters that commercial-recall studies show that viewers tuning in "are watching the advertising, recalling the advertising and liking the advertising."

LOT is just one variable to consider in eval-

uating commercial environment, she says. "The ability to connect with viewers, to have viewers feel that the advertising is as relevant to them as the programming is as important as looking at length of tune."

At CBS, Executive Vice President, Research and Planning, David Poltrack still believes LOT is a one of the best ways to "separate the committed viewers from the channel surfers." He's hard-pressed to pick a cut-off number below which LOT is bad. Sometimes, he says, average LOT can be distorted by the non-core groups of surfers, and so a network could legitimately discount such viewers and make a case that the remaining audience is "attentive." ■

HOT SPOTS

Videogame Ads Score High in Likeability

In its latest consumer research on TV commercials, **INTERMEDIA ADVERTISING GROUP** reported that three videogame spots scored high in likeability during the two-week period June 23-July 6. Namco's *Soul Calibur II*, for Nintendo GameCube, was the most-liked spot, with PlayStation 2's *JAK II* No. 5 and Nintendo GameCube's *WWE Wrestlemania XIX* at No. 8.

Spots for Procter & Gamble's Luvs, Tylenol Extra-Strength and Purina Dog Chow rounded out IAG's top five in likeability.

As for ad recall, IAG said Kellogg's Fruit Harvest Apple Cinnamon spot, featuring a girl picking the cereal boxes from orchard trees, ranked tops. Two KFC spots ranked No. 2 and 3, with Gatorade and Pizza Hut's "Free Comedy Classics" DVD offer completing the recall top five.

Agencies

KIRSHENBAUM BOND & PARTNERS, New York, has won the estimated \$90 million-plus **ANDREW JERGENS CO.** account. The independent agency beat out Havas's **ARNOLD WORLDWIDE**, also New York. Kirshenbaum will handle creative, with its **MEDIA KITCHEN** division handling media-planning duties. Interpublic Group of Cos.' **INITIATIVE MEDIA** will continue on media buying. The personal-care account—including Curel lotion, Jergens lotion, Ban antiperspirant and John Frieda hair-care products—had been at **BOZELL**. But, when that Interpublic shop was merged into **LOWE & PARTNERS** last winter, Jergens decided on an account review. The company feared that eventually there would be conflicts with another Lowe client, **JOHNSON & JOHNSON**. ...

MIDAS has assigned its estimated \$40 million creative account to Omnicom Group's **DOB WORLDWIDE**, Chicago. The agency replaces **CLIFF FREEMAN & PARTNERS**, which did not participate in the review; its last campaign touted Midas's "lifetime guarantee." DDB beat out Interpublic Group of Cos.' **CAMPBELL MITNUN**, Minneapolis; independent **DONER**, Southfield, Mich.; Publicis Groupe-backed **MOROCHE LEO BURNETT**, Dallas; and WPP Group's **Y&R ADVERTISING**, Chicago. Aegis Group's **CARAT USA** continues with media-planning and -buying duties. ...

Publicis Groupe's **FALLON WORLDWIDE** has won **SUBWAY RESTAURANTS'** creative account. The Minneapolis agency will begin working on a campaign due to break this fall. The account is estimated at more than \$200 million. Finalists in the review included: Interpublic Group of Cos.' **DEUTSCH**, New York; Omnicom Group's **GOODBY, SILVERSTEIN & PARTNERS**, San Francisco; and independent **WIEDEN + KENNEDY**, Portland, Ore. The incumbent agency, Havas' **EURO RSCG MVBMS PARTNERS**, Boston, dropped out of the process last month, describing the review as "both a surprise and a disappointment." Grey Global Group's **MEDIACOM**, which handles media duties, is unaffected by the account shift.

Spies & Ties

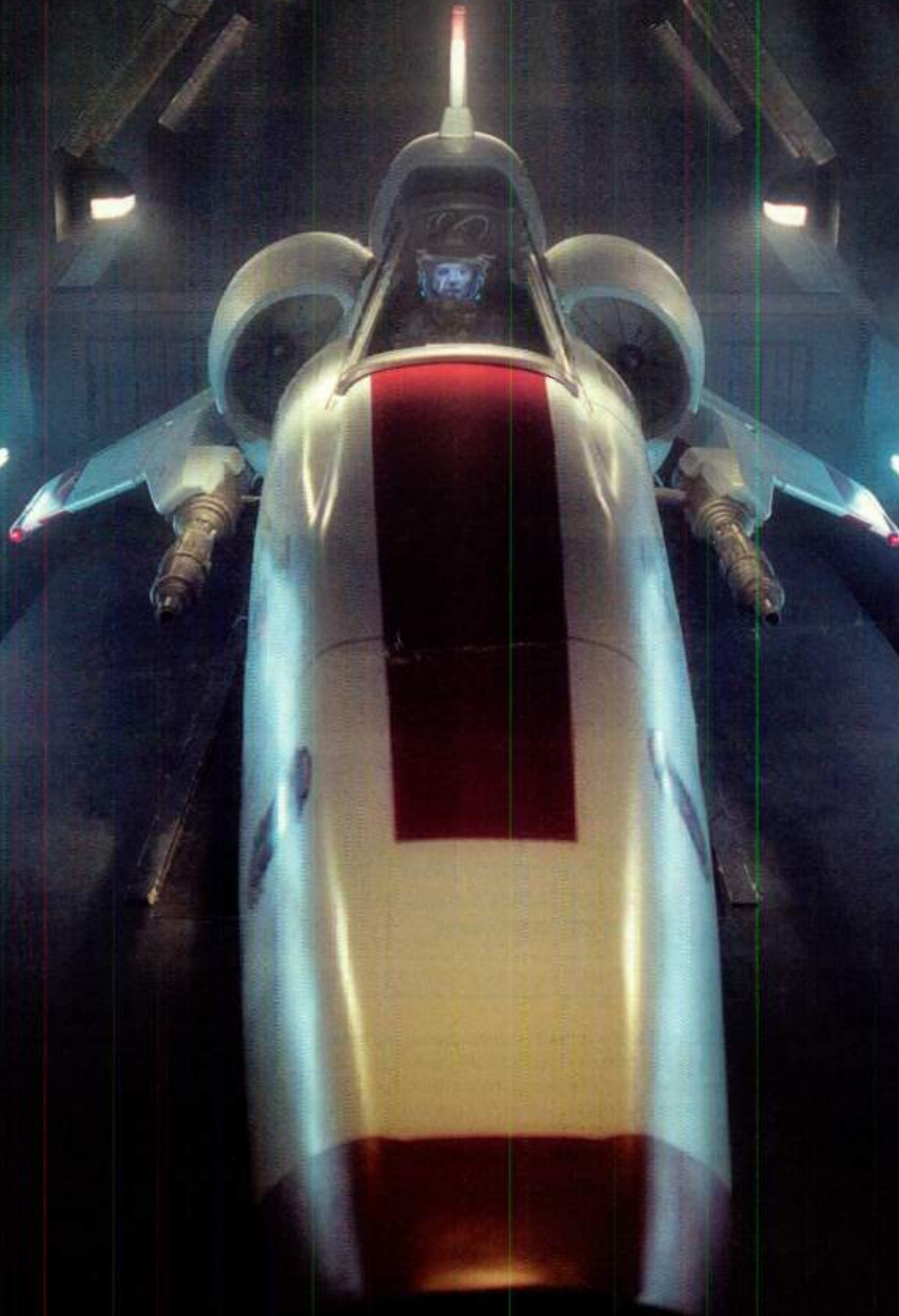
A&E NETWORK is counting on an affiliate promotion to bolster consumer awareness of its upcoming original prime time series **MI-5** while also assisting affiliates' local ad-sales and marketing efforts. The show, based on the exploits of the British equivalent of the U.S. Central Intelligence Agency, is co-produced by the **BBC**. A&E Director of Affiliate Marketing Jennifer Ball said that more than 50 affiliates and interconnects within the top 50 DMAs have signed on; they reach a combined 21 million subs. The interconnects include **COMCAST'S CAMA** in Atlanta, the Chicago Interconnect, and **MARKETLINK** in Detroit; **TIME WARNER INTERCONNECT OF TWIN CITIES**; and **CLEVELAND MEDIA CONNECT**. About 60% of the participants are using the promotion for local ad sales, Ball estimated, with the rest focused on acquisition and other marketing campaigns. All must run **MI-5** cross-channel promos for three weeks. The promo's top prize of a trip to London may be won by a consumer, or it can be used as an ad-sales or CSR incentive, Ball noted. ...

BBC AMERICA has sold sponsorship of new gardening show **Ground Force America** to **THE HEALING GARDEN**, a marketer of aromatherapy products, including the Healing Garden Waters Collection. In the show, four people are given 38 hours and \$3,000 to clandestinely make-over derelict backyards into "garden oases." The team will focus on revamping yards in Miami, Atlanta, New Jersey and New York City. It is BBC America's first major independent production.

Red Lobster Swims With New Campaign

DARDEN RESTAURANTS' RED LOBSTER seafood restaurant chain has just begun a new network TV campaign themed "Share the Love." Havas' **EURO RSCG TATHAM PARTNERS** in Chicago is the agency.

BATTLESTAR GALACTICA



A SCI FI CHANNEL ORIGINAL MINISERIES
COMING IN DECEMBER

JOIN US ON MONDAY AT THE CHAIRMAN'S RECEPTION
AFFILIATE.UNISTUDIOS.COM



WASHINGTON

No Dice on Dual DTV in Revived Plan

FCC is said to include multicasting but not analog/digital

BY BILL MCCONNELL

Last summer's ill-fated plan to settle the DTV carriage fight between cable operators and broadcasters is being resurrected at the FCC. The plan is sure to anger the cable industry, and broadcasters are professing ambivalence over a victory that they characterize as a split decision.

FCC Media Bureau Chief Ken Ferree told reporters last week he will resubmit a plan for digital-carriage rights for commissioners' review with "no major changes" from one that failed to win a three-vote majority last August.

That proposal, industry sources said, would increase chances that cable companies would one day be required to carry the multiple streams made possible by digital compression. Ferree wouldn't confirm the details of his plan, but sources following the proceeding said the plan calls for the FCC to tentatively conclude that broadcasters are entitled to carriage of all the programming they can cram into the 6 MHz of spectrum allotted for each channel, as long as the programming is offered free to over-the-air viewers.

The downside for broadcasters is that their longstanding demand for carriage of both analog and digital signals during the DDTV transition would be denied. That prospect would make the plan a "mixed bag," said Jack Goodman, attorney for the National Association of Broadcasters.

But winning that right to multicast carriage would be a victory for broadcasters because it would ensure that the 70% of U.S. homes that rely on cable for TV would have access to nearly all their new DTV programming, a key motivation for stations to develop digital channels necessary to whet consumer interest and spur the transition.

Rejection of a dual analog/digital must-carry rule would remove a potential burden from the backs of cable operators, said industry attorney Art Harding. Still, he said multicast carriage demands would strain cable systems' capacity and limit the room for introduction of new pay-TV channels.

Ferree's plan bogged down last summer because it could not win the necessary three votes for approval, in part because there was an empty seat on the five-member panel. Now that Commissioner Jonathan Adelstein has filled that vacancy, chances for a three-vote majority are thought to have improved. Last summer, Republican Commissioner Kevin Martin was said to have opposed a plan proposed by Chairman Michael Powell and Republican Commis-

sioner Kathleen Abernathy to tentatively conclude that multiple-carriage rights was the way to go but seek comment on the constitutionality of that approach. Instead, Martin wanted to declare broadcasters' rights immediately.

One source predicted that Adelstein and perhaps fellow Democrat Michael Copps will sign on now rather than allow lingering uncertainty over digital carriage rights. "There's a possibility of a three-two or even four-one vote to move on this," said Precursor Group analyst Rudy Baca.

Other cable issues are also moving to the top of the commission's agenda now that the FCC has completed its review of broadcast ownership rules. Powell is reviewing a Media Bureau plan to replace the 30% limit on one company's share of U.S. multichannel subs. Unless he asks the bureau to rewrite the plan, it will soon be

Cable Regs Back in the Spotlight

RULE	STATUS
DTV carriage	Vote due shortly
Ownership cap	Awaiting Powell's OK, then to commissioners
Cable broadband	Goes for vote when similar proposal for telephone completed
Plug-and-play DTV sets	Plan expected by fall



Chairman Powell is reviewing a Media Bureau plan to replace 30% limit on one company's share of U.S. multichannel subs.

circulated to the other commissioners for a vote.

Sources have received little indication of what new level the bureau is recommending, although a rumor last December pegged the new number at 45%. The old ownership cap was thrown out by federal appeals judges in 2001.

A decision on whether cable and telephone broadband service should be subject to rules preventing content discrimination will be submitted to commissioners "fairly soon," Ferree said.

First, a Media Bureau plan on cable broadband that is already completed must be compared with a Wireline Bureau plan for telephone broadband still in the works to ensure intellectual consistency. "That doesn't mean the two pipes will be regulated identically," Ferree cautioned.

Another outstanding proceeding, whether to approve a cable industry/manufacture agreement on plug-and-play set standards will not likely see light of day until fall, despite demands from both sides to get standards established in time for the 2004 selling season. ■



CAPITAL WATCH

Broadband Power

Broadcasters are asking the FCC to prevent electric companies from offering broadband over power lines on frequencies used for TV. Tests in the U.S. and other countries have demonstrated that leakage from power lines will cause significant interference to VHF channels 2-5, particularly to digital-TV transmission, warned the NAB and the Association for Maximum Service Television. "The low VHF TV band is already heavily polluted with man-made impulse-type background interference, attributed in part to leaky power lines," NAB and MSTV wrote in comments at the FCC last week. "Power-line broadband service is likely to further increase" the noise floor and "may result in significant analog picture disruption and total degradation of DTV signals."

Victory Winging

Nancy Victory, director of the National Telecommunications and Information Administration, will step down Aug. 15 after nearly two years in the post. Victory said she is leaving for personal reasons and has no immediate plans. Her exit comes as the Bush Administration moves forward with plans to merge NTIA with the Commerce Department's Technology Administration and the e-commerce duties of the International Trade Administration. Victory's accomplishments include improving coordination of spectrum allocation with the FCC.

Powell Aide Exiting

After fulfilling her promise to stick around until the FCC wrapped up its revamp of broadcast-ownership rules, Susan Eid plans to step down as media legal adviser to agency Chairman Michael Powell at the end of July. She will be replaced on an acting basis by Paul Gallant, head of the Media Bureau's ownership task force. Eid said helping shepherd the review was a "great" but exhausting experience. She has no job lined up and plans to take the summer off, with a possible vacation in Greece. Working for Powell, she said, has been the highlight of her career. Eid joined Powell's office in July 2000 after serving as cable company MediaOne's Washington lobbyist.

Iran Interruption

The Voice of America's new satellite-delivered TV news program to Iran, *News & Views* (Capital Watch, July 14), has run into a Cuban blockade of sorts. According to the Board for International Broadcasting, which oversees the service, transmissions are being jammed from somewhere near Havana. BIB is urging the FCC and State Department to lodge formal protests against "the unwarranted and wrongful interference." The jamming began July 6, the day the broadcasts began in an expanding government effort to capitalize on pro-democracy protests in Iran.

CTPAA Returns to D.C.

The Cable Television Public Affairs Association's annual conference will be held in Washington for a fourth year in a row. Forum 2004 is scheduled for March 21-24 at the Fairmont Washington hotel.

'FAIR' WARNING



Rep. Lamar Smith (R-Texas), chairman of the House subcommittee on Courts, the Internet and Intellectual Property, gave the FCC a gentle reminder last week of the committee's oversight of copyright issues and its interest in protecting fair use. Referring to the FCC's proposed rulemaking on the broadcast-flag technology to protect digital broadcasts from illegal copying, Smith said, "It is important that the transition to DTV and any implementation of rules requiring the use of the broadcast flag does not have an adverse affect on how consumers may legitimately use lawfully acquired entertainment products." Noting that there were some FCC staffers in the room—a Media Institute lunch—he added, "I appreciate their recognition of our jurisdiction in future actions."

Who thought the
VOD revolution would start here.



SCRIPPS
NETWORKS
ON DEMAND

HGTV
ON DEMAND

food
network
ON DEMAND

diy
ON DEMAND

FINE
LIVING
ON DEMAND

Abundant VOD

15,000 hours of the most popular home, food and lifestyle programming grouped by topic, coordinated with web content and supported with resource information. Some things were just designed to grow. Now, your VOD business can be one of them.

BUSINESS

Loral Files for Chapter 11

BY KEN KERSCHBAUMER

Loral Space & Communications filed for Chapter 11 bankruptcy protection last week and also agreed to sell its six North American satellites to Intelsat for \$1.1 billion, a move that ensures that Loral customers won't have to worry about the future of their contracts and gives Intelsat a domestic U.S. presence.

"We have a fleet of 26 satellites and carry a significant amount of

traffic into and out of the U.S., but we don't have the right coverage with our existing satellites to provide up and down coverage in the U.S.," says Intelsat Executive Vice President and CFO Joe Corbett. "This acquisition gives us the very coverage we've been missing."

The Chapter 11 filing opened the door so that Loral could sell both the satellites and related contracts to Intelsat.

Corbett says existing Loral customers can rest assured their communications will be carried.

The satellites include Telstar 4, 5, 6 and 7, which provide North American coverage from the 89, 97, 93, and 129 degrees west orbital locations, and two still-to-be-launched satellites, Telstar 8 and 13. The deal is expected to close in first quarter 2004, and Loral will use most of the proceeds to repay all \$959 million of its outstanding secured bank debt.

The company will reorganize around its remaining fleet of five satellites and its satellite-manufacturing operations. ■

Slow Economy's Effects Show Up in 2Q Earnings

BY STEVE MCCLELLAN

The second quarter was a mixed bag for some major broadcasters, as the economy continued to be sluggish and provided tough comparisons with the same period in 2002, when political advertising was flowing steadily.

In terms of growth, local sales fared better than national spot. So far, TV groups reporting revenue declines for the quarter are outpacing those reporting gains. The profit picture is just as mixed.

GANNETT reported last week that second-quarter revenues were up 1% to \$192.7 million with a 1% gain in operating cash flow to \$102.2 million. The company pointed out that this was achieved at a time when ad demand was suppressed by the war in Iraq.

Soft auto advertising was a factor, Gannett CEO Doug McCorkindale told analysts last week. TV auto advertising was down in the quarter, he said.

At **SCRIPPS**, which also reported last week, the cable networks division continues to grow by leaps and bounds. But the broadcast TV stations did okay, posting a 4.2% revenue gain, with local advertising up 7% to \$48 million and national spot advertising down just over 1% to \$26 million.

Profits at the broadcast unit were down 1% to \$24.5 million, which the company attributed to increased syndicated programming prices and higher employee-pension costs.

The Scripps cable networks posted a 28% gain in revenue to \$142 million on a 70% profit gain to \$56 million.

Scripps said it expects third-quarter broadcast advertising revenue to be essentially flat but up 5%-7% if 2002 political advertising is excluded. Ad revenue at the cable networks is expected

to be up another 25%-30% in the third quarter, and affiliate fees should climb another 10%, the company said.

MEDIA GENERAL reported a 4.6% drop in TV revenues for the second quarter, to \$74 million, largely the result of a \$4 million decline in political revenues. Local ad sales were up almost 6%, however, while national spot was down 1.5%. Operating profits for the division were down 11%, due in part to higher payroll and benefits costs. Company Chairman J. Stewart Bryan III indicated last week that Media General's TV unit "continues to experience hesitation on the part of national television advertisers because of the weak economy and flat consumer spending."

GE reported on July 11 that NBC's revenues dipped 2% in the second quarter to \$1.95 billion and for the first half tumbled 14% to \$3.4 billion. Part of that fall is due to the absence of the Olympics money it had in early 2002. Operating profits are up, however: 26% in the second quarter to \$638 million and 20% for the first half to just over \$1 billion.

HEARST-ARGYLE TELEVISION doesn't report second-quarter earnings in detail until July 30, but earlier it estimated that second-quarter revenues would be down about 2% to roughly \$179 million, mainly because of comparisons with 2002, when political advertising helped. ■



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TECHNOLOGY

Starz Encore
Gears Up
For High-Def

BY KEN KERSCHBAUMER

With Starz Encore slated to begin offering HD services later this year, the cable network's technical crew is moving quickly to get the gear in place to offer three HD feeds and a high-resolution service, Starz High Res.

Exactly how many hours of HD programming will be delivered depends largely on the studios that supply content. "We'll get as many HD masters as we can," says John Beyler, Starz Encore Group senior vice president, technology operations.

EQUIPMENT ORDERED

The network has ordered a lot of the equipment, he says. It includes Panasonic D-5 videotape recorders for ingesting the masters, about 150 hours of additional Pinnacle MediaStream server storage for on-air playback, Motorola HD encoders to get the signal out to cable MSOs, and a Teranex downconverter to prepare the Starz High Res service.

Beyler has been involved with HD be-

fore. He helped HBO make the move when he was director of engineering there, and he also had experience with HD while working for CBS. But technological advances will make this transition simpler.

AN EASIER TRANSITION

"A move like this is easier now because the equipment is a known commodity, and we won't be necessarily inventing everything as we go along," he says. "Also pricing of equipment has fallen, and it's also matured. So I'm really hopeful this will be easier than it was seven years ago."

Starz will have three HD feeds: the East Coast feed, the West Coast feed and a new channel called Sharper Movies HD. The high-resolution service will be a 480i downconvert of 1080i signals, which the network believes will be an attractive option for cable systems that find themselves short of bandwidth.

"We'll wind up with good images on High Res," says Beyler, "because we're

starting with HD quality."

Once the HD masters come in, he explains, they'll be transferred from the D5 decks to a Sony PetaSite storage system. The movies will stay on that system until they are sent over Fibre Channel to the Pinnacle MediaStream 700 server. About 150 hours of storage will be available on that server, he says, enough content for two days of HD telecasts.

PLANNED AHEAD

One bit of long-range planning has already come in to play. When Starz moved into a new facility about a year ago, the patch bays and routing gear were HD-ready or upgradable. "HD is something that engineers enjoy working on," Beyler points out. "I don't anticipate any problems, but I'm sure we'll find some along the way. But we have a good team in place to deal with those."

Serious work on the HD facility will begin in a month. Plans call for the services to be available by year's end. ■

Starz Encore will include movies like *Black Hawk Down* in its high-definition service.Cutting
Edge

HD Radio Hits L.A.

The first noncommercial HD radio stations in California, all classical-music stations from the University of Southern California, will use Broadcast Electronics FXi digital excitors and an FMi solid-state transmitter for both analog and digital FM signals. Pablo Garcia, director of engineering for KUSC(FM) Los Angeles, which operates the four-station network, says the university realized that it could go digital for almost the same amount of money it was going to spend to replace existing transmitters with a new solid-state transmitter. KPSC(FM) Palm Springs will hit the air with digital in August, followed by KCPB(FM) Thousand Oaks in September, KFAC(FM) Santa Barbara in October and KUSC later this year. The FXi excitor allows the station's HD and analog signals to share the same transmitter, antenna system and exciter. Each station will get a BE FSi 10 signal generator to originate the HD Radio signal, which will input directly into the BE FXi 60 or FXi 250 digital exciter for common amplification of the analog and digital signals into the new BE transmitter.

KUSC(FM)



KUSC's Pablo Garcia shows off the FMi HG radio transmitter at the Broadcast Electronics plant.

Charter To Offer PVR/DVD Functions

Motorola/Digeo boxes intended to trump satellite capability

BY KEN KERSCHBAUMER

Charter Communications will begin rolling out 100,000 Motorola Broadband Media Centers in the fourth quarter, bringing HD, PVR and DVD functionality to its digital subscribers. The first market to receive the boxes will be Rochester, Minn.

The boxes, which came out of a joint development between Digeo and Motorola, have an 80GB hard drive for the dual-tuner PVR, a feature that should level the playing ground with digital satellite boxes, which typically offer PVR functionality.

Mark Depitro, Motorola Broadband vice president of marketing and systems engineering, expects cable operators to begin deploying boxes with greater functionality.

According to Digeo COO Bert Kolde, the services provided include the ability to store music, photos and other things on the set-top's hard drive. "While PVR has been an effective subscriber acquisition for satellite, we think the media center is a

more robust platform because you can do HD, play DVDs and have applications like digital music, photos home networking," he says. "There are a lot more services that the cable operator can bundle to trump DBS."

Digeo and Motorola began working on the Broadcast Media Center in early 2002. Charter has ordered two models: the BMC9012, for single-TV support, and the BMC9022D, which can support two TVs simultaneously. Charter's order breaks down to 80,000 BMC9012 boxes, which cost less than \$500 each, and 20,000 BMC9022s, which cost about \$700 (including a second, lesser set-top for the second TV).



The BMC9012, priced at less than \$500, provides single-TV support.

The BCM9022 connects to the second set-top box through the legacy cable wiring in the house, according to Kolde.

Adi Kishore, Yankee Group media and entertainment strategies analyst, believes that, long term, the multi-TV PVR will be the model for cable operators. "It could cost twice as much as a single-TV solution and still be more economical for an MSO," he says, adding that the thin client on the secondary set would eventually cost around \$50. ■

Harris ReCon Finds Believers

WDWB-TV Detroit and KOCV-TV Odessa, Texas, are the latest stations to purchase the Harris ReCon remote control and facility-management tool. The stations will install the Harris Broadcast Communications product at their transmitter sites to monitor and control analog and digital transmitters as well as site equipment. WDWB-TV is owned by Granite; KOCV-TV is a PBS station. ReCon is Web-enabled, monitors simple network-management protocol and can be operated remotely via any Windows-based computer. KOCV-TV also added a Harris DiamondCD DHP60P2 digital television transmitter and Harris MONITOR-plus RF transmission monitor system.

Golf Channel Taps Grass Valley

The Golf Channel will be the first facility to install the Grass Valley Apex audio routing switcher as part of its facility rebuild. It also will install a Thomson Trinix digital video router. Erv Vanags, director of engineering and operations for The Golf Channel, says the routers will give the sports net the capacity to handle signals coming in from golf tournaments around the country. The Apex will be 512x512; the Trinix digital routing matrix will initially be 256x256. Both will be used alongside an existing Thomson Venus 256x256 router for handling digital and analog video and analog audio, giving the company 512x512 I/O capacity to distribute multiple SDI, AES and analog audio sig-

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A Second Life for Soap Operas

SoapCity.com offers past and present episodes for downloading



Days of Our Lives is the latest daytime drama to be available on SoapCity.com.

BY P. LLANOR ALLEYNE

As daytime drama *Days of Our Lives* prepares to reunite current and past characters in a bicentennial celebration of its fictitious town, Salem, the soap has been added to SoapCity.com's download service, allowing viewers to reunite via the Internet with episodes they may have missed.

"There are 260 episodes a year for each of these soap operas," says Mary Collier, senior vice president and general manager of SoapCity. "Once it airs, it's never on again. For soap fans, we have it available for 28 days, giving them the opportunity to download and watch it as many times as they want within the 28-day period."

On the Soapcity.com Web site, soap fans can check up on the latest hookups and breakups of their favorite daytime players. *Days* joins *The Young and the Restless* and *As the World Turns* to the service that SoapCity launched in February. SoapCity Download is available for \$9.99 a month or \$1.99 per episode. Users need a broadband connection to download the content

and the RealOne player to play it back.

"For a soap fan, it's a pretty novel experience to go back and watch yesterday's episode," says Collier, adding that SoapCity hopes to add defunct soaps, such as *Santa Barbara* and *Another World*, along with popular story arcs voted on by the site's users, to lengthen the service's roster.

SoapCity Download makes episodes available to subscribers by 4 p.m. PT the same day they air. A Digital Betacam copy of the program without commercials is encoded at 450 Mb/s by Sony's Digital Authoring Center and then stored on SoapCity's servers, which are located at Qwest's Burbank, Calif., datacenter. From there, the content is delivered to subscribers. The download takes about 10 minutes, depending on connection speed.

Because SoapCity's lineup is not determined by network affiliations, Collier does not rule out the addition of other current dramas to the service. The Web site is owned by Sony and pays licensing fees to the Sony Pictures Television division for *Days of Our Lives* and *As the World Turns*. License fees for *The Young and the Restless* are paid to Procter & Gamble. ■

Autonomy Set To Acquire Virage

BY KEN KERSCHBAUMER

Virage Inc., with video-cataloging software used by media companies like ABC News, CSPAN and CBS, is expected to be acquired by Autonomy Corp. plc in September for a net cash price of \$13.3 million.

Virage will operate as a subsidiary. According to Dr. Michael Lynch, Autonomy managing director and CEO, there will be some staffing cuts at Virage, as back-office functions and sales forces are integrated.

The acquisition is driven, he says, by Virage's strong brand and customer base, providing upscale opportunities for Autonomy. "Entertainment is one vertical market segment where we will leverage Virage's success."

Virage's customers will benefit from Autonomy's core technology offering, says Autonomy Director of Corporate Communications Ian Black. The latter company was founded in 1996 when Lynch used a proprietary pattern-matching technolo-

gy created at Cambridge University to develop software used to automate the processing of unstructured, semi-structured and structured information across digital networks. One application is automated encoding and cataloging of video and au-

'Entertainment is one vertical market segment where we will leverage Virage's success.'

IAN BLACK, Autonomy

dio material with the use of face, voice and text recognition.

"We think our technology will fundamentally assist their technology development," says Black. "We can automate operations of the principal layer, and that offers a number of key things you couldn't achieve manually."

For example, Virage's most recent product is the VideoLogger 6.0, a system that

allows multiple logging personnel working off a single computer system to index and add metadata to incoming video feeds. Autonomy's core algorithm, the Intelligent Data Operating Layer (IDOL), and its Dynamic Reasoning Engine (DRE) could be incorporated into the VideoLogger. For the customer, it would mean a more automated logging process; for Virage, it will mean cost savings related to product development.

"Virage buys some of the technologies it has in its products so what we would do is replace those bought pieces with IDOL," Black explains. "Virage does good things with their products, but they're much more manual based."

Black says integration into existing systems deployed in the field won't be difficult. "We're not talking about a long and complicated integration process because there isn't a lot of handcoding. The heart of IDOL is automatically identifying shot changes and speaker changes and turning audio into a transcript. So the deployment and integration is faster as well." ■

Briefs

Not Surprising...

Movielink reports that the movie downloaded most often through its service for the week of July 7-13 was *Star Trek Nemesis*, which is probably not unlikely given the highly probable overlap between those who would be interested in downloading a movie onto a computer and those who are *Star Trek* fans. The other top five movies for the week were *Adaptation*, *Analyze That*, *A Guy Thing* and *The Pianist*.

DIG Digs DIG Motion

ESPN.com's successful launch of ESPN Motion, which brings motion video to the Web site without the need for heavy streaming tools, has led to its launch on fellow Disney Internet Group sites Movies.com and ABC.com. DIG Motion technology launches short full-motion video clips by preloading the video onto the user's computer, removing the problems associated with buffering. And because the video is embedded directly in Web pages, a secondary video window or media-player window is not required. DIG plans to use it to bring new advertising opportunities to the sites as well as content clips.

TiVo PVR



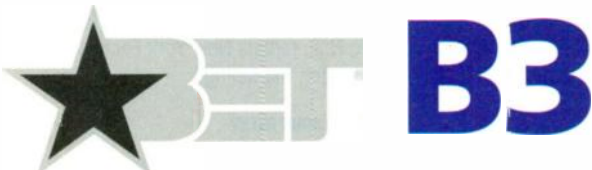
TiVo's Got Mail

America Online members can now program their TiVo personal video recorders through their AOL service. The free service requires members to go to the AOL's TV listings and then click on a show they would like to record. They click a button called "Record to my TiVo DVR," and the command is sent to the TiVo unit (as long as it's a Series 2 TiVo). AOL subscribers can also manage their TiVo recording preferences. America Online says the service will also be available via cell phones, pagers and PDAs soon.

GoldPocket Goes Banzai

Fox's *Banzai* is using the Internet and text messaging to allow viewers to play along at home with the help of GoldPocket Interactive. According to GoldPocket, the technology combines Internet functionality with the ease of use that cross-carrier SMS short-code text messaging provides. Internet participants can also chat with friends and see results of *Banzai* polls. And wireless subscribers to all major SMS-enabled carriers can use text messaging to weigh in on the show's stunts.

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PEOPLE

THE FIFTH ESTATER

Ex-Brakeman Jasper's Big Break at Dolby

He helped transform the small player into a dominant force

Although the technical victories at Dolby Labs hinge on the creativity and vision of founder and Chairman Ray Dolby, many of the business victories won by President and CEO Bill Jasper have allowed the company to grow from about \$5 million in revenues in 1979 to more than \$200 million in revenues today.

Jasper decided to apply for the CFO position at Dolby in 1979 after seeing a want ad in the *Wall Street Journal*. He was working in San Francisco at the time, only two doors down the block from Dolby headquarters. With the issue of a longer commute a non-factor and the opportunity to join a company primed to explode, the decision was not difficult.

At first glance, it would seem that a passion for audio engineering would be a necessary ingredient in Jasper's rise. Instead, it has been his steady hand on the business side that has been most valuable. And while Jasper didn't share Dolby's passion for engineering, he did share his passion for the clarinet, common ground that Jasper believes help land him the job.

"I definitely think that was one of the things that attracted him to me," says Jasper.

Having joined as CFO, Jasper became president in 1983, replacing Dolby, who wanted to dedicate more time to the development of the Dolby SR noise-reduction system and less on the business details.

The company's noise-reduction technologies were a de facto standard on nearly every audiocassette sold, but Type C, introduced in 1981, was ready for the next step. Dolby needed someone to take over his corporate duties while he focused his energies. Jasper was the person for the job.

"My responsibility was to keep things on an even keel and take us forward," says Jasper. "When I first took over, we didn't really have a budgeting process, and I bought the company's first computer. I just made sure we had the processes and people in place to continue to grow."

Growing up in the San Francisco Bay Area, Jasper received a BS in industrial engineering

from Stanford University and an MBA in finance from the University of California, Berkeley.

The key to both degrees was his work for the Southern Pacific railroad. He spent his college summers working as a brakeman, traveling across the Southwest, primarily in New Mexico and Arizona.

"It was a great summer job to finance my Stanford education," according to Jasper. "I don't know how many miles I traveled, but it was sure good pay."

The railroad offered to pay for his MBA as part of its management-development program. "I was basically paid a salary and expenses for two years to go to grad school."

He went to work for Southern Pacific at its bureau of transportation research and the treasury department. After a few years, though, he realized the railroad wasn't where he wanted to spend his lifelong days, and he detoured into public accounting before settling in at Dolby.

"I knew the name and had heard of Dolby noise reduction, but the company hadn't really taken off yet," he says of his early days at the company.

"We weren't yet in the movie industry in a huge way, although *Star Wars* had come out 18 months before and we were starting to get some recognition."

Jasper doesn't classify himself as an audiophile, but he still plays the clarinet in two local bands: Contra Costa Wind Symphony and the Bohemian Club band.

"Both play pretty much light classical, show tunes, marches and traditional concert-band-type music," he says. "I can't say that the interest helps in the day-to-day job, but it has been an asset with Dolby."

That seems to go for nearly every Dolby employee. "It's surprising the number of people in Dolby who have some sort of musical or entertainment background," Jasper says. "Out of the 600 people, the vast majority of them have done something in music, whether it's being a drummer, guitarist or singer. It sure helps."—Ken Kerschbaumer

Bill Jasper

Presidency and CEO,
Dolby Laboratories



EDUCATION

BS, industrial engineering,
Stanford University, 1969;
MBA, University of California,
Berkeley, 1971

EMPLOYMENT

Financial analyst, Southern
Pacific, 1971-73; CPA, Touche
Ross, 1973-79; vice
president, finance and admin-
istration, Dolby, 1979-81; ex-
ecutive vice president, 1981-
83; current position since
1983

PERSONAL

Divorced; children: Breck
(22), Brodie (24), Carlyn (26)



FATES & FORTUNES

Broadcast TV

At WNBC(TV) New York: **GIOVANNI BAQUERIZO**, director, advertising and sponsorship sales, ESPN, New York, and **JENNIFER NEWMAN**, account manager, NBC National Sales, Boston, named manager, marketing and business development.

Cable TV

CHARLES HAUGABROOK, president/managing partner, Rainmaker Partners International, Orlando, Fla., joins Time Warner Cable, Stamford, Conn., as VP, sales channel development.

JOIAVA PHILPOTT, assistant general counsel, KMC Telecom Inc., Atlanta, appointed corporate VP, government affair and franchise relations, Charter Communications, St. Louis.

JIM BROWN, manager, broadband development, MTV Networks, New York, joins Insight Communications, New York, as manager, programming and new media.

Programming

JOHN FORD, president, news media, Discovery Networks, Silver Spring, Md., named executive VP, programming, National Geographic Channel, Washington.

CHUCK SAFTLER, senior VP, programming and acquisitions, FX, Los Angeles, adds GM, Fox Movie Channel, to his duties.

At TNT and TBS Superstation, Atlanta: **KEN SCHWAB**, senior VP, programming, acquisitions and new media, TNT, named senior VP, programming, TBS and TNT;

JENNIFER DORIAN, VP, brand marketing, TNT, named senior VP, branding and business development, TBS and TNT; **LAURA DAMES**, VP, marketing operations, TNT, promoted to senior VP, marketing operations, TBS and TNT

KIMBERLY WILLIAMS, senior VP/CFO, NBC West Coast, Los Angeles, joins NFL Network, New York, as senior VP, finance.

At Universal Television, Los Angeles: **LAURA LANCASTER**, director, drama programming, and **ELISA ROTH**, director, creative affairs, David E. Kelley Productions, Los Angeles, appointed VP, drama programming.

At Starz Encore, Englewood, Colo.: **TOM RAMSEY**, director, point of sale, named division VP, EchoStar account team; **JOHN REIN**, director, affiliate marketing, Comcast/AT&T Broadband account team, named director, affiliate marketing, EchoStar account.

ROBERT LIFTON, coordination producer, *SportsCenter*, ESPN, Los Angeles, named executive producer, *Best Damn Sports Show Period*, Fox Sports Net, Los Angeles.



CHUCK SAFTLER
Fox Movie Channel



KEN SCHWAB
TNT, TBS

TOM GRAMS, VP, U.S. programming, TechTV, San Francisco, has left the company to form Grams & Associates, San Francisco.

BOB BASKERVILLE, senior VP, production, Scripps Productions, Knoxville, Tenn., named head, Scripps Network's DIY—Do It Yourself Network.

Journalism

DAVID MUIR, anchor/general assignment reporter, WCVB-TV Boston, named anchor, *World News Now* and *World News This Morning*, ABC News, New York.

At MSNBC, Secaucus, N.J.: **ALISON STEWART**, anchor, *World News Now*, ABC News, New York, joins as political commentator; **SUMI DAS**, host/producer, TechTV, San Francisco, joins as correspondent.

Advertising/Marketing/PR

COLLEEN QUINN, senior VP, corporate relations, Insight Communications, New York, named executive VP, New York office, National Strategies Inc.

ANNE WHITE, marketing manager, Cognizant Technology Solutions, Teaneck, N.J., rejoins New York Festivals, as director, marketing.

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UK Over-the-Air Digital Service Blossoms

Continued from page 1

up to 30 digital TV channels and 15 digital radio channels. Some of the set-tops also have interactive capability.

"It's fair to say that the whole market has been surprised at the take-up," says Freeview General

Manager Matt Seaman. "Sales are still running at 100,000 a month, which is unheard of."

A TROJAN HORSE

Consumers aren't the only ones noticing. Nearly 30 manufacturers are building Freeview-en-

abled devices, from simple set-tops to DVD players and TVs with integrated tuners. Sony, Pace, Panasonic, Philips and Samsung are just a few producing the boxes. It's the lack of conditional access and hardware for broadband or phone support that helps keep

the costs so low (and dropping).

"I think integrated devices like PVRs and DVD players are the exciting trend of the future," says Seaman, describing integrated Freeview set-tops as a Trojan-horse approach to getting the service into homes. "People

don't like a lot of boxes hooked up to their TVs."

Given the companies involved with Freeview, it's no surprise that traction was gained so quickly. Even though it's essentially a competitor, News Corp's BSkyB is providing some of its channels; the BBC is handling the technical details of putting the channels together in a multiplex; and Crown Castle, a major European transmitter manufacturer, is working on the transmitter installations that currently deliver the service to more than 80% of the UK.

Freeview is being purchased by those who typically don't embrace new technologies. Nine out of 10 never had digital reception system before; 40% are older than 55; 41% are women. Seaman believes that the total number of Freeview owners could approach 3 million by the

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'It sounds like the kind of digital television service that even the most technologically reticent couldn't turn down.'

PETER MONNERY,
BBC Technology

end of the year, putting it near cable's current subscriber levels and at about half of BSkyB's 6.8 million subs. There are 24 million households in the UK.

WIDELY AVAILABLE

"It sounds like the kind of digital television service that even the most technologically reticent couldn't turn down," says Peter Monnery, BBC Technology broadcast engineering manager, who headed the integration of the facility.

Freeview is currently available to about 80% of the population. The tricky part, according to Seaman, is reaching the final 20%, many of whom live in small villages and rural communities that receive analog signals via repeaters. The debate is over who should pick up the tab for the transmitters: the government or Freeview.

For now, though, the focus is on the positive—and the rest of Europe is noticing. Seaman has said that broadcasters in European nations facing a similar DTV-transition challenge have been in contact with him. He hasn't heard from any U.S. broadcasters.

That's probably for a very good

reason. Multichannel-service penetration in the UK is only around 50%. So a free digital terrestrial service has a much larger potential user base. And, although U.S. broadcasters have dabbled with multicasting, the chances of seeing local CBS stations offering a multiplex including Viacom cable networks is zero given cable's large penetration. Nonetheless, Freeview is making the case that digital television can gain traction quickly when the price and programming are right.

VALUE EQUATION

To Seaman, the interest proves that most of the consumers who never talked about digital TV could be keen on it if the proper proposition was found. "All the attention has been about pay-TV sports and movies, but there's a large silent majority who want more choice but don't want to pay for it," he says. "They're often overlooked because they're not as vociferous."

The Freeview value equation

'There's a large silent majority who want more choice but don't want to pay for it. They're often overlooked.'

MATT SEAMAN,
Freeview

is fundamentally different from BSKyB and cable, which still rely heavily on sports and movie content that is unavailable over Freeview. In fact, the BSKyB sports news network on Freeview spends much of its time covering sports available on BSKyB's pay satellite service. Because of those differences, Seaman says, the churn from cable to Freeview has been very low.

The channels available on Freeview are generally unfamiliar to American viewers. They include specialty channels Full On Entertainment, Sky Travel and UK Brightideas; kids channel CBeebies; shopping channels QVC, Travel Shop and Bid-up.tv; music channels The Music Factory and The Hits; and a half dozen special-interest channels. There's also BBC1 and 2, ITV1, Channel 4 and Channel 5.

FIRST, A FAILURE

Freeview's success hasn't been easily earned. The service was born out of a previous digital failure: OnDigital, the UK's first digital terrestrial venture, which launched in 2000 and folded in 2002 (reasons include competition from BSKyB, technical issues and even outstanding pay-

ments for soccer rights). The British government then awarded the DTT licenses to Freeview in the middle of 2002, and the service launched three months later. OnDigital's failure also gave Freeview an initial base because the set-top boxes that consumers purchased for OnDigital were compatible with Freeview.

To receive the COFDM signals, Freeview recommends an exter-

nal aerial antenna although indoor antennas are fine in areas like London. One of the big technical changes from OnDigital's effort was the move from 64QAM to 16QAM—basically making the signal stronger. That has made concern over digital-signal strength a thing of the past, says BBC Technology's Monnery.

Within the Freeview facility, three large plasma flat-panel dis-

plays are used to monitor the signal chain. The first one checks on the signal quality coming in from the programmers; the second checks on the signal quality going out to the Crown Castle transmission facility from the Philips encoders; the third displays an off-air signal. Any problems in the chain are dealt with using BBC Technology's Colledia signal-management system.

Monnery says the signals are sent to Crown Castle's transmission facility and then, via British Telecom fiber, sent to the transmitters around the country.

And the country seems to want it. "Freeview," says Monnery, "is a perfect example of how digital TV can find impressive adoption rates when the value proposition is too attractive to ignore." ■

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Belt-Tightening Helps Paxson Cash Flow

Continued from page 1

ternoons of infomercials, sold its *Touched by an Angel* contract to the Hallmark Channel, and backed off on original programming.

Averaging less than a 1 Nielsen rating in prime time, Pax TV does not exactly inspire water-cooler conversation. Even NBC, which owns a third of the network, seems to have lost interest in it.

Changes at the new, trimmed Pax TV came quickly, catching even much of Paxson's staff by surprise. In fact, last year at this time, Pax TV was promoting three new shows—*Body and Soul*, *Just Cause* and *Sue Thomas: F.B. Eye*—and one midseason series, *Young Blades*. People took the shows for granted, crowded out as they were by the broadcast networks' season premieres. But compared with this year, when the channel has no new shows coming this fall, last year seems like a programming bonanza.

"To a certain degree, we are handling Pax TV more like a cable network than a broadcast network," says Dean Goodman, president of Pax TV and president and chief operating officer of Paxson Communications Corp. "We're going to be non-symmetrical as far as our show introductions are concerned. For us to introduce our shows in direct competition with the fall broadcast season isn't the most effective way for us."

FOCUS ON SUNDAY

According to Goodman, Pax TV plans to build the network one night at a time, focusing this fall on Sunday, where *Miracle Pets* starts at 6 p.m. ET and *It's a Miracle* closes out the night at 10 p.m. *Sue Thomas* remains on the schedule on Sundays at 9 p.m., following *Doc*, starring country star Billy Ray Cyrus, at 8 p.m. Saturday nights also are original, Goodman says, with low-cost made-for-TV movies.

Still, though focused on building, Pax TV executives aren't talking specifically about any new series. Pax TV has one program in development for 2004, Goodman says, from the creators of *Doc* and *Sue Thomas*, the network's two most popular shows.

Popular? Those two score a 1.2 and a 1.1 in households, respectively, with *Doc* up 20% over the time period compared with last year and *Sue Thomas* up 38%. But those percentage gains represent jumps of 1.0 to 1.2 and 0.8 to 1.1, ratings not even considered high in daytime syndication. Cable networks routinely

rate in that arena, which may be why Paxson is starting to consider itself more a cable network than the seventh broadcast network it was envisioned. Already, some 28 million households receive Pax TV via cable and satellite in markets where Paxson owns no TV station. Often Paxson pays for that carriage.

Paxson founder Lowell "Bud" Paxson has endured his share of disappointments since he started the network on Aug. 31, 1998. He intended to create a network to increase the value of his low-



Bud Paxson's Pax TV averages less than a 1 Nielsen rating in prime time. Even NBC, which owns a third of the network, seems to have lost interest in it.

power TV stations, acquired at a bargain and boosted by the Supreme Court's 1997 decision to retain rules requiring cable operators to carry every TV station in a market. Paxson thought he had finally found a buyer in 1999 when NBC bought 32% of the company for \$415 million at 8% interest.

But that deal went south when the two companies couldn't agree on how to share programming, and NBC went looking elsewhere for partners. NBC bought Telemundo in 2001 for nearly \$2 billion, making it unlikely that NBC would ever purchase Paxson outright because

owning the new Telemundo stations created too many complications under FCC rules. Even with the June 2 rule changes, Paxson still is an unlikely fit for NBC, say sources close to NBC.

\$115M IN RESERVES

Last December, NBC acquired Bravo for \$1.25 billion, and its eye has recently gone wandering even further afield, most recently scanning Vivendi Universal.

While NBC does have the right to veto a potential Paxson acquisition, it would welcome a

good deal.

"We've told Paxson we are not standing in his way," said NBC Chairman Bob Wright in an interview with BROADCASTING & CABLE last November. "If he wants to bring us a credible buyer or an investor who really wants to take us out and has a good idea and doesn't want to do it with us, I'll listen to him."

Meanwhile, Paxson Communications can sell its stations off piece by piece, with NBC having veto rights in the top 20 markets and right of first refusal in the top 50 markets. To increase the company's liquidity, Paxson has done just that, selling five sta-

tions over the past year to put nearly \$90 million in the bank. With cash reserves at around \$115 million, the rest has come from programming savings and staff cuts.

After making those cuts, Paxson dramatically improved its free cash flow, increasing it to \$2.4 million in first quarter 2003, up from negative \$32.7 million in first quarter 2002. And Paxson's earnings before interest, taxes, depreciation and amortization also improved year-to-year by 137.4%, up to \$17.9 million in first quarter 2003, higher than all of 2002's EBITDA combined. All the cash-flow improvement came as a result of programming changes and cuts, not due to station sales, says Seth Grossman, Paxson executive vice president and chief strategic officer.

SITTING ON \$1 BILLION?

"Our game plan has always been to improve the overall health of our operations," he says. "Once we turn around operations then, we can invest more money in original programming, and we're well on our way to getting there."

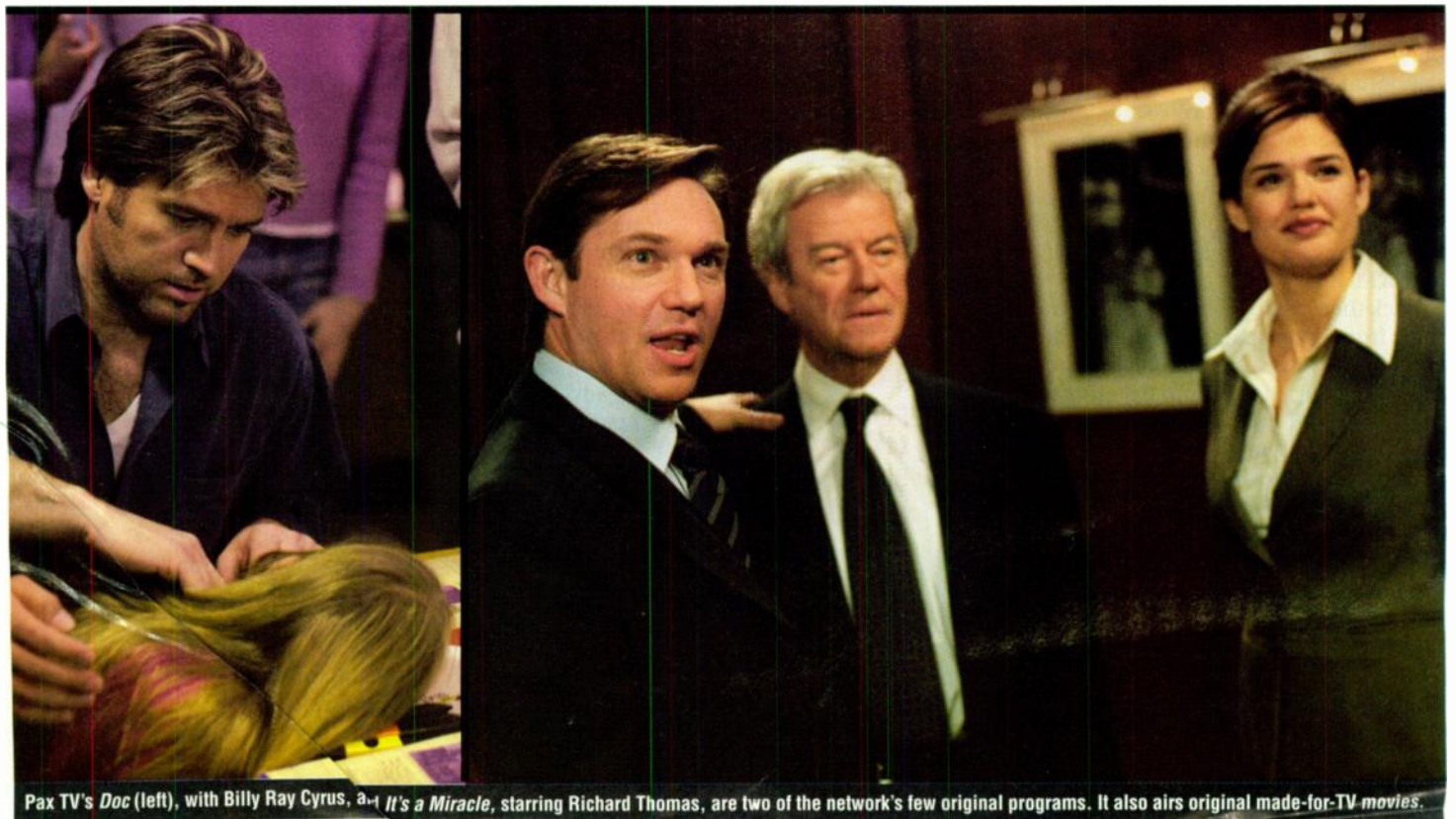
Says Andrew Van Houten, managing director and senior media analyst at Deutsche Bank, "If Paxson was actually owned by a huge company, the next step would have been to continue to invest in programming. But Paxson isn't owned by a deep-pocketed parent. It's owned by an entrepreneur, and it's not like he can look to some deep-pocketed parent to spend hundreds of

millions of dollars to get Paxson to the next level." Van Houten has a strong buy recommendation on Paxson's preferred stock and bonds, considering both to be undervalued.

Paxson can also take heart in that BIA Consulting in April valued the company's 60 TV stations at between \$2.9 billion and \$3.1 billion. That total doesn't include the value of Pax TV's cable and satellite-TV distribution or of the Pax TV network. BIA's valuation calmed financial analysts worried about Paxson's heavy debt load, which nears \$1.9 billion, including \$1 billion in outstanding preferred stock, \$530 million of which is owned by NBC. If the valuation holds true—and so far Paxson's stations have sold for more than their appraised worth—Paxson is sitting on about \$1 billion in equity.

The question now is whether Paxson can tap that equity. So far, no buyer has publicly come calling, and NBC is clearly out of the picture. In June, the FCC ruled that TV-station groups could own duopolies in any market as long as two of the top four stations don't combine, and Paxson expected to look even more appealing to buyers. To that end, Paxson has hired investment bank Bear Stearns to help it find its perfect match.

Until that happens, if it happens, "our mission for the network and for the stations is that they both continue to grow," Goodman says. "It's business as usual." ■



Pax TV's *Doc* (left), with Billy Ray Cyrus, and *It's a Miracle*, starring Richard Thomas, are two of the network's few original programs. It also airs original made-for-TV movies.



EDITORIALS

BROADCASTING & CABLE COMMITTED TO THE FIRST AMENDMENT

FCC Says Low Power to You

Back in 2000, when then FCC Chairman Bill Kennard was pushing low-power FM as a way to add diverse voices to the radio dial, we seconded the NAB's concerns about possible interference to existing stations and applauded Congress's decision to disallow third-channel adjacencies to ensure sufficient separation between the new stations and existing full-power stations. After all, the FCC's version of the Hippocratic oath ought to be, "As regards signal interference, first, do no harm." At the time, the FCC's own studies were not conclusive about whether allowing LPFMs as close as third-channel adjacencies would create undue harm to existing operators. Having seen the studies, which showed essentially the same levels of interference but quite different interpretations of potential harm, then-commissioner Michael Powell said, "I have to be honest, I have no idea as to whether existing broadcasters will suffer intolerable interference."

Although Congress pared back the potential LPFM population, it also directed the FCC to conduct a new study on whether third-channel adjacency actually represented an interference threat. Well, that study is out, and it concludes that third-channel adjacencies might be OK after all. We have to be honest, we don't know whether this newest study is the last word or just the latest chapter. But the effect of Congress's move was to reduce the number of LPFM stations allowed (though we note 744 CPs have been granted), particularly in urban areas, where, logic might dictate, they would be most attractive in an effort to reach diverse communities. As we have said be-

fore, LPFMs should not be allowed to overcrowd the band to the detriment of current occupants, but they should not be reined in to protect the business plans of existing broadcasters, either. If broadcasters have reasons why this most recent study should not hold sway, they'd better speak now (or by the Sept. 12 comment deadline). You'll remember that Sen. John McCain was a big fan of LPFMs and no fan of the move to curtail them.

Wolf at the Door

Our thanks go out to Frank Wolf (R-Va.), chairman of the subcommittee that oversees FCC funding, for illustrating how easily media regulation becomes content regulation.

In explaining his reasons for voting to roll back the ownership cap to 35%, Wolf cited, among other things, *Joe Millionaire*. It would be funny if he weren't so serious. In his list of network offenses, he also included *Bachelor* and *Bachelorette*, as well as the lack of network news coverage of his press conference on prison rape. Those offenses, he said, are part of what prompted him to vote to override the FCC's new rules and undo the work of the better part of two years by an agency whose expertise Congress has historically given great deference. So the message from Washington to the media last week was: You had better cover what we want you to cover, and you'd better not put on what we don't want you to put on. We are far more troubled by that scenario than by letting networks own a few more stations.



TWO CENTS

"Take the force of right-wingers upholding community standards who are determined to defend local control of the public airwaves; combine that with the force of lefties eager to maintain diversity of opinion in local media; add in the independent voters' mistrust of media manipulation; then let all these people have access to their representatives by e-mail and fax, and voilà! Congress awakens to slap down the power grab."

WILLIAM SAFIRE, *The New York Times*, on last week's re-reg vote by the House Appropriations Committee.



"It's a sad day that our taxpayer moneys are being used to lock up somebody like her for doing what she was doing. Like Lucy, she's got a big mouth, and she's going to say what she'll say, and we're real proud of her."

JERRY VLASAK about the arrest of his wife, animal activist and former actress Pamelyn Ferdin, as reported by Harrison Sheppard of Los Angeles' *Daily News*. Ferdin was the voice of Lucy Van Pelt in the *Peanuts* TV specials.

"I don't know why he invested in DirecTV. It's an obsolete system."

Cablevision's **CHARLES DOLAN** to *The New York Times* on Rupert Murdoch's purchase of DirecTV.

"They're b-a-a-a-a-ack. Once again come nominations for the Emmys, television's annual thundering belch of gaseous self-praise that matters to only the dolled-up, high-fiving industry and the critics writing about it."

HOWARD ROSENBERG, *Los Angeles Times*, on the Emmy Award nominations



AIRTIME

GUEST COMMENTARY

My Tormented Love for Radio

Despite all the negativity these days about radio consolidation, I think it is important to recognize that there still are many passionate radio people left in the business. Indeed, consolidation has taken most of the dispassionate ones out. For the last 40 years, radio has had a hold on me unlike anything else.

Radio was the only thing that passed the time ever since I was a bedridden child gasping for air waiting for the world's slowest-acting asthma medicine to work. That was in the days before inhalers. Alongside my vaporizer was WINS, WMCA and WMGM.

Back then, radio seemed magical, mystical, almost from outer space. Throughout high school, when other kids were out playing sports or dating, I holed up in my room listening to or "playing radio." When I got my driver's license, I viewed a car as a radio with wheels. The first time I got behind the wheel of my parents' car, I was so preoccupied with the radio presets, I sideswiped a hydrant 20 feet from our driveway. At night, I'd drive to Secaucus, Rutherford and Lodi (N.J.) to gaze at the radio towers, my radio blasting while I stared into the dark sky at those blinking beacons for hours on end.

At Cornell, I pleaded for the 6-9 a.m. shift on Thursdays. My entire freshman year, I pulled all-nighters on Wednesdays so I wouldn't be late for my assuredly listener-free shift. During college years, I sold radio time at a "dollar a holler" station—an on-again-and-off-again classical station. I'll never forget the thrill of my first sale to Florians Antiques: 100 spots



There still are many passionate radio people left in the business. Indeed, consolidation has taken most of the dispassionate ones out.

GARY FISHER
Equity
Communications LP

psychiatrist would understand, I'm comforted whenever I hear it's still there after all this time. Just like radio.

Fisher, president of Equity Communication LP, owns nine stations in the Atlantic City area.

for \$300. Out of ignorance, I asked for and received a \$100 down payment. The station manager was so flabbergasted he endorsed the check to me on the spot. I was hooked on radio sales. I had to DJ 20 hours to make what that one sale netted me.

After graduation, I continued in the mini-station monastery in Upstate New York towns like Ithaca, Whitney Point and Binghamton, then back to Long Island and eventually New York City. My obsession had switched to sales, but it became a torment of sorts. When we went shopping, my wife had to scope out the stores ahead of time to see what stations were playing. If my competitors were on, we decided I wouldn't enter. I would become depressed whenever the phone-book-size Sunday papers arrived, full of businesses that were advertising but not buying spots from me.

Against the double-edged sword of consolidation and fragmentation, it has become harder and harder to learn and survive. But the overarching concept in radio remains: intense competition. Now 40 years later, whenever I'm back on Long Island, I still tune back to that first little station I worked at: WTBE, a 250-W AM daytimer at 1520 on the dial. It's now doing a Southern Gospel/Religious format, a sturdy little David against the giant New York media Goliaths. For reasons only a



Both Jane Kaczmarek and Michael Chiklis received an Emmy nomination at last week's announcement.

"Today, they celebrate the junk. As long as they can get high ratings, they will do it. Where once they were ashamed of it, now they throw a parade for themselves. And that's probably where my frustration has been growing."

DAVID E. KELLEY to the *Seattle Post-Intelligencer's* Melanie McFarland on the networks' obsession with reality TV.

WE LIKE LETTERS

If you have comments on anything that appears on these pages and would like to share them with other readers, send them to Harry A. Jessell, editor in chief (e-mail: hjessell@reedbusiness.com, fax: 646-746-7028 or mail: BROADCASTING & CABLE, 360 Park Avenue South, New York, NY 10010).

**P.J. BEDNARSKI**
EDITOR

Get Into a Closet

Queer Eye message to heteros: Clean your house

By cable standards—no, make that by Bravo standards—last week's premiere of *Queer Eye for the Straight Guy* was a smash hit. According to Nielsen, precisely 1.666 million viewers between the ages 25 and 54 watched the first show. This is less than the "audience" for one edition of *USA Today*, but it's safe to say *Queer Eye* is a big hit at what is a small network owned by a giant company, NBC.

A couple of years ago, I wrote a column wondering why there was no gay channel, given that, by some estimates, there are 10 million to 14 million gay men and women and, as a group, gay households have a median household income over \$55,000 a year. Plenty of disposable income there. Many readers, gay or not, wrote to agree, but it's the ones who disagreed that I remember now. They said, essentially: Let us be who we are.

I think about that now because *Queer Eye* when watched by a straight guy does neither type of guy—gay or straight—a great favor, at least based on the first two episodes.

The five gay helpers, who try to bring style and hipness to hetero guys, are presented here more or less like the Monkees, racing about town, snapping off witty, snotty little quips. They literally run errands, and, when they're not, they fling insults at their hetero fashion victim. "Do you buy all of your clothes at Home Depot?" style consultant Carson Kressley asked the first heterosexual, whose life the gay guys are going to save, a mess of a man named Brian Schepel (whose nickname, believe it or not, is Butch).

The hetero men, in the episodes I've seen so far, range from a Neanderthal (that's Butch) to a nebbish (Adam Zalta). "Let's talk about shaving, or the lack thereof," says Kyan Douglas, the grooming consultant to Adam, who at the beginning of his second-episode makeover resembles a giant hairball. His friends and family remark that Adam rarely buys clothes or shoes or gets a haircut. "He looks like a clown," says his wife.

Score one for equality. The men on both sides of the sexual divide are presented as stereotypes on this show.

Who would think otherwise? Television is comfortable with stereotypes

because nuance is too difficult to explain to tens of millions of viewers, or even 1.666 million. Admirably, television does present gay characters all over the dial now, but most of them never stray too far from what non-gays expect them to be, from *Queer Eye* to *Will & Grace*.

The stereotype is more politely presented: We are now supposed to laugh *with* gay characters as they laugh *about* hetero characters. But, if the gay men in *Queer Eye* seemed less

ones we've met so far would be far better off if they did things like cut their hair, trim their eyebrows, pick better wallpaper and fill in missing linoleum tiles on their floors.

Indeed, Bravo's heteros could have had very similar makeovers if they had just hired a couple of cleaning ladies and a handyman for several hours.

The subtle shift, I guess, represents improvement that is as much the result of putting gay characters on tele-



The first episode of Bravos' *Queer Eye for the Straight Guy* attracted 1.666 million viewers ages 25-54.

Score one for equality. The men on both sides of the sexual divide are presented as stereotypes on this show.

obviously gay, the show wouldn't have a contextual leg to stand on.

The difference is, now they're the bosses, the superior beings. When Billy Crystal played television's first gay character on *Soap* nearly three decades ago, he was gay-sassy, but he was also there to receive, without many defenses, the taunts of the non-gay society around him.

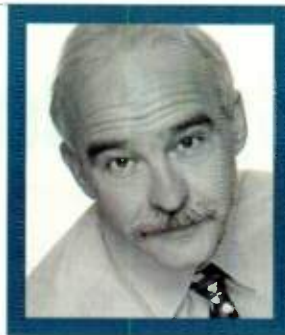
Watching *Queer Eye*, it's sadder to view the heterosexual men, who aren't presented so much as stereotypes as human urban blight. The

vision as it is the triumph of marketing to men generally. *GQ*, after all, was once considered mainly a men's fashion magazine, with good articles. Now it's a mainstream read.

In the trendoid press, the kind of fashion-forward straight man who wouldn't need five gay guys to help him dress is now being dubbed a "metrosexual." He's a guy who gets a manicure, knows designer names, can match a tie with a shirt and apparently even puts his clothes away. Pretty clearly, it's that guy who Bravo hopes will watch this makeover series and laugh at the new stereotype: the slob male.

Somehow, that's progress. ■

Bednarski may be reached at pbednarski@reedbusiness.com



BROADCASTING & CABLE

www.broadcastingcable.com

Harry A. Jessell/Editor in Chief/646-746-6964
P.J. Bednarski/Editor/646-746-6965

REED TV GROUP

William McGorry/Senior VP/646-746-6543
Lawrence Oliver/VP and Group Publisher/646-746-6544
Marianne Paskowski/Group Editorial Director/646-746-6581
Carol Jordan/Group Deputy Editorial Director/646-746-6582
William Knight/Group Design Director/646-746-6512
Rawle Moore/Director of Finance/646-746-6445

EDITORIAL/NEW YORK

Harry A. Jessell/Editor in Chief/646-746-6964
P.J. Bednarski/Editor/646-746-6965
Steve McClellan/Deputy Editor/646-746-7023
John M. Higgins/Deputy Editor/646-746-7024
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P. Llanor Alleyne/Editorial Assistant/646-746-7141
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Melanie M. Clarke/Editorial Intern/646-746-7411

DESIGN/NEW YORK

Todd J. Gast/Art Director/646-746-7017

EDITORIAL/WASHINGTON

John S. Eggerton/Deputy Editor/202-463-3712
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EDITORIAL/LOS ANGELES

Paige Albiniak/Bureau Chief/323-549-4111

INTERNET/NEW YORK

Dave Levin/Director of Web Operations/646-746-6736

ADVERTISING/NEW YORK

Paul Audino/Publishing Director/646-746-7111
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Chuck Bolkom/Director of Technology Advertising/775-849-8404;
Fax 775-849-8403; email: chuckbolkom@aol.com

ADVERTISING/ASIA

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yatsumi@reedbusiness.com
Direct: 646-746-6949
Toll Free: 866-258-1075
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EVENTS

Sandy Friedman/Director, Special Projects/646-746-6740
Carolyn Gibson/Convention Services Manager/303-470-4832
Steve Labunski/Special Events Sales/212-889-6716

PRODUCTION/NEW YORK

David Rice/Production Manager/646-746-6524

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OFFICES

New York: 360 Park Avenue South, New York, NY 10010
646-746-6400;
Edit Fax: 646-746-7028 or 646-746-6610; Ad Fax: 646-746-6948
Washington: 1627 K Street NW, 20006
202-463-3711; Edit Fax: 202-463-3742
Los Angeles: 5700 Wilshire Blvd., Suite 120, 90036
323-549-4100; Edit Fax: 323-965-5327; Ad Fax: 323-965-2432

REED BUSINESS INFORMATION

Jim Casella/Chief Executive Officer
Tad Smith/President, Media Division
Dan Hart/Vice President, Finance
Sol Taishoff/Founder and Editor (1904-1982)

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Broadcasters' Split Sends Mixed Message

Continued from page 1

gress have been told that, if anti-deregulation legislation succeeds, the president's senior advisors will recommend a veto," said a White House spokeswoman.

The White House won't say when or whether President Bush is likely to take that advice, but a source with ties to the administration said it isn't his style to weigh in on a legislative battle in its early stages. "He's inclined to let them fight it out and then deal with it when it gets to his desk."

Last week's vote by the Appropriations Committee endorsed a back-door approach to re-regulating the media. Tauzin's panel typically would have jurisdiction over media regulation.

That move is a clear indication of the growing strength of the

state the 35% cap, renew the newspaper-crossownership ban, force radio-station divestitures in some small markets, and require some public-interest obligations.

The Appropriations route is considered the most likely because it doesn't have to pass Tauzin's committee and, so far, contains fewer regulatory provisions that could draw an array of enemies. "The Senate overreached," House Appropriations Committee ranking member David Obey (D-Wis.) said last week as he persuaded colleagues not to add other measures besides the 35% cap.

SETTLING SCORES

Johnson predicted that House leaders will now take up the fight to preserve the FCC's changes



'We look forward to working with House and Senate members to keep the 35%-cap legislation clean and focused on preserving localism.'

ALAN FRANK, NASA chairman

forces for rolling back new ownership rules imposed by the FCC. Recognizing the threat, an aide to Tauzin said it was time for the president to strongly condemn the re-regulation effort and announce an intention to veto any legislation that would overrule the FCC.

"The only one with the juice to pull the plug is the president," said Tauzin aide Ken Johnson.

In the meantime, the bipartisan effort to reinstate the cap, and possibly some other limits, is branching out.

IN THE SENATE

The Senate Appropriations Committee is planning a vote on FCC funding as early as Tuesday. The session is expected to include votes on an amendment to reinstate the 35% cap on TV ownership and other measures aimed at reversing the FCC's June 2 broadcast-ownership deregulation.

In addition, last week, Sens. Byron Dorgan, Trent Lott and Russ Feingold unveiled their petition for a rarely used "legislative veto." The veto would allow Congress to nullify the June 2 decision to raise the cap to 45%, remove the ban on local broadcast/newspaper cross-ownership in all but the smallest markets, allow TV duopolies in smaller markets, and permit triopolies in the largest markets.

And the Senate Commerce Committee has approved two bills that, combined, would rein-

state the 35% cap, renew the newspaper-crossownership ban, force radio-station divestitures in some small markets, and require some public-interest obligations.

Johnson predicted that House leaders will now take up the fight to preserve the FCC's changes when legislation moves to a vote by the full House. "This is far from over," he said. "The leadership recognizes that this was more about settling old scores with network coverage than about setting a sound telecommunications policy for America."

As the House Appropriations Committee was voting to block big station groups from buying more stations, 70-plus general managers from network O&Os made the rounds, visiting as many as 160 legislators to prevent the 35%-rollback legislation from moving further. The station execu-

A Week in the Dereg War

Capitol Hill heated up last week up over the media-ownership fight

MONDAY: House Commerce Committee leaders Tauzin, Upton plead with Appropriations panel to stay out of ownership regulation. Network affiliates dismiss FCC conclusion that net O&Os do better news.

TUESDAY: Sen. Dorgan, others propose "legislative veto" of FCC deregulation. NAB, Network Affiliates Stations Alliance—once allies in fight for preserving current TV ownership cap—send competing message to Congress. NAB opposes legislation as too dangerous; NASA counters that nets must not be allowed to grow.

WEDNESDAY: House Appropriation Committee votes 40-25 to reinstate 35% cap. Network O&O GMs lobby Congress to reject 35% bill.

THURSDAY: White House aides threaten veto of re-regulation bills.

tion's monthly call-in shows. Local producers picked the topic in part, he said, because Austin has a huge supply of unemployed recent college graduates from the University of Texas, thanks to the Internet bust and bad economy. "We're free to do things relevant to our market," he said.

Schneider and other O&O managers have their work cut out for them if last week's Appropriations Committee debate is any indication. The decisive vote in favor of reining in the nets came after impassioned bipartisan attacks on what lawmakers said was a decline in localism and a rise in sleazy programming, particularly on the nets (see box).

The amendment—to an FCC-funding bill—was sponsored by Rep. David Obey (D-Wis.), the committee's ranking Democrat. If the 45% cap is allowed to stand, Obey said, "We're in danger of shutting off the blood supply of democracy and we are threatening local community standards."

He would prefer rolling back some of the FCC's other June 2 deregulatory moves. "If I had my way, I'd repeal it all, but we have to tackle it one piece at a time."

A NASA WIN

The vote was a victory for the Network Affiliated Stations Alliance, which backed the rollback, and a defeat for the major networks. It was something of both for the National Association of Broadcasters, which wants the clean 35% rollback Obey envisions but withdrew its support for legislation, fearing it would eventually be loaded down with other re-regulatory provisions.

The vote marks "the beginning of a long and torturous pro-

cess," said NAB spokesman Dennis Wharton. "Given the actions already taken in the Senate, our concern remains that it is unlikely, if not impossible, to limit Congressional re-regulation of broadcasting to a 35% rollback."

But NASA Chairman and Post-Newsweek Stations President Alan Frank said the committee's defeat of another amendment that would have reinstated the newspaper-crossownership ban demonstrates that lawmakers can be disciplined enough to keep legislation free of the extra provisions broadcasters oppose. "We look forward to working with the House and Senate members to keep the 35% cap legislation clean and focused on preserving localism," he said.

The split between NAB and NASA's 600 stations, nearly all of which belong to the larger trade group, is sending a mixed message to lawmakers on what affiliate stations think is most important: reining in the nets or preserving crossownership and other regulatory gains.

Some NAB loyalists charge that NASA's leaders, particularly Cox Broadcasting and Post-Newsweek Stations, are motivated by what's best for the cable interests of their parent companies rather than what's best for broadcasting. They point to recent appeals by Cox Communications and Washington Post Co. officials to weaken networks' leverage of cable-retransmission consent negotiations as evidence of their "true" interests.

"It's about time the NAB's policies stopped being controlled by the cable agenda," said one backer of the group's decision to fight against a 35% cap rollback. ■



Shows like *Joe Millionaire* prompted Rep. Frank Wolf to support deregulation rollback.

Wolf Bares His Fangs

Hard liquor, reality TV and undercoverage of famine in Africa were partly behind one important congressman's vote to roll back deregulation.

Rep. Frank Wolf (R-Va.), chairman of the subcommittee with oversight over FCC funding, said he was persuaded to support the 35%-cap amendment by such examples as NBC's initial decision to run liquor ads, what he described as the networks' lack of coverage of famine in Ethiopia, and the prevalence of shows like *The Bachelor*, *The Bachelorette* and *Joe Millionaire*.

Rep. John Culberson (R-Texas), responding to Wolf's criticism, suggested that the networks cater to their audience and don't force trashy shows down their throats. "Let us not fool ourselves into thinking we are going to have some great vote and programming is going to change drastically and all our kids are going to be watching stories about Ethiopia and Puerto Rican culture and they're going to wipe out all those bad programs."

Regarding the potential for a White House veto, Wolf said, "I did not get elected to be a potted plant, and I don't care what the White House thinks." —B.M.



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