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Cover photograph: Douglas Kirkland
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AIDS and PSAs: Broadcasters Are Seizing the Initiative Locally

Lack of leadership from the Feds or the networks spurs action.

It only took six years to respond, but the U.S. government has finally put together a national media campaign to combat acquired immune deficiency syndrome (AIDS). National AIDS Awareness month limped along in October despite the best of intentions. Ogilvy & Mather, the lead agency for the Center for Disease Control contract, along with their subcontractors Sosa & Associates and Lockhart Pettus, created a slick, sensitive, if somewhat soft campaign on the theme “America Responds to AIDS,” as phase one of a year-long, $4.6 million multimedia effort. One problem Ogilvy faced, explained senior v.p. Ian Latham: “How do you speak effectively to more than 230 million people, one person at a time?”

The bigger problem, though, since the government bought no airtime, is that the campaign relies on the goodwill of the media, notably the networks, to clear prime PSA time. Yet, leadership from the networks has been notably absent.

In contrast, local TV has not been waiting for the Feds or the networks. While still negotiating with the networks, Ogilvy & Mather direct-mailed the TV and radio spots to local broadcasters, and the National Association of Broadcasters put these and other AIDS PSAs on their satellite feed to members. In fact, even as stations make decisions on the national campaign, many are already using public-service time to fight AIDS.

A recent survey of network affiliates in the ten metropolitan areas with the highest incidences of AIDS by the Center for Population Options (CPO), a nonprofit research and advocacy organization in Washington, D.C., showed that the stations, which are airing AIDS-related PSAs widely, expressed strong interest in retaining local control over the content of the spots.

Thus many are producing their own ads, sometimes in partnership with community organizations. They’re also running ads from other sources, including the American Foundation for AIDS Research, the San Francisco AIDS Foundation, Planned Parenthood, local and state governments and health departments and the Public Health Service.

The use of condoms to prevent AIDS is but one message they convey, and many make hotlines and written materials a part of the effort (as with the “America Responds to AIDS” campaign). Other stations, such as San Francisco’s KPIX-TV, with its Emmy and Peabody award-winning campaign “AIDS Lifeline,” have made news coverage, documentaries and other special programming a part of their campaigns. There is a sense of commitment, creative ferment and cautious exploration of the limits to which local messages go. “But,” says Rory Benson, NAB senior v.p., “the longevity and consistency of the effort is what will make or break the cause.”

The public seems not to be as resistant to frankness as broadcasters believed, particularly to the mention of condoms. Two recent surveys showed a substantial majority of adults would not be offended by contraceptive advertising—72 percent in a Harris poll for Planned Parenthood, and 81 percent in an International Communications Research survey.

An NAB study on the acceptance of condom advertising by radio and TV stations showed 35.3 percent of the nation’s stations are accepting it, and of those who aren’t, 68.5 percent of TV stations said they may do so in the future. When questions concerning AIDS, results are even more impressive: 74 percent of adults in the Harris poll favored TV ads to promote use of condoms for AIDS prevention. In the NAB survey, 86.5 percent of the stations said they are broadcasting PSAs on AIDS.

Beth Fouhy, director of communications at the Center for Population Options, was surprised by their survey results: “We went into this expecting the stations to be focusing on intravenous drugs and not condoms, but we found just the opposite,” Pamela Adkins, account supervisor, concluded from the Ogilvy focus groups in preparation for the design of the national program, “The general public is light-years ahead of the broadcast industry and its standards.”

Two weeks into National AIDS Awareness Month, CBS and NBC were still mauling up their minds about the national campaign. ABC finally decided to support promotion of the spots, but no times had been scheduled.

PATRICIA HERSCH

www.americanradiohistory.com
PROFIT FROM ORGANIZED CRIME
Tamper-Proof Sweeps? by Michael Couzens

The TV industry's disciplinarians denounce (some) tricks that inflate ratings.

This month, broadcasting's cops and consciences are watching to see whether business ethics are again swept under the rug during the sweeps. By September, TV ratings' reputation had already suffered. Arbitron had already cited 99 instances of TV stations using unacceptable ploys to hype their numbers—44 in May alone (including the notorious KABC case), compared to just 19 in May '85. It was time for tougher self-regulation, said the group that patrols and accredits the ratings services, the Electronic Media Rating Council (EMRC). "The alternative is the government stepping in," warned EMRC executive director Mel Goldberg.

That risk had arisen before, 24 years ago, when Congress held hearings on the lack of standards in ratings, and broadcasters quickly established EMRC (then named the Broadcast Rating Council). Now EMRC is recommending penalties and other measures to discourage "ratings distortion," and it listed several categories of tampering. For instance, the council said ratings services should penalize stations that, under the guise of audience research, ask a "significant" portion of diary-keepers to tune in so they can answer questions about certain programs. In Minneapolis, for example, Gannett's KARE hired Atkinson Research to mail questionnaires asking people to watch the station "as often as possible for the next seven days."

Aside from the unexpected bad publicity, the scheme helped KARE's numbers. Arbitron found that more than 9 percent of its local sample had received the Atkinson survey and 25 percent of them watched the KARE news—an 8 point gain over the rating at large. That may have given the station a full rating point, worth hundreds of thousands of dollars during months in which advertisers use the May sweeps to project audiences. Now EMRC wants ratings services to ask diary-keepers whether they've been contacted for any such "surveys," and to throw out diaries from households that were.

One of the most egregious recent cases of ratings hypoing exploded last May in Los Angeles, where KABC-TV aired eight heavily advertised reports about the Nielsen families in 11 P.M. newscasts. Nielsen didn't wait for EMRC to condemn the scheme; in an unprecedented action, it struck the 11 P.M. data on those eight nights for all stations in town, thus removing KABC's ill-gotten gain from its sweeps average. General manager John Severino later acknowledged on a KABC newscast that Nielsen families would tend to watch reports about Nielsen families. (The interviewer who extracted the comment, Wayne Satz, left KABC's employ soon afterwards.)

EMRC also described a third kind of ratings distortion: running contests during sweeps that offer prizes "significantly more lucrative" than the usual. For example, a watch-to-win contest with prizes worth $3.6 million, including a Rolls-Royce, was held a year ago by SCI Television's WITI-TV in Milwaukee. Nielsen and Arbitron blandly noted the contest in fine print in their local market books, but they've been reluctant to take stronger action against clients. "The issue is trying to draw a distinction between conduct indulged in by every station, and conduct you don't want," says Pete Megroz, v.p. at Arbitron. "How much [of a prize] is too much? A car, a boat and a house? Just a car and a boat?"

That remains a matter to be decided by Arbitron. Nielsen and broadcasters still inclined to goose their ratings. EMRC didn't make the guidelines mandatory for accredited ratings services (though it may do so some day, Goldberg acknowledges). And it didn't specify penalties either, though it suggested some: flagging distorted data in the widely used computer tapes of ratings, as well as in the printed books; deletion of data (as in the KABC case); and delisting a station for the month.

EMRC said nothing at all about a ratings-inflation tactic more common than sweeps contests: scheduling such strong attractions as the "Swimsuit Spectacular" that KABC aired in 3-D during the May sweeps. "What would be more of a hype," asks Jim Gabbert, owner of San Francisco indie KOFY-TV, "than to run a huge Godzilla of a movie in the sweeps for a 7 rating, and sell on that even though the time period usually doesn't get a two? That's been common for 20 years." And it will remain common as long as ratings from some months carry more weight than ratings from others.
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Crimewatch Tonight. When you're ready to deal in hot goods, call Orion, your partners in crime.

ORION TELEVISION SYNDICATION
X-Rated Home Shopping

by Cecilia Capuzzi

NOVEMBER 17: Can a box-office bomb make it big in home video? RCA/Columbia Pictures releases cassettes of *Ishtar* (the Warren Beatty-Dustin Hoffman fiasco) accompanied by a national contest—"The Road to Riches Sweepstakes"—hoping to turn the theater flop into a hit with renters and holiday gift-givers. Price: $89.95. Other big holiday releases include Disney's *Lady and the Tramp, Crocodile Dundee* from Paramount and *Platoon* from HBO. CBS/Fox promotes a package of 14 *James Bond* movies, all reunions priced at $19.95 each, and ten *Marilyn Monroe* movies, four new to cassette. This year cassette sales reached $3 billion, says Ira Mayer of Video Marketing Newsletter, a 50 percent increase over '86. Next year, expect less than 20 percent growth, says Mayer. A diminishing number of retail stores, an aging VCR owner population that's "seen everything," and flat growth in VCR sales have contributed to a "leveling off."

NOVEMBER 28-DECEMBER 6: Public Broadcasting's December pledge drive has been closing in on the traditional highs of its March fundraising effort. Increased TV viewing in the fall, the holiday gift-giving spirit—and the end-of-the-year rush to make tax-deductible charitable donations—have all contributed to the surge, says PBS senior v.p. Michael Soper. He expects to raise more than $17 million in this year's nine-day drive, a million more than last year. Contributions from the public could reach $240 million by year-end—the single largest source of support for public TV (22 percent, compared with 21 percent for state, 13 percent for federal, 15 percent for business). PBS has stepped up efforts to appeal to loyal contributors on an ongoing basis through direct mail, while on-air drives target non-contributors. The plan is paying off. In the March drive, 725,000 donated money, 70 percent for the first time.

DECEMBER 1: For everyone who complains that cable's Playboy Channel has gone soft, Paul Klein, ex-Playboy Channel president (and former NBC programming head), kicks off The Tuxedo Network—hotter than Playboy but cooler than his American Exxxstasy service (hard-core porn for the home-dish market). Tuxxelo is available to dish owners, cable subs and hotel guests. Composed primarily of movies (nothing "nasty," says promotion head Colette Connor), the 12-hour-a-day service also includes "featurettes," such as a five-minute piece, *Sex in Cars*. It will share at least one program with Exxxstasy: *Gloria Leonard's Hot Shopper Hour*, another example of new "specialty" home-shopping services. "It's for people too embarrassed to go in a store to buy exotic merchandise," says Connor. Best-selling items: a pair of vibrators ("vanilla and chocolate") for $24; a massage kit with four attachments, $39. In three months after its June debut, it generated $75,000 in sales. Meanwhile, Playboy Channel, last year severing relations with its marketer, Rainbow Programming Services, has lost almost 65,000 subs (down to 537,000), sustained flat revenues and started a weekend pay-per-view service to drum up new business. Still, its excess are unconcerned with Klein's latest foray: "We don't believe it will be a significant factor in our segment of the marketplace," says a spokesman.

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Enlist in the HSN Cable Corps today!
Most Marketable Monster

by Noel Gunther

Once NBC put ALF's face on TV, his handlers put it nearly everywhere else.

In hindsight, it looks so easy. Take a furry little alien with big ears and a long snout. Give him the manners of Archie Bunker, a voice like Rodney Dangerfield's and the wisecracking wit of a Borscht Belt comedian. Make him cuddly enough to appeal to kids but caustic enough to keep adults tuned in. Need a catchy name? How about "ALF," for Alien Life Form?

That offbeat idea has become a hit prime time series, a Saturday morning cartoon show and the hottest licensed character in the country. ALF's creators won't have to wait for syndication to make a fortune; they're earning millions after ALF's first season on NBC, and the ALF products boom has just begun. "The Wisecracking ALF Doll" is nudging Cabbage Patch Kids off the shelves. ALF, the poster, is outselling Vanna White. ALF-brand watches, greeting cards, sneakers, towels, skateboards, lunch boxes and luggage tags are flooding store shelves—more than 200 products are out already. This year alone, ALF will ring up more than $250 million in retail sales. Here is how an obscure kidvid producer hooked up with savvy marketers to turn an alien notion into a bonanza.

ALF began with Paul Fusco, a former puppeteer and high school teacher from Connecticut who had made several shows for cable and PBS. Fusco created ALF three years ago as part of an outer-space show for Showtime, but the project never got off the ground. He talked with Witt/Thomas/Harris, Disney and Muppet-master Jim Henson but didn't work out a deal. Like ALF, Fusco was an outsider.

Then, in January 1986, Fusco's agent led him to Bernie Brillstein, a high-powered packager and personal manager, who helped develop Saturday Night Live, Hee-Haw and The Muppet Show (and has since been named CEO of Lorimar Film Entertainment). Brillstein brought in Tom Patchett, a veteran writer-producer who had worked with him for years. It was a classic Hollywood marriage—Patchett and Fusco would create the show and Brillstein would take care of business. Now Fusco had clout. With Brillstein and Patchett at his side, he set off a week later to meet Brandon Tartikoff, NBC Entertainment president.

Fusco shuffled into Tartikoff's office, dragging a huge green trash bag with something hidden inside. Brillstein and Patchett made their pitches. "We were doing so-so," Brillstein recalls. Then, just as Patchett was winding up, ALF leapt out of the bag and started rubbing his snout on Tartikoff's sleeve. Tartikoff cracked up. An hour later, he bought the show and ALF was on his way. "We all loved ALF," says NBC executive Warren Littlefield. "It was the funniest pitch meeting I've ever seen."

Others were less impressed. When NBC announced its fall schedule, ad agencies panned the show. ALF "will have to be content with cult-show status—low ratings but high visibility," said DFS Dorland. Other analysts were even more downbeat. CBS had moved Kate & Allie, an established hit, to Mondays at 8 p.m., opposite ALF. The major agencies agreed: NBC would soon give ALF a one-way ticket back to Melmac, his home planet.

ALF started slowly, but NBC stuck with it. Like all programmers, Tartikoff plays favorites. He buys some shows just to plug holes in the schedule, and doesn't expect them to beat Moonlighting or 60 Minutes. But Tartikoff believed in ALF, and what Tartikoff believes in, NBC promotes. "We promoted ALF more heavily than any other show on our fall schedule," says John Miller, NBC's v.p. of advertising and promotion. "Certainly in terms of creative energy, ALF got
the lion’s share.” Before long, NBC viewers knew what ALF was all about. Network promos showed the creature bantering with Bea Arthur, flirting with Betty White and cheering the Red Sox during last year’s World Series. ALF was showcased all over NBC’s schedule. He ate breakfast with Bryant Gumbel and hosted Friday Night Videos and the Orange Bowl parade. He picked winners on NFL ’86 and popped up repeatedly on Hollywood Squares.

“We wanted people to suspend disbelief and accept that this fuzzy creature might actually be real,” says NBC’s John Miller.

Fusco and Patchett carefully cultivated ALF’s mystique. Like Big Bird and Miss Piggy, ALF always appears in character; no actor comes forward to spoil the illusion. “ALF is ALF,” Patchett has said. “He’s got his own personality and he can speak for himself.”

ALF’s ratings climbed slowly as kids exposed their parents to the show. Then ALF got some unexpected help. When CBS preempted Kate & Allie to run the Fresno miniseries, NBC tried a stunt.

“We placed an episode of Family Ties Monday night at 8,” says Littlefield, “and gave ALF a great lead-in.” Thanks to that one-time-only boost from the number two show on TV, ALF found a new audience and won its time period for the first time. During the spring and summer, ALF consistently beat Kate & Allie; by August, ALF had landed among Nielsen’s top 15 shows.

Meanwhile, producer Fusco and executive producers Patchett and Brillstein—through their company, Alien Productions—were reaching out for bigger money. ALF: The Movie will be shot next spring; it’s expected to be released in 1989. ALF and Friends, a Saturday morning cartoon series produced by DIC, premiered on NBC in September. But the big jackpot lies off-screen, in licensing. Within days of NBC’s buying ALF, Brillstein was on the phone, pitching his pet idea. He quickly struck a deal with Lorimar that enlisted the studio’s licensing agent, Leisure Concepts, as ALF’s exclusive agent. (Lorimar also got international syndication rights and an option on domestic syndication.)

“ALF is a dream character,” says Steve Weston, president of Leisure Concepts. “He’s seen every week by millions of people in prime time. That’s much better than working with a movie or a cartoon series.” In July 1986—two months before the public had laid eyes on ALF—Leisure Concepts contacted Coleco, the big toy company, about producing a line of ALF dolls. Coleco offered a hefty advance, plus a percentage of the wholesale revenue ALF rakes in (probably 10 to 20 percent). Coleco also agreed to launch an expensive ad campaign for ALF last fall—vital reinforcement for NBC’s promotion.

“For us, ALF was a natural,” says Coleco v.p. Barbara Wruck. “There was no need to adapt the character; he already looked like a doll.” By last Christmas, Coleco had rushed to the stores with a plush ALF doll that’s now known around the company as The Mute. This year’s Wisecracking ALF Doll spouts ALFisms such as “Gimme four,” “No problem” and “How about a hug for the Old Alfer?”

Network exposure gives ALF a big boost, but licensing is still a risky business. Successful characters such as Mickey Mouse and Snoopy ring up huge profits but most characters burn out quickly. “Licensed products have a short life span,” says Marybeth Roach of The NPD Group, which tracks the licensing business. “They tend to drop off suddenly, and once they drop off, they’re dead.” There is nothing less salable than a warehouse full of last year’s big licensed product—or this year’s “can’t miss” item that does.

Weston of Leisure Concepts has tried to exploit ALF while he’s still hot. Licensees have pasted ALF’s face on a staggering range of products. Wormser sells ALF pajamas. Topps sells ALF trading cards. ALF appears on board games, backpacks, calendars, comic books, toothbrushes and tricycles.

In virtually every incarnation, ALF has been a hit. Last winter, a survey of toy retailers found that he was the most profitable new licensee of 1986; ALF now ranks fourth among all toys and games, trailing only G.I. Joe, Barbie and PoGo Bal. “ALF is phenomenally successful,” says Barbara Wruck of Coleco.

“He’s selling at a faster rate than Cabbage Patch Kids did when they were introduced.”

Leisure Concepts is keeping the pressure on as ALF enters his second Christmas season. The cartoon series, ALF and Friends, creates new opportunities. It depicts ALF’s adventures back on Melmac and presents a galaxy of ALF’s companions, who, of course, are ripe for their own licensing campaigns. “It’s important to freshen the license,” says Sid Kaufman of Leisure Concepts. “All the best characters have a group of friends.”

Paul Fusco worries about overexposure, which could dilute the value of his character. Fusco can veto any licensing deal, and says he’s turned down dozens. Rejects include sugared cereal, powdered mayonnaise and even endorsement offers from Coke and Pepsi. “We don’t want ALF to sell out,” Fusco says. Nevertheless, the selling goes on. When letters poured in from ALF’s young viewers, Alien Productions started an ALF fan club, with company official Matt Avallone as president. So far, 8,000 fans have joined, at $6 each. The club’s newsletter, Extraterrestrial Times, features long blurbs for ALF-licensed products, along with a convenient order form. ALF has even gone international. The show has been sold in more than 50 countries. “ALF travels better than any comedy I’ve ever seen,” says Lorimar’s Jeffrey Schlesinger, who sells ALF abroad. “It’s about a stranger in a strange land. It reaches people visually as well as verbally, and the humor is universal.”

Kaufman says that ALF-related products will generate more than $200 million in retail sales this year—plus another $50 million overseas. If the ALF craze continues, Fusco’s brush little alien could become the most profitable character ever created by television. The Old Alf recently celebrated his 230th birthday back home, but if sales figures prove anything, he is just reaching his prime.

“We don’t want ALF to sell out,” says creator Fusco. Nevertheless, ALF has landed on coloring books, mugs, watches, hats, lunch boxes and thermoses.
The Hour works.

T.J. Hooker
The Hour

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The Public Eye

by Les Brown

Starring on the World Stage

The National Association of Broadcasters held a conference recently in Washington on the hottest new development in the business—the adoption of commercial television by Western Europe and much of Asia. Few broadcasters attended, but there was a sizable turnout of government officials, lawyers, ad executives and investment bankers, all with a reason.

At issue was whether U.S. interests would be allowed to participate fully in these expanding world markets, which Mark Fowler, former chairman of the Federal Communications Commission, enthusiastically characterized as “one long, unending bazaar.”

But Fowler cited some “unfriendly proposals” in the 1984 Green Paper for a Common Market of Broadcasting, issued by the Commission of the European Communities. These proposals would impose quotas on the use of American programming and restrict certain kinds of advertising and sponsorship. In limiting the U.S. in this manner, the Common Market countries “are stopping freedom at the European border,” Fowler charged.

John Eger, the communications consultant who organized the conference, accused the Green Paper of taking “a Fortress Europe approach,” and said the proposed rules interfere with the free flow of information. “If our right to compete globally continues to be questioned,” he warned, “somewhere down the road our leadership in this sphere will be lost.”

It quickly became clear that the purpose of the daylong meeting was to unite the interested parties in a campaign to get the government to intervene.

Said Fowler: “The message of deregulation needs to be beamed to Europe now.”

Scarcely acknowledged during the discussions that day were the quite legitimate reasons for the proposed quotas on programming. There is, for example, the fear in Europe that American programs might dominate the schedules. This would take its toll in creative and technical jobs at European production centers.

Beyond that is the cultural concern. TV programs aren’t ordinary consumer products; everything broad-cast has content, whether intended or not. If American programs were to rule Europe’s airwaves, so then would American values. Hard as it may be for some to believe, our materialistic values are not universally appreciated.

Finally, in strictly business terms—and this was briefly acknowledged at the meeting—the American TV industry is resented abroad for its lack of reciprocity. We sell more programs than any nation on earth but buy fewer from the world market than almost anyone. Who’s going to sympathize with our plea for open markets everywhere when our own market is tacitly closed?

Within a week of the Washington meeting, the Association of Film Commissioners held its annual conference in Jackson Hole, Wyoming, and there too the disturbing issue centered on international trade barriers. Except that this was the flip side of Fowler/Eger. The complaint here was that our own country severely restricts foreign film and commercial production on these shores to protect U.S. labor from competition.

Film commissioners representing states and cities are a relatively new force in the industry. They came into being when productions began leaving Hollywood for the larger backlot of North America. Every movie or commercial shot on location is a boon to some community’s economy. Because films leave behind great amounts of money, film commissioners do what they can to attract production to their locales.

Their bête noir today is the U.S. Department of Immigration, which at the behest of certain labor unions recently began turning away foreign producers and their crews, forcing them to take their money elsewhere. Hawaii claims to have lost $15 million worth of Japanese productions alone since the rules for work visas were toughened. Florida some $60 million of British productions and California about $100 million worth of varied foreign filming. Nationwide, according to leaders of the AFC, the U.S. loses out on hundreds of millions annually in film production because of an immigration rule that views foreign nationals in the entertainment field as invaders of U.S. labor territory.

It’s a silly rule, of course. Any technician thought to be losing work to foreign crews shooting here loses it anyway if they aren’t allowed in. Indeed, more jobs are likely to be gained from letting aliens in than otherwise, wholly aside from how local merchants would profit. Nothing at all is gained from keeping them out.

Moreover, the policy sends an untimely message across the seas about American xenophobia, just when we’re voicing outrage at being denied open entry to everyone else’s market. Clearly, if we mean to claim a starring role on the world stage, we have to get our act together.

If U.S. programs were to dominate Europe’s airwaves, so would American values—and they’re not universally appreciated.
The Gulf war in 90 seconds.
A murder in a nearby town gets half a minute.

The story of a fatal bus accident in Canada is bumped in favor of a lion cub's birth at the zoo.

TV news is selective. Its time is limited. And what it does best is capture moments. The elation of the elected. The downcast of the defeated. The joy on a mother's face when her child is found. The blank stare of a stoned teenager.

Stories with pictures. Summaries of what matters most. That's TV news on a daily basis.

But sometimes stations move out of their summarizing role. WPRI-TV, Providence, R.I., and seven other Knight-Ridder television stations spent an entire month this year focusing on one topic: alcohol and drug abuse.

A tough task.
Today, seven out of 10 high school seniors drink. Almost half say they get drunk once a week. Many started at age nine or 10. One out of four smokes pot. And crack use is spreading too fast to quantify.

How do you reach a generation of young people who have been overexposed to hard scare anti-drug campaigns?

WPRI-TV tried humor.

They turned to "Mr. Bill". The clown man of Saturday Night Live fame created by Walter Williams. Mr. Bill is famous for being the quintessential victim. In public service announcements, Mr. Bill was offered drugs and alcohol and steadfastly refused them even as he got dumped on and squashed.

Did these moments of humor work on such a deadly serious topic?

In follow-up interviews, the spots were remembered and talked about by teenagers. They broke through the clutter of messages and got their point across.

WPRI-TV also broadcast its own musical play "None for the Road." Along with a teenage drug and alcohol test and several specials.

In Mobile, Ala., Knight-Ridder's WALA-TV, among other efforts, raised enough funds to keep the Partnership for Youth, an effective anti-drug force in the community from closing its doors.

WTEN-TV in Albany, N.Y., got a strong response from its request to area high schools to submit their own public service announcements. The station was able to learn exactly how teens communicate with other teenagers and tailored their efforts accordingly.

Knight-Ridder stations in Tucson, Norfolk, Nashville, Oklahoma City and Flint all took on the same topic in a month-long marathon of news specials, editorials and series on the epidemic of addiction that has spread across the country.

It was anything but shallow. But then these are Knight-Ridder television stations.

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Knight-Ridder, winner of five Pulitzer Prizes in 1987, is a worldwide communications company with eight television stations, cable systems, business information services and 32 daily newspapers.

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The Business Side
by Merrill Brown

Aftershocks & Forward Glances

For better or for worse, it is probably a good time to look ahead to 1988, in this the last “Business Side” column of the year. But for starters, a quick review of 1987, which may yet hold more major surprises, seems in order.

First, a couple of items from the we-all-should-have-known-better file. Some people were skeptical last year when Warren Buffett plunked down a half billion dollars to buy a major piece of the company that became Capital Cities/ABC. In about a year and a half, Buffett has made more than $700 million in paper profit on his investment as the company’s stock has risen to well over $400 a share. Although company officials Thomas Murphy and Daniel Burke appear as surprised as anybody by the success, the stock’s dramatic performance is a tribute to their skills at running publishing businesses and TV- and radio-station operations. Of course, their good fortune is also a result of the surprising, not fully explained, strength of the 1987-88 up-front market.

If the economy holds firm and the picture at ABC brightens, Buffett’s two-year profit from his investment may exceed $1 billion.

If the economy holds firm and the picture at ABC brightens, Buffett’s two-year profit from his investment may exceed $1 billion.

Moving on to 1988, expect fireworks in the form of a continuing but intensified reconfiguration of the cable-programming world. For the foreseeable future, there’s no room left for new types of networking ventures. Everyone in the programming business, looking at the growing clout of cable successes such as ESPN and The Disney Channel, and the evidence that the public has about as many options as it can handle, will want to play.

Next year, NBC’s Robert Wright and CBS’s Larry Tisch could wind up pumping significant resources into cable programming, a major new service or two will grow out of the inevitable demise of superstations and everyone in Hollywood will be chasing new outlets with the products of the nation’s overextended programming factories. Among the beneficiaries of those events will be a reinvigorated Showtime, with new equity partners eager to give the network the marketing muscle and sophistication it’s never quite gotten.

Also, expect to see the beginnings of the reality of major local cable programming efforts. With Chuck Dolan once again playing the role of visionary, leading the charge with his Long Island news operation and with his “network” of SportsChannels blanketing the East Coast, others will follow suit. Several major MSOs, perhaps in partnership with local newspapers, will begin to react in significant ways to the inevitability of competition for local broadcast-news outlets, just as cable has become a competitor in the national news marketplace.

Additionally, expect less product and possibly some major losses in the first-run syndication business, but also expect to see the early signs of prime time success for new syndicated fare on independent stations and even on the evening schedules of network affiliates. New, highly leveraged station owners will be forced to take dramatic steps in 1988, such as significantly preempting network lineups in an effort to attract the kinds of ratings that will permit them to pay down their debt loads. Do not expect such people as George C. Gillett, on the affiliate side, or Tim McDonald or Tribune Co. or MCA, on the independent side, to be easily satisfied with little or no prime time ratings growth. Too much is at stake.

Finally, look for 1988 to be the year when the prospect of foreign money entering American media enterprises becomes a reality. The Rupert Murdoch model is too attractive, and foreign publishing concerns have gobbled up just about all they can on the print side. Highlights will include a significant transaction at a U.S. studio or syndication company.
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Growing Up Is Hard to Do

He failed at CBS, overpaid at MGM and was forced to surrender control of Turner Broadcasting to cable giants TCI and Time Inc. But to everyone's surprise, he has taken it all in stride, leading observers to pose a heretofore unthinkable question: Is Ted Turner mellowing out?

by James Traub

Still, Turner listens to nature nowadays. He used to brag about shooting 153 ducks in one day with his "Commie buddy" Fidel Castro. Now he brags about how few he shoots in order to preserve the balance of nature. Turner has heard the call to slow down, and he has paid heed. A visitor can't help noticing the hitch of hesitation, the habit of a man who has learned to think, even a bit, before he speaks. As he explains why he doesn't regret the millions he lost trying to buy CBS—right before MGM—the old piratical Turner rushes to the fore: "We threw them into enough turmoil!"—then he stops and adds, "plus we learned." Turner has learned from painful experiences. And the wild flame of youth, which burned so fiercely so many years, has dimmed to a mere blue heat. It's time, after all: His Clark Gable mustache has gone silver.

Maybe it's the lingering flu he can't seem to shake, or maybe it's boredom as he waits to fly off to his newest property, a Montana ranch, but Turner seems oddly subdued. He says without resentment that he accepts the fact that his mad inspirations are now subject to veto by the reasonable men of Time Inc. and Tele-Communications Inc., who together control four of 15 seats on his board. Occasionally the old restlessness overrides him, and he springs up from the couch to scrutinize his trophies or pace into the recesses of his office, talking into the thin air. If Turner stopped talking, you sometimes think, he would topple over like a spent wind-up toy. But he doesn't fill a room quite the way he used to, nor shout and stalk and rattle Confederate sabres piled up on the floor—not quite the way he used to.

Turner has looked up and found that he can't play the ageless hero any more. He's always insisted on being the most something, and if he can't be youngest, he's going to be the oldest. "In baseball and basketball I've owned both teams [the Atlanta Braves and Hawks] for 11 years, and I’m in the top quarter of seniority in both leagues. And I'm almost
'I don't feel like a senior citizen,' says Turner. 'But it's a sobering thought, one has to admit.'
48!" (He’s almost 49.) He also counts himself as seniormost among network owners. "I don’t feel like a senior citizen," he says. "But it’s a sobering thought"—and here he offers an ironic, crinkly smile—"one has to admit."

This is the man who horrified all of Newport and points west when he won the America’s Cup and met the press joyously drunk. Ted didn’t mean any disrespect, says childhood pal turned TBS vice president (for planning and development) Bunky Helfrich. He just couldn’t turn down the bottles folks kept pressing into his hands, and besides, Ted can’t hold his liquor. Anyway, Turner usually seemed drunk on adrenaline. There was the time he pushed a baseball around the diamond at a Braves game—with his nose. There was the time he rode an ostrich around the field. And there was the incredible ten-month period in 1979 and 1980, somehow more significant to this planet, when a hitchhiker owner down South built from scratch the first 24-hour-a-day TV-news channel known to man. Ted Turner wasn’t a man; he was a phenomenon. "He keeps a pace that most mortals can’t understand," says drinking buddy turned ex-Turner Broadcasting official Peter Dames, "and why he’s driven himself to that extent is something I can’t understand."

Nobody can, really. Turner is too complex to be flattened out on a psychological grid. People talk about his father, Ed, a fierce and relentless and unforgiving man who instilled in the boy the lesson that life was a battle to be won and that only the hard came out on top. The indomitable father ended his life with a handgun when Ted was 24, and the young man seems to have resolved never to look inside himself but to pour all his energy into the world around him.

That was 1963. By 1970, having turned his father’s billboard business around, Turner spent $500,000 for a dismal UHF station in Atlanta, WJRE, and, with his loyal band of pals turned employees and employees turned pals, sold daytime spots for $8 a pop. Turner, says Gerald Hogan, who signed up in 1971 and later became vice president of broadcasting sales, "was wild with energy. He was the most unusual guy I’d ever met." Turner Broadcasting wasn’t so much a company as an extension of its founder’s ego, and his family. Turner went hunting and fishing and sailing with his executives; when he got angry, as he very often did, he fired them, and then, in a burst of contrition, rehired them. "We always felt like guerrillas in the jungle," says Hogan, who recently left TBS to start a station-buying endeavor.

And soon Turner Broadcasting was winning the war. After Turner bought the Braves in 1976 and the Hawks in 1977, Atlanta fans had to watch WTBS. Then Turner had his First Great Inspiration: He put his little indie on the satellite (as HBO had just done) so the whole country could watch. Four years later Turner had his Second Great Inspiration, Cable News Network. Now the redneck days were over. Ted Turner, he of the upended bottle and the beautiful blondes, was going to advance the cause of truth. He would be un-ignoreable. He declared CNN "the most significant achievement in the annals of journalism."

CNN was a big stage, but it wasn’t the biggest. Ted Turner wasn’t even close to being finished. In 1983 he had the audacious idea of merging TBS with a network and then organizing a putsch from inside. It was something like the Trojan horse, only with a completely transparent horse. CBS chairman Thomas Wyman actually met with Turner twice to discuss the proposition, which may help explain why William Paley lost faith in him. The three networks were cool to him, so Turner decided to build a fourth network. He journeyed to Hollywood with the inspired notion that the studios pay the full cost of producing shows, and then recoup their expenses from a share of ad sales. He was laughed out of town. Turner talked to Metromedia, to Time Inc., to Gannett, primarily about a CNN deal. He suggested to Kirk Kerkorian that their two companies merge. MGM’s fiercely independent owner, Turner now admits, "never took us seriously."

Turner was momentarily checked, but only momentarily. In late 1984 he hit on a plan that would satisfy even his grandiose ambitions, a plan that would make previously audacious projects look timid. He would take over a network. His 1984 revenues totaled $282 million. The network companies started at $3 billion. No matter. Ted told his bankers to ready a bid for ABC. Before they got far, though, Capital Cities rescued ABC from circling sharks. Within a week after ABC accepted that bid, Turner decided to go after CBS and told chief financial officer William Bevins to put together an offer.

The rest, of course, is history—of a most unflattering kind. Wall Street repudiated Turner’s $5.4 billion offer, while Turner was denounced in the press as a barbarian bent on smashing a majestic institution, and a right-wing nut anxious to subvert a premier news-gathering entity. In fact, CNN was every bit as objective as CBS, and WTBS aired far more hours of documentaries; but in New York, Turner was taken to be a hick. He didn’t help his cause by showing sympathy for Senator Jesse Helms’ parallel effort to take over CBS.

Turner lost $18 million in a fruitless campaign, further contributing to his reputation, especially in the cable industry, for not having both oars in the water. Turner says he doesn’t regret it. "Eighteen million dollars? That’s the cost of one movie—less than one movie!" He doesn’t seem to consider a mistake seri-
ous anymore if it costs under $100 million. And it was nothing at all next to CBS’s $855 million recapitalization effort that he provoked. The piratical Captain Turner loved the turmoil.

Meanwhile, Kirk Kerkorian had called Turner in late July, according to Bill Bevins, to say that “he realized the timing was bad,” but that he was putting MGM on the block. Bevins immediately flew west and returned to inform Turner that Kerkorian was demanding $29 a share, and threatening to auction off the company if he didn’t get his price. Two days later, after a court upheld CBS’s buyback plan, ending Turner’s CBS bid, Bevins returned to L.A. and Turner followed two days later. Bevins valued MGM at roughly $24 or $25 a share. Most investment bankers who had looked at MGM put its value at $22—as Bevins and his aides knew—and financier Charles W. Knapp had already offered Kerkorian that price for the company.

The day he arrived Turner went to visit Kerkorian at MGM and emerged to announce to his amazed associates that he had accepted Kerkorian’s price, so long as the latter threw in 1,450 additional old movies from the RKO and Warner libraries. All Turner wanted was the library, but he agreed to purchase the MGM studio with its film lab and real estate and cassette operation—just like that. He may have set a world record for haste/cost ratio.

“It was typical Turner,” says a new, prudent board member. “He wanted something and he went out and got it and didn’t think through the consequences.” Turner insists that his hand was forced: Kerkorian, he says, was about to either auction off the company or sell it to another bidder. In fact the auction was not imminent and the perceived rival, Harrod’s owner Mohammad Al-Fayad, had not even submitted a bid.

One popular explanation was Turner’s eagerness to repair his wounded pride after the CBS debate. But Turner is not a man who humiliates easily, as he had proved by enduring a steady stream of rejection the previous two to three years. A likelier explanation is that in MGM he finally found something he could buy, and he wasn’t going to lose it for anything. Advice hadn’t deterred him in the past, and it wasn’t going to deter him now, even though, as one TBS official says, “Everyone told us we were being snookered.” Finally, haggling is for the small-minded. Turner doesn’t haggle when he buys plantations, either.

It was a weird deal all around. Kerkorian insisted that Turner commit himself irrevocably within two weeks of agreeing on the terms. This, Bevins says, effectively compelled TBS to retain Kerkorian’s bankers, Drexel Burnham Lambert, which was already intimately acquainted with MGM’s balance sheet.

Other bankers watched cynically, knowing that Drexel’s command over the junk-bond market enabled it to finance even the most unwise deal. Drexel “could have financed Moammar Qaddafi at the height of the junk-bond craze,” in the words of Anthony Hoffman, managing director of Com Capital Group, an investment firm. What made Wall Street even more dubious was Drexel’s conflicts. “Drexel said, ‘I don’t see any conflict in representing buyer and seller simultaneously,’” says a banker who followed the proceedings closely. “I would never say that.”

The deal began to unravel almost immediately, as MGM releases bombed—a bigger surprise to TBS and Drexel, apparently, than to the rest of Hollywood, which knew MGM for a moribund studio. In October Drexel said that the deal would have to be restructured to include only $25 per share in cash, and the rest in Turner stock. But MGM movies kept failing, further depressing the studio’s cash flow, and the deal had to be restructured yet again. This time the terms were a loaded gun pointed straight at Turner’s head. Kerkorian and other MGM holders would receive 53 million shares of TBS preferred stock. Unless Turner repaid $900 million of his $2 billion debt within a year—a daunting proposition—the dividends for those shares would be paid not in cash but with new common shares. And those dividends of common, should the price per share fall below $15, would be enriched with still more preferred.

When the deal was finally completed in March 1986, Kerkorian stood a fair chance of eventually gaining control over TBS, thus giving him the opportunity to sell MGM on all over again, and Turner was forced to face reality. He tried and failed to negotiate a joint film venture with Viacom. Bevins and others told Turner he would have to sell his extra toys, several of which were losing value. In March he surrendered. It was, TBS executive vice president Robert Wusser recalls, “the most painful period of the entire deal. Turner developed the low-grade virus that has plagued him off and on ever since. He had scarcely ever sold anything before, and his spirits surely sagged. Dozens of companies showed an interest in buying pieces of MGM; Turner had to sell and he couldn’t hold out for the best price. Eventually Kerkorian resurfaced and bought back the studio, the cassette business and the MGM logo rights for $300 million. Lorimar-Telepictures bought the real estate and film lab for $190 million. Turner points out that the broadcast networks have changed hands “pretty ingloriously.” What, then, of the MGM fire sale?

In virtually every corridor, lobby, stairway, hotel room and office suite in the one-million-square-foot Omni Center in Atlanta, which Turner Broadcasting purchased in 1985, visitors find posters from the classic movies in the MGM and Warner libraries. Here’s Bogie and Spencer Tracy. Here, there and absolutely everywhere is Clark Gable embracing Vivien Leigh, who has gone limp in his arms, in Gone With the Wind. Terry McGuirk, Turner’s 36-year-old vice president for special projects, has three copies of The Harvard Business Review stacked neatly on his glass desk; above the couch, Rhett and Scarlett. Rhett and Scarlett embrace within the vast glass- and-steel enclosure, as if pointing, with their splendid and doomed romance, to the heroic world which has passed away.

Much though he waits impatiently for tomorrow, Ted Turner is a dreamy man, even a fantasist, a man who yearns for old-fashioned glory and keeps handy a statue of his hero, Admiral Nelson.
Turner may want to be a part of the past almost as much as he wants to be a part of the future. And with MGM's library, he bought a prime artifact of the Hollywood reliquary, a bottomless treasure of truth and beauty and sentiment. Turner calls them "the Rembrandts" of film and he loves to tick off the painted names: Sergeant York, The Saouds of Iwo Jima, Casablanca. Buying the library, says McGuirk, was "a lifelong ambition for Turner."

It was also a strategic move which may ensure his company's future. WTBS has insisted on paying essentially local rates for rights to films and syndicated shows, which it then shows to its 42-million-household audience. Studios and syndicators are increasingly reluctant to sell the network any but the least desirable programming. It became clear to TBS executives at least three years ago that the superstation would have to own material, and plenty of it—thus the nonstop attempt to buy a network or studio. MGM's library offered, among other things, bulk, especially after Kerkorian agreed to throw in extra films and cartoons.

A nd, of course, Turner's reverence for these classics didn't preclude his slicking them up with the new colorizing technology he had heard about. Woody Allen can complain all he wants, but Turner plans to colorize the several hundred most popular of his old films, and no one is likely to stop him. Already such films as Mutiny on the Bounty have increased their value in syndication tenfold or more after being colorized; WTBS' ratings are two or three times higher than for black-and-white versions. At present, constraints in the infant technology have limited production to about 25 films a year, but as the pace quickens and the quality improves, colorization may turn out to be Turner's Third Great Inspiration.

Or perhaps the MGM library will come to be seen as the last splendid folly of the man who tried to buy CBS, the man who looks like Clark Gable and named his second son Rhett and grew up on a Savannah plantation. "I don't think it's such a big asset," says a top Hollywood executive. "No matter how you cut it, they're old movies and they've been around. Everybody in town feels Ted got taken to the cleaners." For several months one of the six movie theaters in the Omni Center showed Gone With the Wind again and again and again; another showed nothing but "MGM Classics." Neither played to crowds, and today the two are shown in a single theater.

At the 1986 National Cable Television Association convention, TCI president John Malone noted pointedly that the cable industry stood ready to help keep TBS independent, and to provide Turner with funds to make him competitive with the other cable networks. "Independent" was a well-understood code word for keeping CNN out of the clutches of Time Inc., NBC or Rupert Murdoch. It had already become clear that Turner would have to raise several hundred million dollars beyond what he would clear from the MGM sale in order to keep operating.

Turner stalled until fall, preoccupied with the Goodwill Games, and hoping for the miracle Turner always hopes for, and sometimes gets.

In early December, after Turner talked to Malone, Turner, McGuirk and Bevins met with Malone and Stuart Blair, president of TCI subsidiary United Artists Communications. Malone and Blair outlined a plan in which a consortium of cable system operators would buy $655 million worth of TBS stock, reducing Turner's ownership of the company from 81 percent to 51 percent. The MSOs, in return, would have seats on a Turner board, as well as the ability to block new initiatives. Turner would no longer run the company by inspiration and whim; it was no longer that simple. Turner accepted his plight with the dignity of a stoic philosopher. "Ted has taken it all very well," says Blair diplomatically. "Ted himself has sponsored the transaction very enthusiastically."

F rom this point on, the power struggle was no longer between Turner and the operators, but among the operators themselves. Time Inc., which had hung back in the hopes that the deal would collapse and Turner would reconsider selling part of CNN, finally joined in May and formed a sort of directorate-within-a-directorate with TCI. The two companies, which have made roughly two-thirds of the total investment, agreed to vote their shares together and to permit Time to run CNN should Turner decide, or be forced, to sell his company to the operators. This separate arrangement, with its smoke-filled air, caused a good deal of anxiety about Time's unslated ambition to own CNN, as well as TCI's ambition to keep an iron grip on its program sources. Viacom essentially left the consortium in protest. "The way I read it," says The Com Capital Group's Anthony Hoffman, "is that even before the body is cold, they're dividing up the parts."

But the body remains whole for the moment, and many people feel that it is far sounder now than ever before. First Boston Equity Research estimates the value of TBS's assets at roughly $3 billion. With the new board bringing "a new discipline to the company," says Gordon Crawford, analyst with Capital Guardian Research in Los Angeles, TBS "can be a hugely profitable business down the road. If they stick to their knitting, the share-
holders will get very rich." CNN, says Crawford, "may be the single most attractive asset in cable today," a claim borne out by the crowd of companies eager for a piece of it. Operators point out that CNN, like Home Box Office, is one of the few cable offerings that broadcast TV doesn't have. And Turner's growing success selling CNN abroad—over 50 countries have agreed to air it—creates an added source of revenue and prestige.

Most cable operators, no matter what they think of Turner himself, treasure his programming. All three Turner channels are "real core services," says Ken Bagwell, president of Turner's Western Cables, a member of the consortium. Between CNN, Headline News and WTBS, Turner claims that he has 35 percent of the cable audience. But WTBS's future is currently menaced by the prospects of the FCC reinstituting syndicated exclusivity rules, which prevent superstations from airing programming in markets where it is already being shown by local broadcasters. Superstations would thus be effectively unable to purchase popular syndicated programming.

This, of course, is where the MGM library's strategic value comes in. TBS officials say that WTBS, rather than accepting a diminished future, could become a new cable network consisting largely of classic movies. If "snoody" is defeated, WTBS could remain in its present form and the film library could be used as the basis for what is slyly known at TBS as a "fourth network." This would be not the Fox style network which Turner tried to forge five years ago, but simply a fourth TBS channel. Turner envisions it having a mix of 80 percent entertainment and 20 percent sports, and he put a proposal for creating the channel before the board of directors at its October meeting.

In its first two meetings, the new board approved plans to pursue the start-up network, as well as Turner's proposals that he try to buy the rights to major sports events like the Kentucky Derby and the Indianapolis 500. The board even approved a second set of Goodwill Games, an event which to at least several directors symbolized the fear that Turner makes "emotional" not "business" decisions. The Goodwill Games, aired during the summer of 1986, showered incomparable publicity on Ted Turner, possibly made the world a better place to live in and lost $265 million. "As a concept," says a director dryly, "they were a great contribution to mankind." The Goodwill Games were vintage Turner—a bit splendid, a bit ludicrous and altogether original. Had the new board refused to fund Goodwill II, it would have constituted a virtual vote of no confidence in Turner. And the directors, as McGuirk says, are "bending over backward to keep Ted in play."

The question is: How long can they sustain that uncomfortable posture? A number of the new directors clearly regard Turner as a kind of divinely inspired Moses who has led his company through the wilderness, now that the promised land beckons, it's time for sound government. One new board member says sniffly, "Our success has been driven principally by sticking to the principals of the business and operating in ways that grow the company internally. We're not risk-takers. We're minding the store . . . It's time to step back and maximize the value of the assets in the company today." To accomplish that goal, Turner is already actively pursuing the acquisition, in whole or in part, of three basic-cable services: The Discovery Channel, American Movie Classics and Financial News Network.

But Turner may get bored sticking to his sensible knitting, and justifying his every adventure before real directors, not a claque of cronies and pals and stockholders," to quote Peter Dames, who was all three. TBS producer Jeffrey Hewitt says that he and many of his colleagues are worried that the boss will drift off to one of his soul satisfying ventures to reform the planet and leave TBS to "television executives who think like typical television executives." Dames, who has known Turner since their days at Brown University (Turner was expelled when a woman was found in his room after hours), expects the same. Turner himself has said again and again that he's used to limits, and that he's eager to work with and learn from the new board, etc., etc. He's even said that subordinating himself to partners will prove that he means it when he pleads for global harmony. It's another brilliant Turner inspiration—the TBS board as a microcosmic United Nations.

That's the new Ted Turner: not Ted the Conqueror but Ted the Protector, conquering through love. "My hobby is world peace," says the man who a few years back was brandishing Confederate swords, "and I'm working on it pretty strongly." There's the Better World Society, which turns out "pro-social" programming, and the Goodwill Games and the new "World Report" on CNN, which will afford a few minutes of airtime to every country in the world, making CNN yet another simulacrum of the United Nations. You have to wonder if Turner can establish world peace without slacking off a trifle on the home front. "That's a pretty big project, and it's eluded mankind the last!" Turner pauses to think up a number big enough to justify his hobby—"ten million years. There's a reasonable possibility of reaching that in the next few years." If it takes much longer, Turner just might get bored and find a new hobby.

Now Turner is getting restless. Even the prospect of world peace isn't animating him all that much. He's fiddling with a Goodwill Games gold medal and he's eager to be off to his Montana ranch. Turner has been spending a lot of time recently buying property, and occasionally inhabiting it, with the insatiable restlessness of a William Randolph Hearst. To the two plantations and one island in South Carolina he has added a modest three-bedroom log cabin on 90 acres outside of Atlanta, a 5,000-acre plantation in Florida and a beautiful, rugged retreat in Big Sur that he bought from actor Ryan O'Neal.

Turner's girlfriend, J.J. Ebaugh, is from nearby Carmel, and introduced her hyperactive squeeze to California's mellow lifestyle. If Turner is a new man, says Peter Dames, a good deal of the credit should go to the reserved woman for whom he is divorcing his wife of 23 years. Turner's "horizons," he says, "have broadened. He's been on the fast track for a long time, and I think he's found that there's something else." Yes, Ted Turner, the man who ran from death 24 years ago and seemed bent on never stopping, is smelling the flowers—in his own special way. He's made smelling the flowers into a crusade.

Most of the really big conquerors, like Tamberline or Alexander the Great, didn't know what else to do with themselves when they ran out of battles, and so they just died. It's a lamentable state of affairs, and Ted Turner has no intention of following suit. Ted Turner is not about to fade away. Quite the contrary: He's moving on to a bigger stage. "I think he's past being a William Paley in his own mind," says Gerald Hogan. Ted Turner once wanted to own the world. Now, instead, he's going to save the world. Or best of all, maybe he'll save the world by owning it.
Taft Broadcasting Company has been acquired by TFBA Limited Partnership. We acted as financial advisor to Taft Broadcasting Company.

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October 15, 1987
HOW THEY GOT THAT STORY

Docudramas have become made-for-TV movies’ most popular form of story telling. But securing the rights to true-life tales is often a saga in itself.

Arnold Shapiro felt uneasy as he navigated his rented car down the narrow roads of rural Ingham County, in central Michigan. It wasn’t every day he had to talk to a man whose brother had been burned to death in bed.

Embassy Productions, Shapiro’s employer, owned the rights to the best-selling book about the case: The Burning Bed by Faith McNulty, the story of an abused wife, Francine Hughes, who murders her husband, Mickey. As the company’s vice president of development, Shapiro now had to lock up the individual family members’ rights as well.

When he arrived at the Hughes residence—a trailer sunk in the woods—he was greeted not only by Mickey’s brother, but the entire Hughes clan. The family was angry; they felt the news media had been unfair to Mickey in its coverage. They were leery of city people, especially someone from Hollywood.

“It was touch and go for a while,” recalls Shapiro. “I was afraid they might throw me out. They turned on their tape recorder, I turned on mine and we talked.”

Over lunch, Shapiro gained their trust, assuring them the story could not be presented fairly without their help. He persuaded the necessary family members to sign releases. And he knew his job was done when they invited him back for Christmas dinner.

Arnold Shapiro didn’t realize it when he left the Hughes trailer that afternoon in 1980, but television history was about to be made. He had helped to shape the prototype for today’s docudrama: a made-for-TV movie, based on a best-selling book, about a nationally known case.

Though Embassy eventually lost the project to Tisch-Avnett Productions when its option ran out, Shapiro’s groundwork made the movie possible. The Burning Bed, starring Farrah Fawcett, aired in October 1984 and became the fourth-highest-rated made-for-TV movie in history, drawing a 52 share for NBC. More importantly, it became the catalyst for a wave of docudramas still sweeping the industry.

Of 63 made-for-TV features aired by CBS in 1986-87, 19
Tom Shales, the Washington Post's influential TV critic, says he can't think of another "made-for" format enjoying as much popularity. "The docudrama will continue to be a staple of network programming for a long time to come," he says.

Popularity and ratings mean networks and production companies are now hungry for suitable stories. "We hear over 6,000 pitches a year," says Tony Masucci, NBC's vice president of motion pictures and miniseries, but he considers "any production that can pull a 30 share or higher a success in today's market."

"There's an almost pre-sold nature to them," says Ted Harbert, ABC Entertainment's vice president of motion pictures. "When you promote the story, the public's already heard of it."

"Built-in drama" is how independent producer Zev Braun describes the appeal, "real-life stories, good guys and bad guys... people can relate to that. The stories are immediately accessible, they aren't artificial. People are just very interested in other people's lives." Braun, who produced last season's Murder Ordered on CBS (a 31 share), is ready to roll out this season's Father Clements Story, about a black inner-city priest.

Arnold Shapiro suggests that docudramas have effectively replaced the prime-time documentary on network TV. "People just find them easier and more enjoyable to watch than reporting," he says.

Rights (common-law protected rights to privacy), when purchased, enable a producer to use, interpret and present a story as he sees fit. In effect, specified rights of an individual to privacy pass to a producer once an agreement has been signed. A producer purchases only the rights he needs, and that means anything not in the public domain: court transcripts, police records, etc. In addition, a producer must obtain rights of portrayal and depiction, which give him some leeway to develop the story dramatically.

Ernest Del, a Los Angeles entertainment lawyer, says the real reason producers go after rights is to secure errors-and-omissions insurance. "The game boils down to insurance," says Del. "Without releases, no insurance. Without insurance, a production will never be picked up by the networks."

Such legal advice doesn't come cheap. Entertainment lawyers charge their clients anywhere from $200 to $400 an hour, according to Del. One of the reasons is that the adversaries are now more formidable. "Rights holders today are much more savvy compared with a few years ago," he says.

The success of the genre explains the speed and ferocity with which producers pursue true-life tales. Donna Ashlock, then 14, was still in a San Francisco hospital recuperating from a heart transplant when producers began competing for her rights. Ashlock had made headlines when a friend, Felipe Garza, beheaded her heart shortly before he died. Over 30 initial inquiries were made by producers. But when word got out that NBC was interested, the situation, according to a source, became "a blood frenzy."

Christine Foster, then head of program development for Group W Productions, was in the lead for the story. Her chief competitor was Dick Berg of Stonehenge Productions. Rather than bankrupt each other, they split the deal.

"We simply realized that half a pie was better than none," says Foster. She and
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September 30, 1987
Hey, Big Guy! Have you seen the trades today? Did you read about the deal your competition just closed in New York?

...you talking about WWOR buying "Cosby" and "Who's the Boss?"

Hey, sure they have 100 fresh half-hours they can start to strip this March... sure, "Living's" been tested as a strip. But why worry?

Yeah, we're both sitting pretty with an inventory of shows that have worked for years!
NO, THAT'S OLD NEWS. WWOR IN NEW YORK JUST BOUGHT "IT'S A LIVING" TO RUN WITH "COSBY" AND "BOSS" ... SAID IT'S THE PERFECT COMPANION PROGRAM.

WELL, GOOD BUDDY, LOOKS LIKE WE'RE BOTH IN THE SAME BOAT! KHJ-TV IN L.A. ALSO JUST BOUGHT "LIVING" TO RUN WITH "BOSS" ... SAID IT HAS AN IDEAL SITCOM AUDIENCE COMP.

WE'RE FLOATING AS SMOOTH AS CAN BE!

ON TOP OF THE WORLD... NOTHING CAN STOP US!

It's a Living
A WITT/THOMAS PRODUCTION
Play It Safe. Smart!
Keith Carradine and Anne Curry in CBS's Murder Ordained: Producers' fierce battle for rights made news on its own.

Berg paid the Ashlocks and the Garzas a total of $125,000 for their rights. Tentatively entitled Two Hearts as One, the story is now in development for NBC.

Zev Braun encountered a similar situation when he went after the rights of Kansas highway patrolman John Rule, the officer who investigated the bizarre case depicted in Murder Ordained. Braun says he originally intended to pay Rule $25,000. That figure, Braun says, was already well above the customary range for his type of story (a secondary character): $1,500-$5,000, good for one year, with an option to extend the contract another year for more money.

Braun, who eventually teamed up with Ted Field of Interscope Productions on the deal, wound up paying Rule three times his original offer. The rights battle was so fierce it eventually made the cover of the Los Angeles Times Sunday Magazine, in August 1986.

Unlike Foster and Berg, producers are sometimes unwilling to carve up the pie or to bow out once a competitor has taken a clear lead. That tenacity can result in the networks not only rushing a story to the screen, but in producing and airing only slightly different versions of the same story.

This past January, CBS aired the four-hour At Mother's Request, the grim story of Frances Schreuder, the Manhattan socialite who coerced her 17-year-old son to murder her father, one of the richest men in Utah. CBS got its production on first and did well: an average 35 share for two nights. Two months later, NBC broadcast its own version of the crime, Natchez: Money, Madness, Murder. The story wasn't as appealing the second time around, gathering shares of 20, 19 and 22 for its three nights.

The situation came about because each network owned the rights to different books. Locking up the book rights early is how producers now try to avoid bidding wars. And, increasingly, "early" means before the book is even written.

When Robert Halmi went after Sydney Biddle Barrows' Mayflower Madam he had to elbow away a dozen producers to secure an option on the story—months before Barrows put pen to paper. His production, starring Candice Bergen, is scheduled for CBS this month. Halmi says he actually prefers it when no book exists. "A book almost locks you into a certain story," he says. "If you don't have a book, it's almost easier because you can dramatize the story more freely." But since Barrows was both author and subject of her book, Halmi was able to lock up all rights in one shot.

NBC currently holds an option on Joe McGinniss' yet unpublished book on the Maria Marshall murder. The New Jersey case, about a husband's bizarre plot to kill his wife for her insurance, was so compelling that NBC decided to pre-buy the book. "It has all the attractive elements to make a major television drama," Susan Baerwald, NBC's head of miniseries, told a New Jersey paper. The fact that McGinniss' earlier Fatal Vision pulled a 47 share when it aired on NBC in November '84 didn't hurt. But with competition driving up the price of rights to well-known stories, some producers have begun to look elsewhere. Charles Fries, president of Fries Entertainment, says some of his biggest successes recently have come from little-known tales. His Fight for Life, the story of a

When The Atlanta Child Murders was broadcast on CBS in October 1985, it received substantial bad press on questions of accuracy. More recently, Fries' own LBJ: The Early Years, drew the ire of Larry L. King in TV Guide. King, the nationally known writer who had been an assistant to two Texas congressmen during LBJ's Washington years, wrote that "in terms of historical accuracy, [the movie] is worth ... about 15 cents."

Historical arguments aside, all three networks have read a more influential tome—the ratings book—and concluded that docudramas are the way to go. ABC is developing The Baby M Story, The Mercury Morris Story and The Final Days, Woodward and Bernstein's look at the last days of the Nixon administration. To capitalize on next year's presidential race, the network has scheduled The Donna Rice Story.

In addition to this month's Mayflower Madam, CBS is working on tele-biographies of Frank Sinatra and Bess Myerson. NBC plans to develop projects on Martin Hanson, the New York model whose face was slashed, and Leon Klinghoffer, the American tourist murdered by terrorists.

Acquiring the rights to true-life stories may be, as ABC's Harbert says, "a nightmare." But with the ratings so good, it's a nightmare the networks don't wish to wake from just yet.
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**PaineWebber INVESTMENT BANKING**
Can Disney's Magic Work on Network Television?

by Steve Behrens

By next spring, parking for the Disney studio in Burbank, Calif., will have been buried in the big excavation at the end of Mickey Avenue, behind the old Animation Building. Where cars now bake in the sun, the spiritually and commercially renovated Walt Disney Co. will be thrusting up an office tower for the Hollywood men who have brought the company great new success and still greater ambition.

The management of Disney chairman and CEO Michael Eisner has kept the air filled with sawdust from set construction, and in three years has pushed Disney's box office rank from last place among the major studios to third place, the Disney Channel from fifth to fourth among pay cable networks and the home video division from seventh to fifth (perhaps higher) in cassette sales. The theme parks, perennially first in their industry, laid on the advertising and promotion to bring in more visitors this summer than ever before. In three years—mostly in the last 12 months—Disney has nearly doubled both its net income and revenues; its stock price has shot up 500 percent. In terms of return on equity and the other things that charm investors, says David Londoner of the investment bank-

ers Wertheim Schroder & Co., "Disney's fundamentals... are better than any stock we have ever analyzed."

"They have the look and smell of a winning team," says another kind of observer, the critic Leonard Maltin. "And they have the trophies too. Not just box office success—their ideas seem to work. There have been very few embarrassments."

But there have been a few, and they've been mostly seen on TV. Eisner has made Disney the studio in movies, but in television its Walt Disney, Touchstone and Buena Vista trademarks have, so far, guaranteed neither success nor audience satisfaction. This season it had just one new entry in prime time, The Oldest Rookie on CBS. Last season, Eisner's team did rather well at putting series on the networks—they had five in prime time. But only two survived: the two-hour Disney Sunday Movie, which ABC cut to one hour this season, and the 40-share Witt/Thomas/Harris' Golden Girls, over which Disney exercises no creative control.

In August, signaling a new attack on its prime time problems, the team brought in Randy Reiss as president of the network TV operation. The man who had held the job for less than two years, Gary Krisel, a former head of Disney's record and consumer-products divisions, stayed on with narrowed responsibilities. "We haven't been up to bat enough for people
Team Disney's movies have made it the hottest executive act in filmmaking. But the TV version of *Down and Out* and other forays into prime time have bombed.

to say, 'They've got a problem,' or 'They're good,'" says Reiss. "The batting average in network television for the whole industry is not good." A Disney executive admits, however: "It's been a quiet disappointment."

But that's only temporary, television executives elsewhere seem to agree. If these Disney guys can't make TV hits, the line goes, nobody can. When Eisner, formerly the studio president at Paramount, took Disney's corporate chairmanship in September 1984, he brought along more than a dozen executives who had made and sold such Paramount blockbusters as *Cheers*, *Entertainment Tonight* and the film *Saturday Night Fever*. There was Eisner himself, with his childlike enthusiasm for entertainment, "a goddamn genius" in the view of a zealous follower; the tough and seductive young deal-maker Jeffrey Katzenberg, now chairman of Walt Disney Studios, who reportedly makes 150 phone calls a day; and Rich Frank, the president of Walt Disney Studios, who made Paramount a power in syndication. Latest of the Paramount alumni to join is Reiss. In the top ranks, only Frank Wells, president and chief operating officer of the Walt Disney Co., who came from Warner Brothers, hadn't climbed the heights at Paramount.

While jump-starting a studio whose batteries had died, the team has had tremendous assets, including the trusted Disney name, a stable of animated per-
formers that never go bald or file lawsuits and, not the least, the executives’ own ambitions. "We work harder than any other studio in this town," asserts Walt Disney Studios senior vice president/network television Grant Rosenberg, one of the crew from Paramount. The executives—film and television together—start their week with an 8 A.M. Monday roundtable, where they chew over the weekend’s script reading, swap names of writers they’ve found and are encouraged to speak their minds, says an insider. “Then Eisner says, ‘Let’s get ‘em,’ and everyone comes out like after halftime in a high school basketball game.”

With that kind of enthusiasm, the team set out to find projects that would score. "When I got here," says Rosenberg, "there were no scripts on the lot. No, wait a minute—there was one script." Disney moved quickly to put its name back on TV. The studio attached its grown-up Touchstone brand to The Golden Girls, which Witt/Thomas/Harris already sold to NBC for 1985-86. “They made us an offer we couldn’t refuse,” says Paul Witt. Disney wanted into TV, and Witt/H wanted into features. Now Disney distributes the sitcom, takes part of the profits and covers the deficit, says Witt, and his firm keeps creative control.

At the same time, the studio strained to put out 23 movies for the midseason start of The Disney Sunday Movie, which brought a Disney anthology back to ABC after more than two years’ absence. Otherwise, the studio’s prime time record has been bleak. As Rosenberg says, "We have had a trail—well, not a trail, a couple of shows—that have not succeeded."

After six episodes in ’85-86, ABC subdues The Wild Side, Disney’s western variation on The A-Team. Last season, the studio sold ABC three more half-hour series: The Ellen Burstyn Show started with a low 8.9 rating and kept dropping until ABC canceled it last November. (TV critic Tom Shales remembers that watching Burstyn "was like turning on a shower and having marshmallow creme come out.") Side Kicks, a Karate Kid knockoff, lasted into March with ratings in the 10s and 11s, but didn’t get renewed. And a midseason sitcom, Harry, with Alan Arkin attempting a Sgt. Bilko-like character in a hospital supply room, was gone after six episodes.

Looking back, Disney wasn’t all that fortunate to get the shows onto ABC. Their ratings suffered by association—particularly those of Burstyn, which followed the disastrous Lucy Show on Saturday night. Side Kicks might have had a chance with kids at 8 P.M. but was scheduled at 9:30 on Friday against two bigger bruisers, Miami Vice and Dallas. To be fair to the network, however, the shows had other problems, both in concept and execution.

This summer Disney’s latest network TV fizzle went wrong in both estates of series-making. The flubs in the sitcom Down and Out in Beverly Hills can be traced to the top of the organizational chart: Eisner bet that his box office hit could be translated successfully to TV, and his buyer, Fox Inc. chairman and CEO Barry Diller, Eisner’s onetime boss at Paramount, counted on the show to lead off the Fox network’s first Saturday night lineup.

Like many series these days, Down and Out was sold without the delay, the expense or the revealing creative effort of making a pilot. "It was a sale by our upper management directly to Barry Diller,” says Rosenberg. “There was no creative talent involved. It was just, ‘Here’s an asset,’ and it was aggressively sold.” Disney executives couldn’t immediately get a producer to take on the job, so they started ordering scripts without one. Then in October of last year Howard Gewirtz came aboard as executive producer. Gewirtz, who had been story editor and producer of Taxi, figured he could deliver shows well ahead of Fox’s April debut.

At first Gewirtz tried for some of the ribald humor of Paul Mazursky’s movie, but he couldn’t find a way to make an acceptable sitcom about a bum who moves into a rich household, drinks with the husband and sleeps with both the wife and the maid. “We all felt it would be rather distasteful to have such an adulterous situation week after week,” says Gewirtz. So adultery, which had held the movie together, was excised from the sit of the sitcom. “The question that ultimately, for us, was unanswerable, that defeated everybody involved,” says Gewirtz, “was, what in the world is the bum doing there?”

“It could be,” says Rosenberg, choosing his words gingerly, “that this movie didn’t lend itself to direct translation to television, and the way we did it homogenized it to a degree.” Indeed: Mazursky’s fine collection of neurotics were reduced to standard-issue sitcom jokers. Casting decisions cut the last links to the movie: Bette Midler had been the frumpy, sexually frustrated wife. For TV, Disney and Fox opted for a 36-megaton bombshell with a southern accent, Anita Morris.

When Disney and Fox executives saw the first three episodes, they were not happy. "The first three were much more shrill, and we found the characters unlikeable,” says Rosenberg. "We shut the show down at great expense to the studio and took a month-long hiatus.” Gewirtz recalls: "The big flash to me was to make it more reality based. But the show still
had no clear through-line.” Disney brought in a co-executive producer, Richard Rosenstock, who had written for *Laverne & Shirley* and produced *Newhart*, and hired a couple of additional writers, a coordinating producer and a new actress for the daughter’s role.

Starting up again, the producers had 10 more shows to finish in 12 weeks, with only a script or two in hand. “Toward the end,” Rosenstock recalls, “we had to go from idea to finished script in three or four days.” Says a sitcom veteran: “It was one of the most problematic shows I’ve ever seen.”

When Fox finally launched its Saturday lineup in August, after a delay, *Down and Out* disappointed viewers who had expected daring from Fox and freshness from Disney. Starting with a 2.9 rating, it maintained that subterranean average—without the gains other Fox shows had—until Fox canceled it later in the month. Gewirtz, who had convinced himself that his show was funny, became severely embarrassed. And Rosenstock moved to another movie-to-sitcom adaptation—Viacom’s *Flamingo Kid* project—but this time, he says, he plans to make use of the things people liked about the movie.

Disney has had better results outside of prime time. Just before Eisner came to Disney, Gary Krisel, then head of consumer products, convinced the studio to stake a claim in Saturday morning animation. By 1985-86, the new TV animation group had sold two series: *Disney’s Adventures of the Gummi Bears* on NBC and *The Wuzzles* on CBS. To the studio’s dismay, both were scheduled at 9:30 A.M. (*Gummi Bears*, which has some of Walt’s spirit though little of his technique, still rules the time period. *The Wuzzles*, which was based on Hasbro toys, faded into reruns on ABC last season.)

The syndication division, Buena Vista Television, also got off to a fast start under senior v.p. Bob Jacquemin, who had managed syndication under Rich Frank at Paramount. Buena Vista lured away Tribune Entertainment’s movie-reviewing team, Gene Siskel and Roger Ebert, and engorged the company’s first-six months earnings this year by selling two packages from Disney’s vaults: a collection of features called Disney Magic I and *Wonderful World of Disney* (178 hours of family fare—with four runs each, enough to strip for nearly three years).

Until this season, however, Buena Vista has stumbled with ambitious original programs developed under Jacquemin and production/programming v.p. Jamie Bennett, former manager of KCBS-TV Los Angeles. Adamantly refusing to join the rush into first-run sitcoms, they aimed for *Entertainment Tonight*’s audience: Buena Vista prematurely announced a syndicated spin-off of People magazine slated for this fall, but the supposed partner, Time Inc., got cold feet and pulled out a year ago; the show was put on hold.

Bennett’s six-days-a-week financial news show, *Today’s Business*, got further, but was eventually silenced in April, after seven months on the air. The problem was indisputably not in execution, which Disney delegated to Ron Tindigia, former president of CBS’s station division. “The product was fine editorially and excellent in presentation,” says a competitor, Mark Estren, senior v.p. of cable’s Financial News Network. But the concept—producing an expensive news show to run at 6 A.M.—was a dismal business failure. Thirty-second spots at that hour were selling for $2,000, which Estren says would bring Disney less than $3 million a year. Producing the show cost more than twice that, he says. Jacquemin had hoped an upscale audience would warrant pricing spots at a premium $6,000, but in the soft barter market, advertisers weren’t biting.

Disney struck by the show, without cutting costs, until management finally lost hope—and pulled the plug. “They took the quality road,” says David Fox, CEO of the syndicator Fox/Lorber Associates. “The failure was brought about by their unwillingness to compromise their image.” They had, perhaps, persevered out of pride. But how could they have founded the whole program on the assumption they’d get unprecedented ad rates in early morning? Says a Disney executive who knew the saga: “Arrogance is probably the only answer.”

It’s the occupational hazard of studio executives, who must bet repeatedly on their own gut hunches—and convince other people to throw in their money and careers. For Team Disney, the hottest executive act in filmmaking, the hurdle was insurmountable. “People here felt that TV would be handled,” says a Disney executive, “but there was no plan or concerted effort to handle it.” Learning the feature-film side of the business drew away some of the attention of Rich Frank, the studio’s sharpest TV man. “There was a lot of attitude that TV is slightly arrogant toward production,” says a producer who works with the studio. “That is the Disney attitude.”

When the hunch fails, of course, the decision-makers are damned as arrogant. But when decisions succeed with uncommon regularity, as with Disney’s recent feature films, everyone praises the executives’ solid-gold instincts. Whichever way the verdict goes, that enormous confidence is a key psychic underpinning of Team Disney’s game plan.

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contained that risk by selling off rights for others to exploit. "I guess it comes down to: We believe in ourselves," explains Rich Frank. "If you believe in your ability and you have the cash to invest, then you say, 'I want as much of the upside as I can get, because I'm betting on myself winning.'"

In Disney's case, the cash to invest gushes out of its theme parks, its real estate projects and the world's strongest product-licensing program. The parks amount to more than half of the company's earnings, with operating income three times the level of the whole movie/TV area. In the first three quarters of 87, movie/TV accounted for just 29 percent of company revenues and an even smaller 19 percent of operating income.

While the parks prop up the studio financially, the studio creates characters and good will for the parks, keeping the Disney brand alive. "We're not in the theme-park business," says Disney Co. executive v.p. Gary Wilson. "We're in the Disney business."

"Everyone talks synergy," says a member of Team Disney, "but this is the company that believes in it." The Team believes, most of all, in marketing synergy: Soon after Walt Disney World opens its Typhoon Lagoon attraction next summer, Disney plans to air a Typhoon Lagoon special on NBC. In another push, McDonald's customers will find their Happy Meals wrapped in promos for Cinderella's theatrical re-release and, inside, coupons promoting Disney products, videocassettes and The Disney Channel. Those latter operations, along with syndication, give Disney extraordinary synergies in distribution—one of Hollywood's best-integrated "back ends."

Disney's pay-cable channel was up and running a year and a half before Eisner's team arrived, but it dovetails perfectly into their plans. "It's an outlet for the product, it carries the Disney name forward," says Frank. "There is nothing more important to our company than the Disney Channel." Last year the Channel added 20 percent to its subscriber base (to 3.175 million), and president John Cooke expects a "comparable" gain this year, as the Channel lobbies cable operators to increase rates by lowering their retail prices.

Disney has also invested heavily in home video. Bill Mechanic, senior v.p. of Disney's video arm, says cassette revenues have quadrupled during his three years in charge, largely by marketing to consumers instead of video dealers and pricing most tapes at $14.95 to $29.95, even for classics like Sleeping Beauty—a bold pricing strategy pioneered by Para-

mount Home Video when Mechanic worked there. Low prices gave Disney 17 of the top 20 titles on recent Billboard children's cassette charts. Mechanic expects that this Christmas Lady and the Tramp will double last fall's Sleeping Beauty sales of 1.25 million copies, with the help of a promo campaign that will put the romantic hounds on as many as one billion dairy cartons. Though Eisner's regime still husbands its valuable films, it's generally releasing them much more aggressively than previous Disney management. As Mechanic has heard Rich Frank say many a time, "An asset isn't an asset unless it's exploited."

Three times a year, several dozen studio executives go away for a strategic examination of those assets, both existing and prospective, says Frank. "That's where Gary Kristel come in and said, 'I think Pooh is a great character for Saturday morning animation,' and consumer products said 'Sears has the merchandising license on Pooh and we'll get some real promotion there.'"

Afterward, Kristel had a talk with Cooke, his counterpart at the Disney Channel. "We negotiated—oh, you bet," says Cooke. In the end, he said he'd "pay" Kristel's division a certain price if he could get the first run. Then the studio went to ABC, which took a second run on the new Poo series in exchange for a discount. The series bows on the Channel in January and on ABC next fall.

If Disney can't use an idea as originally planned, it shifts smoothly to Plan B. Buena Vista was able to sell Scrooge McDuck's new animated holiday Duck Tales adventures in syndication (which debuted this fall) after the networks had spurned a 60-minute version. (CBS held out in vain for Donald Duck.) And in cases where neither network nor syndication will work, Disney can shift a show's first run to the Channel, cable's only studio-owned pay service. For instance, Carol Burnett, now developing shows with Disney, wanted to reprise the quarrelsome Middle American character, Eunice, from her old variety show. Disney refused to take Eunice into the glutted syndicated sitcom market, and Burnett didn't want to take a network so soon after the run of another Eunice spinoff, Mama's Family. So the Burnett program will begin its run next spring on The Disney Channel.

As a company with many pieces a raider could sell off, Disney would ordinarily be a prime target for takeover—especially now that it's swimming in the $400 million proceeds from the sale of its Arvida real estate assets. But even if Disney weren't already well managed, and even if its largest stockholders, Fort Worth's billionaire Bass brothers, weren't standing guard, a raider might...
Wometco Broadcasting Company, Inc.

owner of television station

WTVJ-TV
(Miami, Florida)

has been acquired by

General Electric Property Management Company, Inc.

a wholly-owned affiliate of

General Electric Company

The undersigned acted as financial advisor to Wometco Broadcasting Company, Inc. in this transaction.

MORGAN STANLEY & CO. Incorporated

September 18, 1987
destroy his purchase by dismantling the Disney entertainment machine. As Wertheim's David Lonconer says, "The thing works best together."

Instead of scanning the horizon for raiders, Wall Street is watching to see what Disney will do next to keep its profits growing and stock price rising. "The only real risk is having such a tough act to follow," says Mara Balsbaugh of Smith Barney. Most of the recent earnings growth came from increasing attendance and fees at the theme parks, says PaineWebber analyst Lee Isgur. Keeping the growth rate up, he says, will be "a very, very difficult problem."

Disney's quick solution may be to buy something. A year ago Wall Street buzzed with rumors that Disney would buy CBS, the company talked merger twice with RCA. "We've studied TV and radio; we've studied networks," says Disney's Wilson. "Toys, publishing—we'll look at anything that makes some synergistic sense to us." So far, the main purchase—still pending FCC approval—has been KHJ, the weakest of Los Angeles' major independent TV stations, which remains hung up in the endless licensing hassles of its owner, RKO General. Nevertheless, Disney thought the $313 million ticket was feasible, and Frank says the company will buy more stations if it comes across at any rate of price.

One might suspect that KHJ is the beginning of some kind of network. After all, back at Paramount in 1979, Barry Diller and Eisner had hired Frank for a premature attempt at launching a fourth network—a plan that not coincidentally resembles Diller's current adventure at Fox. But Frank doubts Disney will try any such thing: "I think our fourth network is the Disney Channel."

Besides, Team Disney has its work cut out in first-run TV production. A high priority is building up its stable of writer-producers working up series ideas on exclusive contract. "I'd say that Paramount probably has 25 to 30 overall deals in television and Universal has upward of 40 exclusive television deals," says Rosenberg. "We probably have 12 to 15 in TV, plus five or six more doing features and TV. We are still short."

These are people such as the team of Michael Lobell (The Journey of Natty Gann) and Andrew Bergman (Fletch), who are developing one of Disney's most promising network projects—a comedy called The Dictator, starring Christopher Lloyd, who played Taxi's wacko Reverend Jim. Based on the writer-producers' and star's reputations and the concept by L.A. Law story editor Jacob Epstein, CBS has ordered six episodes for possible broadcast in midseason. Lloyd will play a small-time deposed dictator who runs a laundromat in New York while awaiting his return to power.

Another production unit is built around Bette Middler, who comes in regularly to her suite in the old Animation Building to work behind, of all things, a desk, and has already pitched a series idea to NBC's Brendan Tartikoff. The saga of a female singing trio, based on her own mock-sleazy backup group, the Harlettes. Tartikoff was interested and Frank expects to make a pilot.

But the Harlettes are possibilities in Disney television's future. This season has its own possibilities: a whole raft of shows currently on the air (see box); and for midseason, The Dictator for CBS and Empty Nest, a spin-off of Golden Girls, for NBC.

Perhaps the best measure of the series-making machine cranked up by Disney over the last three years, for better or worse, is The Oldest Rookie, now running Wednesday nights on CBS. "It was the first experience here with something generated completely in-house, and it worked," says Richard Chapman, one of the show's two executive producers. The kernel of Rookie—a cop cop show with the light air of Disney's recent comic movies—came from Gil Grant, the other e.p. "I thought of the idea in the shower one day—an ex-police chief who's never been on the street and decides before he retires to become a real cop," Grant says. "I called Grant Rosenberg from the car." Rosenberg introduced him to Chapman (producer of such detective shows as Simon & Simon), and the newly joined team fleshed out the idea for presentation to CBS. "We walked in, got a script commitment at last summer," says Rosenberg. "The script was terrific; it went to pilot early in the year. The pilot was terrific and it went to series. Rare when that happens in this town anymore."

"This one sailed right onto the schedule," says Pat Faulstich, the CBS v.p. who supervised the show. "It has seemed a charmed project from the get-go." But despite its major attractions—the appealing leads Paul Sorvino and D.W. Moffett—Rookie—has been the ratings underdog. ABC has wooed the urban young with its sitcoms opposite Rookie, and NBC takes an older audience with Michael Landon's Highway to Heaven. Says BBDO's Arnie Samsky, "There's not a whole lot of middle left for CBS."

Disney is in TV for the long run, its executives say, no matter what becomes of The Oldest Rookie. The title could apply just as aptly to the reborn 64-year-old studio itself—a rookie among California's TV series factories that is also the new home for a generation of ultrasharp marketing men from Paramount, and the inheritor of a priceless legacy of visionary shrewdness from old Walt himself.
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It has inherited our history.
Nielsen People Meter is backed by nearly seven decades of Nielsen research, including years of extensive testing of the People Meter itself. And it is backed by the resources of Dun & Bradstreet.

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Nielsen's People Meter is reinforced by the Nielsen information system: a system that is comprised of testing, trending, tracking and transition. Nielsen People Meters are installed in all kinds of households and neighborhoods across the country. The People Meter sample is drawn from more than 770 U.S. counties; it includes neighborhoods that are easily accessible and those that aren't. It includes families that move, families with satellite dishes, with “rabbits,” with video switches, and with sealed cable converters.

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Local TV's Ad Battles

Anatomy Of An Ad Season

The characteristics that make up a sales season differ from year to year. 1987 had its distinctive look. *Channels* investigates the components.

Ad sales change character frequently, in ways that are sometimes more discernible than describable. Made up of many converging streams, they are peculiarly a product of their time. In our *In Focus* section this month, *Channels* tackles the intricate task of analyzing some of the factors that are affecting advertising now.

We do it largely with representative stories of individual markets, through which the overarching themes become clear: the clashing needs of local broadcasters and local newspapers to harvest more revenue from the ad community both mediums cultivate (see Carol Hall's "Local TV Stalks Print Clients"); the effect of a tourist or construction boom—or the lack of one—on the size and strength of a market; and local political sensitivity—or the lack of it—and what it can do to the rate of television's revenue growth (see Mike Clary's "Down on the Levy").

Looking more deeply into the eccentricities of the current and emerging markets, we examine growth among the categories of locally advertised products (see Joseph Vitale's "Playing in Peoria"). Are they flash-in-the-pan increases? Are they buoyed along on genuine societal tides? That would surely explain the growth in time sales to health clubs and financial planners. But optical services?

These cause-and-effect analyses are crucial to stations' sales strategists, who assess which categories will continue to grow, and to program buyers, who trace the connections between advertised products and station demographics, then try to lure heavy advertisers by savvy purchase decisions.

Putting together this *In Focus* section was a matter of amassing the dots and carefully connecting them. The picture that emerges was worth over $100 billion in 1986 total media spending.

JERI BAKER

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Local TV Stalks Print Clients

Declining newspaper readership opens opportunity for TV stations to filch advertisers, and a few are poaching. **By Carol Hall**

Since 1919, Free Service Tire Co. of Johnson City, Tenn., has routinely rolled most of its ad budget to the local newspapers. Television advertising was strictly for special occasions, and there was but one of those a year—the June anniversary of the 16-store chain's founding—that provided reason enough to spend $7,500 on a flight of commercials. That all changed last January, after the tire-and-appliance retailer got a look at a long line of flat newspaper-circulation figures for its market.

Reading that as a call for action, management opted for television ads on a whole new scale, boosting TV spending significantly that very month. Emboldened by a first-quarter sales jump, the company decided to make a habit of TV advertising. Free Service Tire reports it will spend nearly $250,000 of its $1 million-plus advertising budget on television commercials in 1987.

The move toward TV came slowly, says Free Service Tire's sales manager, Ron Kirk. But with a good 50 percent of the people in its market not even getting the newspapers in which the company advertised, a realization set in. "We can't rely on the old ways of doing things, even though we're not about to abandon ship on our print advertising," explains Kirk. In fact, the company is happier now with the synergy that exists between its newspaper ads and its promotion-oriented TV ads. Kirk is convinced that "more newspaper readers have probably done business with us because of our TV ads."

For decades, newspapers have drawn the lion's share of local advertising spending. Today, they still claim roughly 60 to 65 percent per market. But with newspaper circulation generally lagging behind population growth rates, local marketers looking for better exposure for the buck increasingly turn to TV. Heartened by the growth in walk-in business and faced with national ad revenue growth that is modest at best, more and more stations are on the prowl, actively soliciting the newspapers' old-line advertisers.

The tactic is still a fledgling phenomenon with little in the way of hard numbers that point to success, so the notion of a Trend! may be premature. Still, something is going on out there. Muses Jim Porcarelli, senior vice president/director of media services at DMB&B ad agency in St. Louis, "We know local sales for TV stations are up, but whether it's coming from what would have gone into newspaper advertising—that's hard to prove."

People in the newspaper industry are more adamant, saying it just ain't so. They deny there is a significant loss of actual dollars or of market share to stations anywhere. "I don't see any sudden concern about it," insists Leo Bogart, president of the Newspaper Advertising Bureau. "The primary concern newspapers feel is for other print media, like newspapers [inserts], direct mail or yellow pages." Newspaper reps concur, saying their clients haven't mentioned a loss of business to TV. One such company, Landon Associates, representing over 500 papers across the U.S., reports that radio is viewed as a bigger threat on the local scene than television is.

Yet there is much circumstantial evidence to suggest local television should be moving in on newspaper clients. The most promising opportunities for television do appear to be in local ad sales, as opposed to spot. According to the Television Bureau of Advertising, by the end of 1987 the money spent on local TV advertising will have surpassed that spent on national spot for the first time since television sets were first flicked on. Local ad revenues will grab 30.1 percent of TV-generated ad dollars, totaling $23.7 billion by year end, with spot bringing in a 29.4 percent share. By 1991, TVB predicts, local sales will scoot network sales—33.8 percent to 33.2 percent.

On the other side of the advertising coin, newspapers' once rock-solid readership base continues to soften. For national and international news, television is the dominant source of information and recently has become so for most local news as well. While circula-
Local TV's Ad Battles: IN FOCUS

The average daily adult readership of papers has declined from 78 percent in 1970, to 64 percent in 1985, to an estimated 63 percent in 1987. "When circulation goes below a certain level, advertisers begin to wonder if they're getting their money's worth," says Bruce Thorp, newspaper analyst at Lynch, Jones & Ryan in Washington, D.C. "They might depend more on television by default."

A study by Simmons Market Research Bureau shows newspaper readership among younger people continues to drop, boding ill for the future. In the 18-to-24-year-old age group, readership fell from 59 percent in 1981 to 55 percent in 1985. Among 25-to-34-year-olds, it went from 63 to 59 percent during the same period. In addition, people born in the baby-boom period—the first generation raised on TV—have reached adulthood. They have entered decision-making jobs at many advertiser companies, and the idea of TV commercials comes much more naturally to them than it did to many of their predecessors, raised on print and radio.

If the shift from papers to TV is hot anywhere, it is at stations in mid-sized to smaller markets. Those in ADIs ranking 30 or below are more accustomed to toiling for local ad revenues. Larger-market stations generally get a lot of national ad business automatically and have a bigger retail base to draw on locally. But the slowed growth of national advertising has had its impact on them, too. One general manager in the St. Louis area says his station is waking up to the fact that it must develop the market at its doorstep. "We badly need to do it," he confesses. "But are we used to doing it? No. Business has come pretty easy over the years."

But there's no guarantee that newspapers' advertisers will be easy for stations to pick off. Other media are out for them as well. Cable TV, for example, despite its inability to fulfill early predictions of its local ad-revenue market share, still saw...
For starters, stations have to work harder to allay fears of TV's greater cost. One approach to making that more palatable may be to make local rates more negotiable. Another is to avoid suggesting that TV is the one medium on which an advertiser should spend all its ad dollars. Television can be sold to even the most dedicated newspaper user as a supplement to a print campaign, something that fills in the gaps in circulation.

Beyond that, television salespeople might be wise to steal a page from their rival's book by introducing co-op deals, something a lot of station people talk about but few do. For years, manufacturers have given their retailers hefty allowances to use on newspaper ads. Because such arrangements function as an added profit center for the retailer, they discourage many from using more television.

Where co-ops are concerned, stations must either come up with pricing that manufacturers won't shy away from, or create a marketing plan they can't refuse. WHAS-TV in Louisville, Ky., with the help of an outside consultant, concocts co-op ad programs for retailers that they can, in turn, present to their manufacturers. Claims Thomas Bornhauser, local sales manager at the station, "you can get more money out of the vendor" than you would for papers. "In fact, you create more money for advertising."

Another tactic is to offer more attractive commercial packages to lure the longtime newspaper advertiser into the TV fold. WTVF-TV in Nashville has been pitching against the local papers for over a year, says local sales manager Laura Stillman. Among other approaches, the station's "Christmas video catalogue" has been a big hit with local retailers. The holiday-oriented spot, featuring a five-second catalogue intro and 25-second message, has been sold to an oriental rug shop, a video store and an art gallery, among others. "We have a huge window of opportunity and we are just beginning to use it," says Stillman.

It helps, of course, to back up all these fancy new sales strategies with facts and figures. "Research is the word repeated over and over by station staff as though it were the new marketing mantra. But more stations are going beyond de rigeur programming research—how many people are watching what shows—and accumulating sales and audience-behavior information, too. A number of stations are even putting on full-time research staffs. James Waterbury of KWWL Waterloo, Iowa, explains, "For a long time, local stations tended to say, 'This is our universe and this is [all] we can do.' We've taken off those blinders. There are more people out there who can use TV than we once thought."

In the last few years, a handful of companies have started up to help stations sell themselves better locally. Seattle-based Leigh Stowell & Co. is one. Emphasizing research as a sales tool, it takes both a psychographic, or "life-style," approach and a demographic one to its clients' problems. Among those clients is WVEC-TV in Norfolk, Va. The station and the company are putting finishing touches on a study that focuses on the various sections of the region's two large daily papers. A common complaint of advertisers and a favorite selling point of many local stations has been that readership within a newspaper varies greatly, section by section.

WVEC's research backed up that concern. The station found that a full 38 percent of its market doesn't read either local paper. Some sections draw four times as many readers as others, and, says the study, in nearly every case a section misses more of the market than it reaches. No section of either paper reaches more than 35 percent of the available adults.

Leigh Stowell & Co. does research and designs marketing strategies for stations in 57 markets. Those it finds most susceptible to a shift in ad share from newspaper to TV are in the industrial Northeast, Midwest and Southeast. Advertisers there are more likely to shake up their ad mix for a combination of reasons, among them a soft local retail market, declines in local newspaper circulation, and in some areas a transient or immigrant population that isn't loyal to a local newspaper.

Founder Leigh Stowell is quick to admit he is not a disinterested observer in the local TV/newspaper debate. But he does express the gut feeling a lot of station people across the country have—and some of the optimism, too. "Newspapers have whipped broadcasters for years," he says. "What you are seeing is broadcasting catching up." He firmly believes that TV is making significant inroads into newspapers' advertiser base. "But is it a humongous trend yet? No. Will it be? It must—or broadcast will be in serious jeopardy..."
Turner Broadcasting wishes to thank the National Academy of Television Arts and Sciences for four prestigious Emmy Awards. We congratulate the athletes who competed in the 1986 Goodwill Games and our Russian colleagues who helped make the games a reality. We look forward to the 1990 Goodwill Games in Seattle.
Playing in Peoria

Capitalizing on changing life-styles, a new generation of advertisers is pitching its services on local TV. **BY JOSEPH VITALE**

The most powerful instrument in the world for merchandising soap— that's how author David Halberstam once referred to broadcasting. Today, television has a lot more to sell than suds. Indeed, as the American economy continues to forsake its traditional base in manufacturing and come more deeply rooted in information and services, the health of the TV industry will increasingly depend on its ability to appeal to new advertisers and deliver their messages.

"The consumer today is more sophisticated, has more money and less time than ever before," says Martin Friedman, editor of the monthly newsletter *New Product News.* Many of the new services, says Friedman, spring directly from those factors.

Last year was another disappointing one for commercial TV advertising in general. After rolling up double-digit increases for years, 1986 expenditures grew by only 8.1 percent (to $22 billion) over 1985, according to figures supplied by the Television Bureau of Advertising. That followed a sluggish 5 percent rise the year before.

This year's revenues are maintaining the somewhat lethargic pace: $10.9 billion for the first six months, just 5.3 percent above last year. Longtime top buyer Procter & Gamble, in fact, cut 25 percent from its spending during the period.

But within those gray numbers is a bright light for local broadcasters. Last year, local TV advertising added up to $6.5 billion—a 14 percent increase over the year before. In the first six months of this year, local advertising totaled $3.2 billion, 6.7 percent above last year. In fact, the rate of increase for local spots has been in double digits for most of the decade, increasing 17 percent from 1983 to 1984 and 12 percent from '84 to '85.

Growth in local stations' ad revenues continues to run at more than double network TV, which rose just 3.1 percent last year. Industry observers expect the percentage gap to widen in the years ahead.

The trend is based on a number of factors, including cable's competition with the networks, the growth of local stations, a new generation of discriminating consumers and an increasingly refined approach by marketers. Not long ago, the talk in advertising circles was "macro." Companies seeking to reach the global market envisioned a world of look-alike consumers, all partaking of the same products. But increased competition and more sophisticated marketing-and-research tools have advertisers now thinking "micro"—attempting to appeal to selected consumers whose tastes are determined by local customs, climate and habits.

"There's more of a regional, targeted sense in advertising today," says Ron Inman, vice president of marketing for the Independent Television Association (INTV). "Advertisers are also concerned with 'environment.' And local stations provide an attractive one because they're already programming for their communities and regions." But local stations have got to be prepared to take full advantage of the trend.

For one thing, says Inman, they must get to know advertisers' regional marketing managers, who now have the kind of discretionary money for local spots that they never had before. "And stations have to come up with local marketing schemes that will appeal to advertisers' needs," he says.

But first, the local-station ad directors must understand where their business will come from in years ahead, and separate transitory categories from those tied to deeper social changes.

One of the most impressive growth areas in local TV advertising has been in financial planning, including credit-card services. While national ad spending in this category showed a 1 percent decline for the first half of '87, local spending rose 30 percent during the period. The reason could be summed up in two words: affinity cards—a new generation of credit cards, sponsored by more than one institution, which offer consumers a wide range of services as well as lower interest rates.

Affinity cards carry the names of two lenders—such as Citibank/American Airlines, Marine Midland/Continental Airlines, Dry Dock/Visa—and, in addition to lower rates, offer services key to card holders' demonstrated interests: discounts on sporting goods, airline tickets and the like.

"When we start talking about marketing to defined, targeted groups, the best way to reach them is through local advertising," says John Russell, president of the Bank Marketing Association and vice president of Banc One Corp. in Columbus, Ohio. "That sort of change in philosophy means ad dollars drifting away from national buys as the industry attempts to reach select consumers, many of them region specific."

While next year should be a good one for national financial-services advertising (Visa and MasterCard are reportedly ready to sink some $80 million into Olympics telecasts), the trend, says Russell, is toward the local market. "A basic change is taking place," he says.

Until a few years ago, legal advertising was the sole province of attorneys who practiced their craft behind greasy window shades. Not anymore. The legal-services category jumped 23 percent from 1985 to 1986, with almost $47 million spent on total TV buys. Halfway through 1987, local ad dollars from legal-services companies passed $25 million, a 29 percent increase over the same period last year. The third largest advertiser in the category, Injury HelpLine, jumped from no TV spending in 1986 to over $1 million between January and June 1987.

The leader in the field, as it has been since the Supreme Court cleared the way for legal advertising in 1977, is Jacoby & Myers. The New York-based full-service firm, now with 150 offices in six states, will spend an estimated $6 million this year on local TV.

Evelyn Goldstein, Jacoby & Myers' director of advertising, believes televi-
governing taxes, new world legally, she says. "We can also see that where we’re allowed to advertise [states still have final say on sanctioning the category] there have been the beginnings of price competition among lawyers."

Jacoby & Myers, which maintains an in-house advertising department, buys spots through Western International Media in New York. Goldstein believes legal services is likely to be a growth area for local stations because the category is linked to new consumer needs for lawyers’ services.

"This is simply a more complicated world legally," she says. "There are new laws governing divorce, new laws governing taxes, and personal bankruptcies continue to skyrocket because of easy credit policies.

"In the past, middle-income people by and large did not go to lawyers. There was a certain amount of fear and misgiving involved. We think we’ve helped to break that down and to educate a new generation of consumers."

The end of the taboo on legal advertising opened the door for other services that once considered ads verboten. In the first half of 1987, advertisers in the combined categories of medical and dental services spent $66.3 million on local television, 20 percent more than the year before. Many observers feel that with higher insurance premiums for hospitals and increased competition from all-purpose health centers, medical and dental services could be the growth category in the years ahead.

Cathy Egan, vice president of marketing for Katz Television. "Companies like Pearle Vision Centers now offer eyewear in an hour. Who can afford to wait a week these days? In optics it’s clearly the time factor at work—one of the most important influences driving the new advertising."

Egan says the new categories present both opportunity and challenge for local stations. "They can no longer afford to be in the business of just selling spots," says Egan. "Just as increased competition has driven more advertisers into the local marketplace, there are now more stations in that marketplace competing for ad dollars.

"Local ad directors now have to get out into the field, to meet the new advertisers and to sell their stations as full services, not just as places to drop ads. I call it ‘grass-roots selling.’ But whatever you call it, it means the same thing: You can’t do business today the way you did yesterday."

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Fastest-Growing Ad Categories on Local TV (IN MILLIONS)

<table>
<thead>
<tr>
<th>Category</th>
<th>JAN.-JUNE ’86</th>
<th>JAN.-JUNE ’87</th>
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<td>Health Clubs and Reducing Salons</td>
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<td>Food Stores and Supermarkets</td>
<td>$138.9</td>
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<td>+12</td>
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Sources: TV Bureau of Advertising, Broadcast Advertising Reports

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The most dramatic rise in any category this year has been in optical services and supplies: a jump of 82 percent in ad revenues ($37.2 million) for local stations in the first six months of 1987.

"The dramatic increase there can be summed up in one word: time," says Cathy Egan, vice president of marketing for Katz Television. "Companies like Pearle Vision Centers now offer eyewear in an hour. Who can afford to wait a week these days? In optics it’s clearly the time factor at work—one of the most important influences driving the new advertising."

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Earlier this year, when Monroe Mendelsohn Research released the most comprehensive independent study of media department professionals ever undertaken (836 respondents), one particular finding came as no surprise to anyone in the advertising business:

It's not surprising because DECISIONS has long been called "the bible of the media department." In fact, most media advertisers will tell you they consider us a "must" buy for this reason alone—which is reason enough when you consider the importance of the media department in today's decision-making process.

But you should also know that media professionals account for only 23.9% of our total circulation. Another 42.5% of DECISIONS' readers are on the client side, including corporate, marketing and advertising executives who rely on our in-depth coverage of marketing and media strategies each month.

And back on the agency side, 33.6% of our readers are not in the media department—they're involved in such important areas as corporate and account management, creative and market research.

So, if you're buying MARKETING & MEDIA DECISIONS because of its influence and authority in the media department, that's great. Just consider the other 76.1% of our circulation as the best BONUS CIRCULATION deal in publishing.
Down On The Levy

Broadcasters mount Florida’s biggest media blitz to dam up the ad tax and save the state’s “hottest-market” title.  

**By MIKE CLARY**

Bob Fowler, director of sales for WESH-TV, the NBC affiliate in Orlando, doesn’t need a national consulting firm to tell him how hot the local market is. He just has to check his rate cards, the ones he keeps changing every few weeks. Talk about upwardly mobile.

“Take the Today show, for example,” Fowler was saying recently. “When I came here in 1972, it was selling for $20 (for a 30-second spot). Now it’s $300 plus. And I know that next quarter it will be 25 percent higher. By second quarter next year, it’ll top $400.

“When I look at the week’s revenues, and compare them to the same week last year, they’ve got to be going up. If they’re not, then something is wrong.”

Throughout the Sunbelt these days, little seems to be wrong. The boom that began in earnest two decades ago continues to reverberate, and nowhere are the echoes stronger than in the television industry. Sure, Dallas-Fort Worth may be a tad depressed, but look at the numbers from Ft. Myers and Tampa. (See accompanying box.) Check the 15 percent growth being projected for San Diego, and the 11 percent growth for Los Angeles. Atlanta and Miami are just about to crack the list of the nation’s top 10 ADIs in net revenues.

But it’s in Orlando where the boom has become sonic. The steadily increasing tide of residents and tourists sweeping into Central Florida has made the Orlando-Daytona Beach ADI—now ranked 27th—one of the fastest-growing in the country, and that growth is being translated into handsome profits and skyrocketing TV station values. Between 1983 and 1986, for example, the average sale price of an Orlando network affiliate climbed 60 percent. And they have all changed hands at least once in the past four years.

Earlier this year, the financial consulting firm of Frazier Gross & Kadlec projected that the Orlando-Daytona

**Mike Clary last wrote for Channels about the Palm Beach TV market.**

Beach ADI would lead the nation over the next five years with an annual average growth of 17 percent in net non-network revenues. As annual revenues surge from $91.8 million in 1986 to $231.5 million by 1992, says the firm, Orlando is expected to move from its current spot as 25th-largest advertising market to number 20, leapfrogging Hartford-New Haven, Baltimore, Pittsburgh, St. Louis and Cleveland.

“National ad agencies are always calling us in to explain our rate increases,” said Jim Donnelly, general sales and marketing manager for WCPX-TV in Orlando, the CBS affiliate that was
bought last year by First Media Corp. for $200 million.

"They do not see the construction boom, the constant and dramatic growth we enjoy. Overall, the market has expanded by 35 to 50 percent over the last three, four years. It's very vibrant."

And now it appears that what Florida broadcasters saw as an ominous cloud over the Sunshine State has dispersed. On July 1 Florida began collecting a 5 percent sales tax on professional and commercial services, including advertising, that sparked a boycott by several major national advertisers. Less than 90 days later, Governor Bob Martinez, a Republican who embraced the Democratic measure, was calling for repeal and issuing contrite statements about "a mistake that cost me the confidence of the people of Florida."

No group had been more vocal than broadcasters—and their advertisers—in protesting the tax. "It's been devastating," says Louis Supowitz, general sales manager for WFTV-TV, the ABC affiliate. He ticks off the list of national accounts that have been lost: Nestlé's, Procter & Gamble, Lever Brothers, Kellogg's, General Foods.

I n excess of $80 million," says Bob Foss, executive director of the Florida Association of Broadcasters (FAB). "That's what broadcasters will lose in six months this year, from July through December."

Through the years, Foss said, ad rates in Florida have risen steadily. But the tax, he said, "just put a screeching halt to it." Added Foss: "If the tax were ended tomorrow, it would take Florida broadcasters two years to get the rates back to where they were June 1."

Some broadcasters have a more optimistic view of their resilience. Skip Painton, general manager of WMDT-TV, a Melbourne independent, expects a return to normal within six months of the tax shift. And here's Clifton L. Conley, vice president and general manager of WFTV, being candid: "There's been so much growth here that when the projected increase drops from 15 to 12 percent, that seems like disaster. But if some markets in the country could have 12 percent, they'd think that's pretty good."

Ask bottom-ranked San Juan, P.R.; Fargo, N.D.; Duluth-Superior and Sioux City, for example. Their projected average five-year growth rate: 8.55 percent.

Metaphorically, the gravy train running through Orlando had not been derailed; it had just slowed for a curve. To understand just how good life has been for television broadcasters recently in these fertile fields near Florida's midsection, you have to know Orlando. Walt Disney didn't exactly put this town on the map, but he certainly made its dot grow large. Since Disney World opened 16 years ago, Orlando's five-county ADI has become what the local Chamber of Commerce calls "the number one tourist destination in the world." a theme-park mecca wh. a draws 10 million visitors a year. Those visitors stay in 61,000 motel rooms in the Orlando area, which boast an annual average occupancy of 80 percent. And in each of those motel rooms, needless to say, is a television set.

At the same time, lured by the burgeoning high-tech and fast-food employers, almost 40,000 new residents arrive each year. The population of the Orlando metropolitan area is now estimated at 956,000. And those people watch television, too.

These two streams—tourists and new residents—converge to make Orlando a year-round fount of opportunity for advertisers and manufacturers. With its young, upscale demographics, Orlando has long been a favorite test market for new products. (Ironically, one test marketing firm, Cincinnati-based SAMI/Burke Inc., a subsidiary of Time Inc., has stopped using Orlando because it is now too big to be average.)

The theme parks that drive much of the Orlando economy depend almost exclusively on television advertising, buying heavily around morning, evening and late news to catch tourists when they're making plans. Gary Gilpin of the Orlando ad agency Gilpin, Peyton & Pierce says one of his clients, the water theme park Wet 'n Wild, spends $1 million a year on advertising, virtually all of it on television.

"This is a unique market, competitive and growing, where advertisers can reach up to two million people a month."

The happy responsibility of management is riding herd on success. "We're a pure supply-and-demand market, with a finite amount of time to sell," explains Donnelly. "My main job is inventory control. I never want a longtime advertiser to call and say, 'I need to get on the air,' and I say I have nothing left. I look many months ahead."

Fowler puts it this way: "I try to work four weeks ahead. If we're more than 80 percent sold out, the rates are too low. So the rates go up."

One immediate effect of the sales tax was to lessen the temptation to create more inventory by taking away from programming. A secondary effect was to stall the clockwork climb in ad rates. And thirdly, it was possible to imagine what in Orlando has hitherto been unimaginable. "I think stations were kidding themselves when they said they wouldn't lower rates," said Conley of WFTV. "And when that starts, it's harder to get them back."

No matter how unfair it may have seemed to broadcasters, the sales tax was Florida Governor Martinez's response to the very condition that has fueled these same broadcasters' eco-

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**ORLANDO ON A ROLL**

**THOUSANDS OF DOLLARS**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>SPOT AND LOCAL REVENUES</th>
<th>AVERAGE REVENUE GROWTH (%)</th>
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<tbody>
<tr>
<td>1982</td>
<td>$51986.6</td>
<td>18.1%</td>
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<tr>
<td>1983</td>
<td>61675.0</td>
<td>18.6</td>
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<td>1984</td>
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<td>1986</td>
<td>110000.0</td>
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*Sources: 1982-85 National Association of Broadcasters; 1986 Frazier, Gross & Kadler, Inc.*

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**CHARLES WALLER**
nomic good fortune: phenomenal growth. Since 1980, Florida has averaged 827,000 new residents a year. That's 895 fresh Floridians every day, each one demanding a piece of the state's beleaguered systems of schools, roads and public services.

And Florida has no state income tax. "We've nickedeled and dimed our budget too long," says Martinez.

Despite Florida's revenue woes, the media-led opposition to the sales tax was so vehement that its fate was in doubt from the beginning. State legislators talked either repeal or revision, but it is unclear how sweeping any changes will be. There is much legislative sympathy for some sort of service tax. Whatever the outcome, station owners and managers who have grown fat and happy on those annual 15 percent revenue increases are crying. Budgets are being revised. Plans for capital improvements and staff increases are being put on hold. "There are well over 100 accounts that were with us last year that are not here now," moans Nolan Quam, president and general manager of WESH-TV. No plans have been scrapped yet. "We're waiting, belt-tightening wherever we can," he said.

At WCPX, more than 5 percent of its employees have been let go, and plans to upgrade equipment have been shelved. "We would rehire if we could get our revenue back up," says Mike Schweitzer, WCPX vice president and general manager. "The sales tax has given advertisers a reason not to advertise," he says. "Even local advertisers have cut back 5 percent."

Perhaps hardest hit are the independent stations. There are five in the Orlando ADI. "The tax has cost me literally hundreds of thousands of dollars," says Skip Painton, of WMOD, which sells 18 hours of its broadcast day to the Home Shopping Network.

It's too early to get a final reading on the fallout from the tax. It is still a political football. Clearly, the boycott by some advertisers drew blood. But just as clearly, the state's television stations are not going broke. "We have only been on the air five years, and this has put additional pressure on us," said Painton. "Can we recover? Oh, sure. This cuts into the percentage of growth, but it doesn't stymie growth."

Foss of the FAB sums it up like this: "Nobody is going to turn the lights out and mail their license back to Washington. But it hurt."

Over in Ft. Myers, on Florida's west coast, Steve Pontius, vice president and general manager of NBC affiliate WBBH-TV, takes a more sanguine view of the future. And why not? His ADI, the 100th largest, is projected to move up to 68th in net revenues by 1992. "Local advertisers can't afford to leave," said Pontius. "They live here; they can see the growth. They bitch, but they want to get the most bang for the buck, too."

Eventually, national advertisers would return, too, even if the ad tax continued to affect their business in the state. Early boycotters Kimberly-Clark and Johnson & Johnson are already back. Why? "Market share," answers Supowitz of Orlando's WFTV. "Florida is the fourth-most-populous state, and no one can afford to ignore Orlando on a long-term basis. We're too hot."

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### THE TEN HOTTEST TV MARKETS

**Spot and Local Revenue Growth Since 1982 (Dollars in Millions)**

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<td>ORLANDO</td>
<td>$52.0</td>
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<td>9.0%</td>
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<td>FT. MYERS</td>
<td>12.5</td>
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<td>SAN DIEGO</td>
<td>78.0</td>
<td>155.0</td>
<td>180.0</td>
<td>207.0</td>
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<td>63.5</td>
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<td>137.0</td>
<td>157.0</td>
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<td>76.0</td>
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<td>145.0</td>
<td>163.0</td>
<td>5.0%</td>
<td>12.0%</td>
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<td>ATLANTA</td>
<td>124.0</td>
<td>221.0</td>
<td>250.0</td>
<td>290.0</td>
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<td>TAMIAMI</td>
<td>90.0</td>
<td>152.0</td>
<td>169.0</td>
<td>191.0</td>
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<tr>
<td>LOS ANGELES</td>
<td>549.0</td>
<td>893.0</td>
<td>970.0</td>
<td>1,075.0</td>
<td>8.5%</td>
<td>11.0%</td>
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<tr>
<td>MIAMI</td>
<td>143.0</td>
<td>229.0</td>
<td>245.0</td>
<td>275.0</td>
<td>7.0%</td>
<td>12.0%</td>
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<tr>
<td>BOSTON</td>
<td>215.0</td>
<td>340.0</td>
<td>377.0</td>
<td>426.0</td>
<td>11.0%</td>
<td>13.0%</td>
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1. Gross national, regional and local television advertising expenditures on commercial stations licensed within these markets.  
2. Projections rounded to nearest million.
The Perils of a Programmer

When Fred Silverman was programming networks in the 1970s, he made the cover of Time and books were written about his career. As in a Greek tragedy, everything promptly went sour. Maybe the media are gun-shy about acclaiming programmers now. Brandon Tartikoff has been overseeing NBC's schedule since 1978, longer than any other chief network programmer, and every year he has been president of NBC Entertainment, the network has outsourced its rivals in the Emmy competition. Yet Tartikoff gets something less than his due credit for being the most successful and maybe the most articulate programmer on the scene.

He thinks the job is getting tougher, not easier. "I'm finding more and more that it is hard for a show to find a niche," he says. "Being well made, having quality, is no longer enough. A show has to have a unique selling proposition. It used to be that things went in cycles and a

The reaction of NBC affiliates to the network's producing shows for Fox Broadcasting ranges from tolerant to anxious to angry.
savvy producer would have a file drawer full of projects he would keep until the time was right, until silly comedy replaced sophisticated or vice versa, or violence was popular again. Now with the proliferation of cable channels, the entire history of television is on TV every day. You can't do Barney Miller all over again because people can see the original, and the same is true of every other tried-and-true format. It gets harder and harder to conceive a show and interest the audience."

Tartikoff should know. He is also the only network programmer who is simultaneously trying to run a production house, a boutique film studio and, conceivably, a program-supply unit for cable and even the rival Fox network. After turning down an offer to head Columbia's film studio a year and a half ago he has, with NBC's blessing, turned NBC Productions into what other executives refer to as the "growth" part of the company. Its modest output to date includes a theatrical film (Square Dance) that died at the box office but that will recoup its investment with network air dates, and five pilots, none of which made the full schedule because Tartikoff the network buyer remained resistant to Tartikoff the pitch-

man. Three of the five were comedies, a field in which NBC was already overloaded and which he believes is becoming saturated: "When Cosby went on the air there were fewer than 30 comedies from all sources. Now, counting the major cable channels and the checkerboard shows in access, there are more than 60."

That no-sale on this year's pilots may have slightly reassured the studios, who fear that once networks are free to produce unlimited amounts of their own programs they will shut out their traditional suppliers. But NBC Productions, although it consumes only about 10 percent of Tartikoff's time, generates a disproportionate amount of the flak he faces in Hollywood. "A lot of people worry that I am spreading too thin, that we may lose credibility in the creative community or that we could damage affiliate relations by devoting energy to features or to programs for cable or other broadcast outlets. But the reality is that in order for the network to remain viable it must expand, and the only upside realistically available is NBC Productions. If Fox can have a network and still make programs for us, why can't we have a network and make programs for Fox? The affiliates may not like it, but they will have to trust us that this is necessary for survival. Right now their reactions range from tolerant to anxious to angry."

When NBC was down and out, Tartikoff and his staff had to devise most of the programs they bought and then find producers willing to take them on. Nowadays he has the luxury of first refusal on almost everything. But mostly he still follows his own hunches and tries to juggle his schedule to give primacy to brainstorming meetings for show development with "major talents"—though he or his staff still read every script of every show and he personally watches about 30 hours of programs a week. Critics frequently suggest that particular producers or networks succeed because they happen to resonate with the political and social mood of their times. By that theory, as Reaganism passes and the nation moves into a different sociopolitical period, Tartikoff and NBC might begin to slip. He laughs the idea off. "If Rip Van Winkle had gone to sleep in 1978 and awakened today he would not find that story-telling, or the stories being told, had changed that much. Every time I have tried to respond to a political trend it has been a catastrophe. People go into the voting booth acting out of anger or paranoia or self-interest or occasionally altruism. They watch television for escape and an evening's entertainment. The only real change is that we don't do as well with exploitative material now, both because people don't want to be shocked and because it gets harder and harder to shock them."
Syndicators today are playing for bigger stakes than ever before. And you can bet there’ll be some new rules of the game. So ADWEEK will figure the odds and identify the players in its 1988 Special Report on Television Syndication. (It’s an ADWEEK “Extra” that is mailed separately to all subscribers.)

We’ll cover the latest syndication audience measurement techniques. The successes and failures of tracking ad spending in barter. The risks involved in first-run programs. New programming ideas and a review of the progress on a fourth network.

Put your media advertising in this premiere Special Report. You’ll reach agency and client decision makers while they’re planning their strategy for the syndication game. And you’ll reach a significant number of station decision makers as well.

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September 28, 1987

www.americanradiohistory.com
A Surprise in the Making
by Jeri Baker

Expectations that tax reform in 1987 would hurt station trading were all wrong.

Why didn't media deals drop off the cliff this year? Abashed brokers and bankers say that's what they expected once a spate of business, prompted by tax reforms that took effect this January, came in under the wire late last year. But the time-shifting to 1986 of buying and selling that otherwise would have occurred later did not sap 1987's momentum, according to financiers who candidly admit their surprise. Some, in fact, report year-to-date business that exceeds last year's.

"There's still a strong demand for what media properties there are on the market. Buyers are willing to do creative financing to unburden sellers from the considerable tax disadvantages they would otherwise face," says James Blackburn, president of the Washington, D.C., brokerage firm that bears his name. "That willingness to do something other than asset deals says to me that there is and will continue to be a healthy, vibrant seller's market."

Asset deals had characterized such acquisitions as John Blair, Outlet and Wometco. A buyer could pick up the fixed assets, then break up the company and carry home the profit, says First Boston vice president Jeffrey Epstein. Now the buyer will agree to buy stock rather than assets. That allows the seller to evade the double tax—corporate and individual—that would be triggered by a break-up deal. The exceptions are firms with so many tax-loss carryforwards (losses on operations that can be used to offset tax obligations against current income) that they wind up with no tax liability anyway.

Robert Mahlman, president of the National Association of Media Brokers—a ten-year-old professional association of independent firms—is as optimistic about radio, the Mahlman Co.'s specialty, as Blackburn is about television. He believes that if interest rates resist upward pressure, and radio maintains its invincibility to new media threats, the industry will rack up deals and dollars in 1987 equal to 1986.

Even the less optimistic brokers such as David Schutz, managing director of ComCapital Group, expect 1987 to look much like 1985. Blackburn, not disagreeing, greets the prospect happily.

It's the stability in interest rates that has so far kept 1987 action heavy. Indeed, if the cost of capital holds steady—by no means a certainty now—1987 will be the year cable and broadcast properties pull abreast in valuation terms. With cable deregulation in place and no massive defections among subscribers over increased fees, margins will virtually glide up as subscriber totals rise. But until the election/Olympics ad windfall of 1988, broadcasters may find it difficult to push margins up.

It may be a moot point, however. Cable systems are becoming scarcer on the market, and mid-size multiple-system owners are showing a willingness to overpay rather than lose leverage in their volume-discount negotiations with program suppliers. The alternative, as The Essex Companies in Greenwich, Conn. decided, is to become a seller instead. Rather than continue the "increasingly more difficult" hunt for smaller systems at reasonable prices to fulfill its partnership agreements, chairman Paul Field put all the Essex holdings up for sale. He's not saying what the Companies' asking price is. He will offer the opinion, however, that systems' value per subscriber "has been misconceived." Despite much hoopla about values rising 50 percent in less than a year, and about new buyers, having paid close to $2,000 per sub themselves, happily looking forward to a 1988 sale at $3,000 and more, Field insists that the more realistic price is on average $1,600.

William Cate, president of Chapman Associates in Atlanta, brushes aside year-to-year vacillations among media companies. "The real reasons for sales don't change. They're death, disability, divorce, moving from a smaller to a larger market, groups wishing to expand and first-time buyers rising from second-rung employee to employer." And that may really be the last word in projections for 1987.
Price Communications Corporation

has sold the stock of four subsidiaries which own radio stations

**KIOI-FM**
(San Francisco)

**WNIC-FM, WMTG-AM**
(Detroit)

**WLAC-AM/FM**
(Nashville)

**KKOB-AM/FM**
(Albuquerque)

**to**

**Fairfield Broadcasting, Inc.**

The undersigned acted as financial advisor to Price Communications Corporation in this transaction.

**MORGAN STANLEY & CO.**
Incorporated

October 1, 1987
The Rules of the Game

In an era of drugs, strikes and high-powered marketing, NBC's Bob Costas says it's time for TV sportscasting to grow up.

The Corporate Connection
Television networks are business partners with the sports and institutions they cover. They are business partners with the NCAA, Major League Baseball, the NFL, whatever. That's a big reason why that kind of tough, hard-hitting journalism doesn't exist. There's also a notion that people don't watch true sports journalism. You say "journalism" to network sports guys and they immediately think you're talking about something that belongs on PBS, hosted by Alistair Cooke.

Cable's Opportunity
Cable is the natural outlet for investigative sports journalism. The best example of it right now is Roy Firestone's Sports Look on ESPN. But I'd like to see cable go further, to create a weekly program that really deals with issues in depth.

My own hands are tied. I don't have the appropriate slot in which to do it. But look at cable, especially ESPN, which has 24 hours a day. They could create a slot where that's the sole focus of attention. They could hire a couple of producers whose sole job would be to work on that kind of thing, to research it and to really make it first class. I think cable should seize the opportunity.

Networks' Commitment to Sports
My sense is that the situation has rebounded a bit. Before the strike, both CBS and NBC had very good success selling their ad time for the NFL season. The baseball playoffs and World Series this year were also strong sells.

I think, however, that you'll see people taking a look at the deals they cut and not being as extravagant as they once were. ABC apparently cut a bad deal with baseball, bad for its purposes. NBC may have overpaid a little but NBC still does well with baseball.

I think there's been a reevaluation, but I don't think you're going to see the networks bailing out willy-nilly.

NFL commissioner Pete Rozelle may have set the tone for what's going to happen with his last network contract. He said, "Look, we can't get as much money from the networks as we did before. But we can still get a whale of a deal, so I'll make up the extra revenue by creating a special package for ESPN and bring them in."

So I think you'll still see the major events--The Olympics, the Super Bowl, the World Series--on the networks, but the overload will get firmed out to ESPN or WTBS.

The 'Drugs' Story
There was an almost ironclad rule that nobody wrote or reported rumors or speculation about players and drugs. The older reporters were and are less likely to observe or even hear rumors about drug use firsthand. And with younger reporters, especially a few years ago, the code was live and let live--some of them might have done drugs themselves at some time.

There have been any number of players about whom you heard things, and then those suspicions were confirmed.
think, however, that there has to be a code of decency about all this. Because you can certainly paint public figures unfairly with a broad brush. You can ruin somebody’s life by reporting a rumor or an innuendo. Nowadays, anyway, every time a player’s performance falls off, somebody says “drugs.”

I think it’s more important to do the kind of reporting that places the issue in perspective, that states the problem and gives the public a sense of the extent of the problem, rather than to have reporting only about specific cases and individuals.

**Hiring Decisions**
There’s virtually nobody [sports commentators] hired for truly journalistic reasons. We’re hired for our knowledge of sports, our ability to be effective behind a mike or in front of a camera, for whatever is perceived to be our personalities as dispensers of information, and as entertainers. What we do is not by any reasonable definition journalism.

What I would advocate is that each of the networks hire a handful of people whose job it would be to be sports reporters. They wouldn’t aspire to host the Olympics, or to host pro football, or to do play-by-play of the World Series. They would simply be reporters who cover sports.

**Jocks in the Booth**
I think it’s a good idea to have a former coach or player alongside the professional broadcaster. It’s a joy when somebody can make the technical points but also humanize the game. It’s the way in which they’re selected that bothers me. The mere marquee value of a guy—because he was a famous player—doesn’t mean he’ll be the best announcer any more than the best player always makes the best manager or coach. I criticize not the jock’s being the color man on a football broadcast or baseball broadcast, but the haphazard way in which he’s selected.

**Cable Exclusivity and Local Sports**
Decency and, in the long run, good business sense dictate that owners of sports franchises treat them as if they were public trusts. They should try to do what’s fair within the boundaries of good business sense. There was a great uproar at the beginning of the last baseball season in New York when it was announced that 100 Yankee games would be shown exclusively on cable. But the perspective of New Yorkers is somewhat distorted by the fact that they were used to seeing over 100 games a year, for two generations, on free TV. In other cities—St. Louis, for example—until recently only 30 to 35 Cardinal baseball games were on TV the whole season—and never any Cardinal home games on TV.

I think the real crime is that the cities are not completely wired, because the cost of cable, relative to what you get in return, is not exorbitant. But moving local sports over to cable is a tricky issue. Clubs have to be sensitive to the situation, sensitive to the fans, sensitive to keeping their allegiance. On the other hand, I don’t think a Yankee fan is entitled to 130 or 140 games free on TV.

**On-the-Field Merchandising**
I don’t mind seeing Jim McMahon do as many commercials as he can off the field. If he’s able to use his prowess on the field—and the notoriety it generates—to make money, that’s great. But I think that on the field there ought to be a purity. I don’t think you need merchandising headbands or things that intrude on the uniforms and the game.

Part of the mystique of sports is that between the lines there’s a certain integrity. It may not always be true, but it’s certainly something the owners would be wise to preserve.

**Off-the-Field Issues**
I think most sports fans can separate the game from the other issues. But things like drugs, salaries, strikes, merchandising do intrude. Our idyllic notion of sports has been disturbed.

I would urge the people who own professional teams to be as mindful as possible, even as they pursue legitimate profits, that the “romance of the game” is not simply a silly notion. It’s part of what they’re selling.

You can’t play baseball in domes and on artificial turf without paying a price—and the price is that some of the innocence and nostalgia that we associate with the game is taken away.

The game may have grown in other areas, and that may be able to compensate for the angry and alienated fans we’ve walked away. Owners may gain ten times their number by using modern marketing techniques, or by selling season tickets to corporations, or by selling TV rights for a great amount of money. Major League Baseball set a new attendance record this year. That sort of thing may allow owners to ignore these problems.

Look, you’re never going to eliminate the intrusion of modern society into sports. Young players are going to get involved with drugs. Racism is going to be part of the game, just as it’s part of society. But organized sports can do a better job of dealing with it. It’s within the control of those who own professional teams to set the right tone.
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Black Viewers Turn to NBC

Black viewers have been good to TV, to NBC and especially to certain marginal shows such as *Crime Story*. Blacks generally watch more TV than other viewers; though black households are 11 percent of the total, they do 17 percent of the viewing. And NBC got a sizable boost by placing 16 series among the 20 shows watched most in black households last season. Those high ratings may also have helped win renewal for some vulnerable shows, a recent BBDO report suggests. If blacks had watched *Crime Story* as little as non-blacks, for instance, the NBC series would have averaged 1.5 ratings points lower. Judging from black viewers' past affinities, BBDO predicts that CBS will place six series, including *Frank's Place* and *The Law and Harry McGraw*, in the black top 20 this season, twice as many as last season.

![Image of a bar chart showing ratings of top 20 prime time programs in black households, 1986-87.](chart)

Source: BBDO Special Markets analysis of Nielsen data.
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