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March 4, 1985

Television/RadioAge

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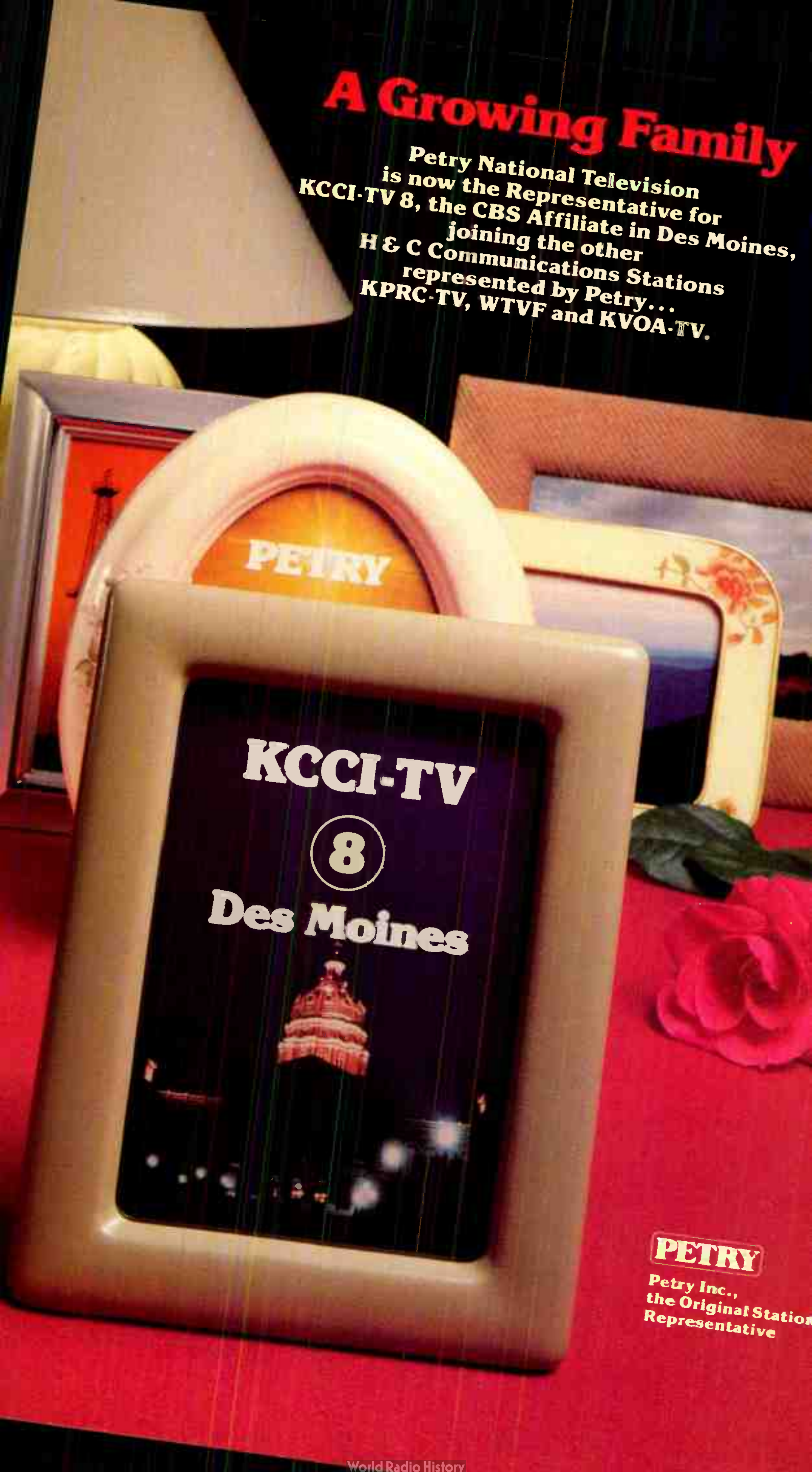
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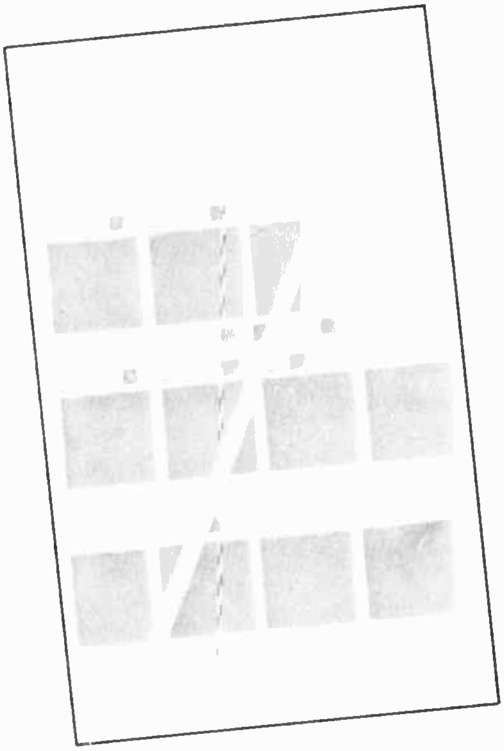

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in association with LBS Communications, Inc.

Publisher's Letter

Tv program syndication boomed last year and this year looks bullish

How did TV syndication do in 1984?

According to the TV/RADIO AGE study (published in the NATPE issue, January 7) among all stations, both affiliates and independents, the industry spent $1.2 billion on syndicated product last year.

The average of all stations came to $1.4 million. The amount for barter is more difficult to assess. The total ranges all the way from $500 to $800 million.

What about 1985? Most certainly the total of both barter and cash will reach the $2 billion mark.

In the same study, the program directors were asked how much is budgeted for syndication for 1985. The average came to $1,356,000 per station, almost $60,000 less per station than in 1984. The budgeted figure may be more hope than reality, but it is still possible that many stations have already loaded up on programming, for whatever reason, or feel that less programming will be available in '85 than in '84.

As expected, the average expenditure reported per indie is strikingly greater than that reported by the average affiliate—$3,453,000 versus $899,800.

On barter. The question was asked: "How has barter programming worked out for your station in terms of audience?" A large majority of programming executives answered: "Very well" or "Pretty good." For independents, the ratio of satisfaction was close to 80 per cent. For affiliates, it was about 60 per cent. However, the bigger the affiliate, the less satisfaction reported. For stations in the over-$10 million bracket the ratio came to slightly under 50 per cent.

Last year was a significant one for syndication since it was the first year that programming sales topped a billion dollars. By comparison, 10 years ago, when the FCC was reporting syndication expenditures along with individual market revenues of three or more stations programming sales were $242 million. In 1975, there were 75 independent stations; today, there are 215. By 1990, INTV estimates that there will be 300 indies. These independents will need 40,000 hours of programming.

Big growth. Since the syndication business has grown by quantum leaps, it has generated a great deal of interest on Wall Street. In a special report recently issued by Donaldson, Lufkin & Jenrette, Dennis H. Leibowitz, broadcast/cable TV analyst, says that the programming marketplace promises to continue above average growth for those who supply programs. The cost of the programming, he predicts, is expected to rise faster than station revenues. "Within the program industry," he says, "major station groups are banding together to underwrite or support the launch of programming that may or may not include the traditional distributors, but will generate profits for the equity participants.

Stock up. The market is reflecting the bullish attitude of the syndication business. MCA has been selling in the 48–50 range, moving from a low of $34\frac{3}{8}$; Telepictures moved from $14\frac{5}{8}$ on December 5, 1984 to the 19–20 range, King World bounced from $10\frac{5}{8}$ to the 20–22 range, while Barris Industries moved from $7\frac{1}{2}$ to $10\frac{1}{4}$.

From all indications, it appears that 1985 will be another outstanding year for syndication.

Sol J. Paul

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MOTHER LODE
Charlton Heston

THE OCTAGON
Chuck Norris

VALLEY GIRL
Deborah Foreman & Nicholas Cage

TVNET

A co-venture of Tribune Broadcasting Company and Viacom Enterprises.

Letters

Intermixed rankings

In your November sweeps issue of February 4, 1984 (*Analysis of Arbitron fall '85 TV sweep*), WSAZ-TV (Charleston-Huntington) makes an unqualified claim to be NBC's Number 1 affiliate in primetime and total day home shares in the top 100 markets (ARB). This claim is untrue, and I would appreciate your correcting the record.

WIS-TV Columbia (S.C.) has a total day ADI share of 39, compared to 34 for WSAZ-TV. In primetime, WSAZ's share is 33—WIS-TV's is 36. I believe you'll agree these are significant variations.

Unfortunately, the corrections never get the readership of the original.

The confusion is caused, I believe, because *Television/Radio Age* reports only equal facility markets in its rankings—a bias left over from many years ago.

The fact is, virtually every set in existence now can receive UHF stations with no problem. I invite you to examine the shares in intermixed markets such as Austin, Madison and Evansville, where UHF stations compete on equal terms with the "V," to prove my point.

I hope you'll consider dropping this antiquated form of ranking and let each station's individual performance in its market determine its place.

DIXON C. LOVVORN
Senior vice president and general manager, WIS-TV Columbia, S.C.

Ed note: Reader Lovvorn's complaint about an "unqualified claim" refers to a TV/RADIO AGE policy of longstanding in our analysis of the TV sweeps.

We plan to re-examine that policy in the light of UHF advances.

Media placement

We were delighted to see your mention of the Wool Bureau's spring radio campaign on page 78 of the February 4th issue (*Retail meeting signals broadcast ad growth in '85*). You report, however, that we place our time "direct." Although we do the creative and production in-house, we use KSL Media, Inc. to place the time.

THOMAS C. HAAS
Vice president, advertising and public relations, The Wool Bureau, Inc., New York

Buying radio

I read with interest the comments of AC&R's Marge Langone regarding the difficulty she has when buying radio for her agency's clients (*Media Professionals*, January 21).

The "problem" Ms. Langone refers to is one not uncommon from agencies representing clients who are faced with multiple-market media planning decisions.

Advertising agencies function similarly to accounting and legal firms. The clients they represent pay them good money for their advice and expertise to solve problems and suggest opportunities. Their time and knowledge is their stock and trade.

To fully appreciate the subtle value of radio, as an advertising medium, requires people in the proper places (i.e., agency account executives, creative directors, and media directors) to make an effort.

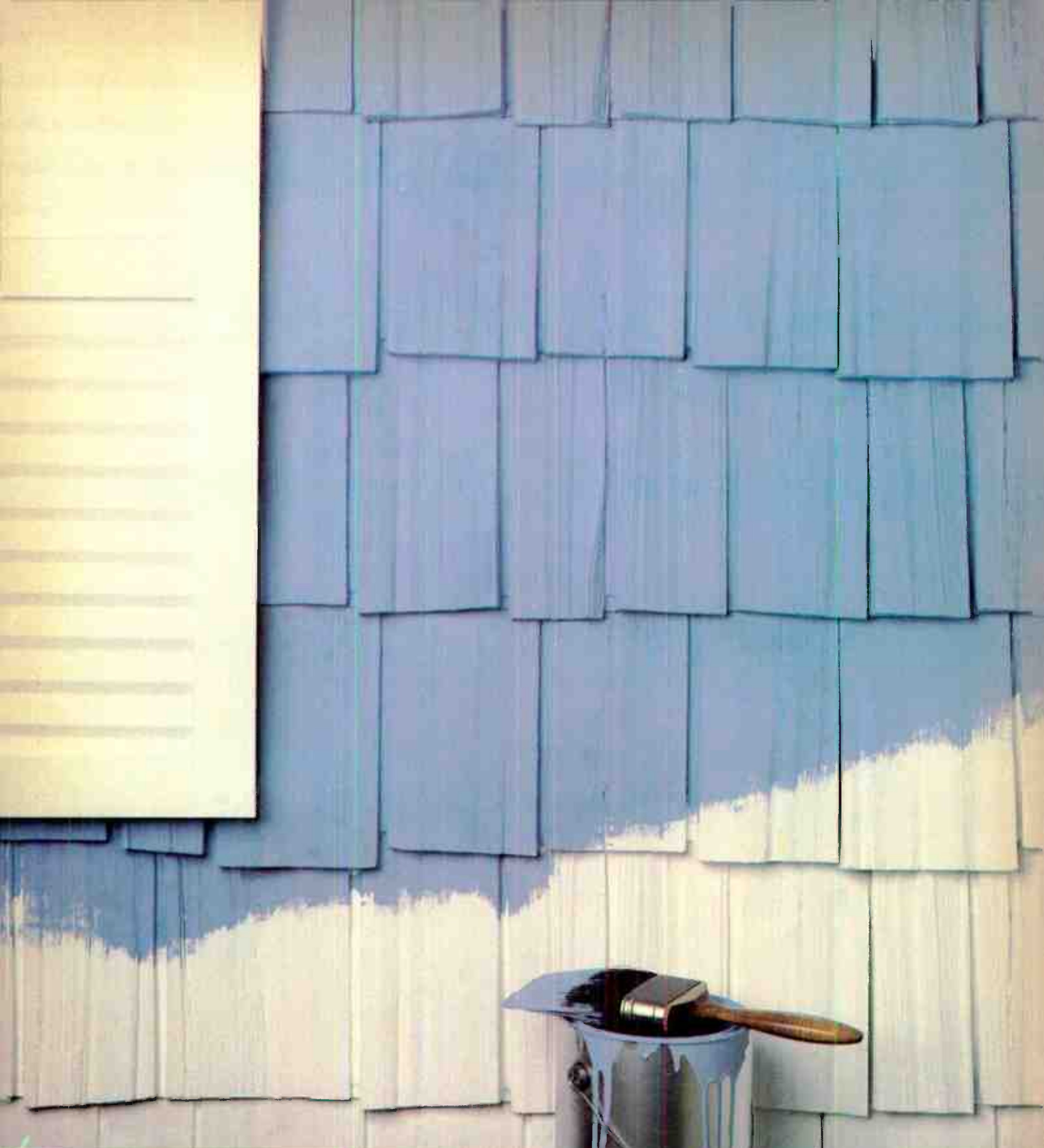
One factor that puts radio out of favor with advertising agencies is profitability. Radio commercials and their accompanying budgets are not nearly as profitable for an agency as getting involved with television.

Agencies create further damage for their client's message when their solution to the "creative side of the radio campaign" is to simply air the audio track of the television commercial. An effective radio commercial is not easy to produce. It requires the writer and producer to impact the marketplace with a message conceived of only words and sound. However, if written and produced properly, a radio commercial can create the same meaningful impact as an expensive TV commercial.

It takes time and talent to properly assemble a client's radio campaign. That's what clients pay for. That's why the 15 per cent agency commission is paid. Most national radio buys go fewer than four to eight stations deep in any market. With some forethought given to format selection and a target demographic, it should never be necessary to call every station in the market for rate information.

The very "problem" Ms. Langone refers to is the reason radio stations employ national rep firms. It's not uncommon to find at least six commercial TV stations in each of today's top 50 retail markets. If Ms. Langone is comfortable dealing with that many TV stations, why would she feel any different about radio?

PAUL B. ROGERS
General sales manager, WQUE AM & FM, New Orleans



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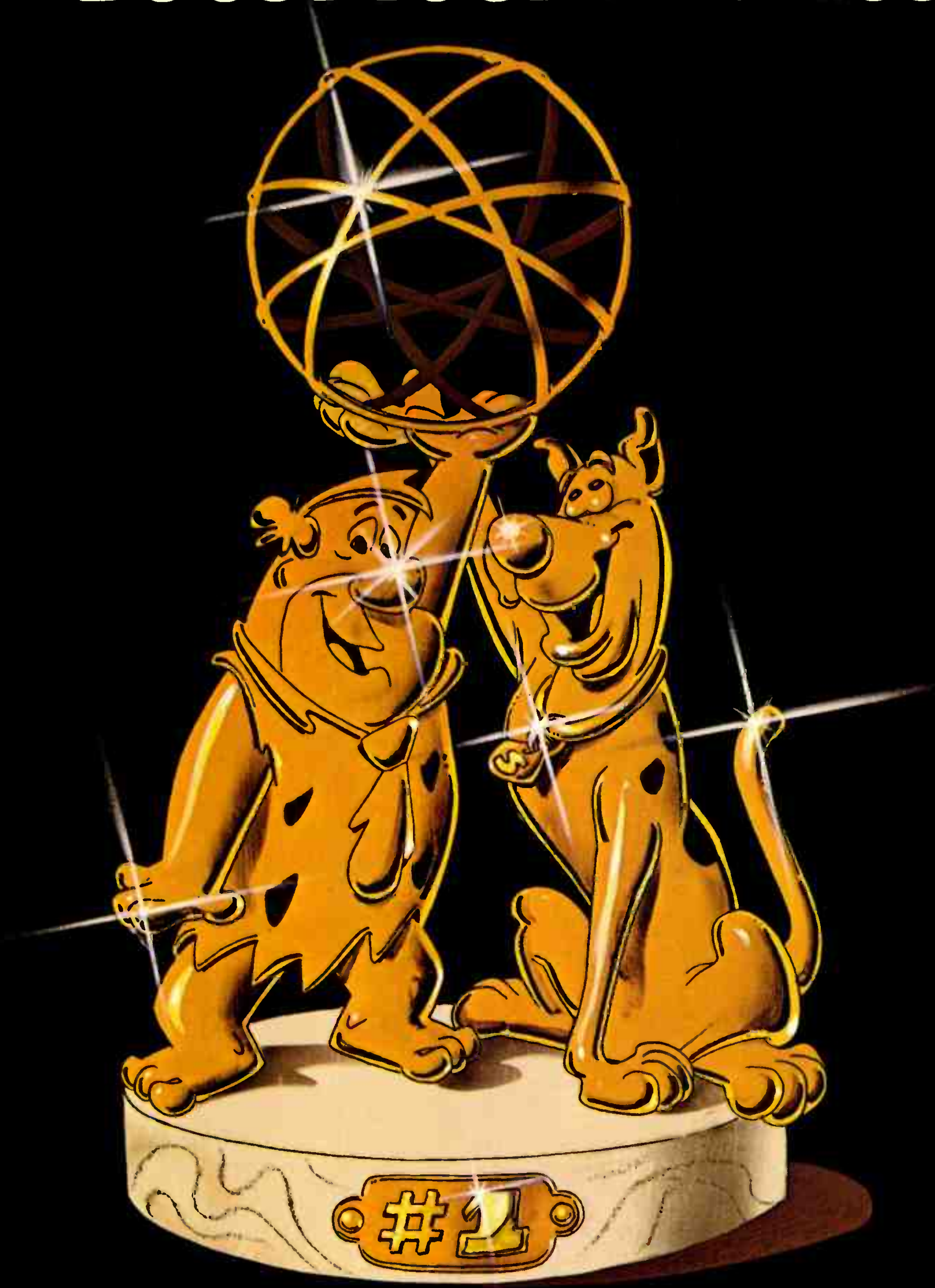

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Scooby-Doo and Fred Flintstone are favorites in any programming race, because they make a rating-raising team that can't be beat!

Even with all the new entries in the children's programming market last year, Scooby had the highest national kid-rating of any syndicated show.* And *The Flintstones* has proven itself to be a consistent top-five ranked program.

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- ★ Underdog
- ★ Tennessee Tuxedo
- ★ Roman Holidays
- ★ Dudley Do Right
- ★ Devlin
- ★ Picture Pages
- ★ Wheelie & The Chopper Bunch
- ★ Valley of the Dinosaurs
- ★ Inch High, Private Eye
- ★ Uncle Waldo
- ★ Space Kidettes
- ★ Young Samson
- ★ Sealab 2020
- ★ King Leonardo

dfs PROGRAM EXCHANGE

*Source: Nov. '83—July '84 ARB Syndicated Program Analysis

Sidelights

Monte Carlo's crowds

Will overcrowding destroy the club? This tantalizing question causes genuine concern among the organizers of the Monte Carlo International Film, Television and Video Market as it grows in both size and influence.

Under the guidance of Andre Asseo, the market has attracted more visitors and buyers each year—1,500 people, including 450 buyers, 70 more than attended the 1984 market (from February 11–16), part of the 25th Monte Carlo International Television Festival. Among first time sellers this year was Walt Disney.

In spite of the continuing growth, Asseo insists he will maintain the same format which has proved so successful in the past—all the sellers on one floor of the Loews Monte Carlo. "We will not open up another floor, that will just destroy the club atmosphere we have established."

The only apparent complaint from sellers is that there are not enough screening rooms to view their product. The ones they have are occupied throughout the day. Last year, however, the organizers did place five companies in a separate area for screening purposes.

"It is ironic," muses Asseo, "that I don't know what to do to make it better. If everyone is happy, what can I do?"

Presumably he will not have to worry for awhile. Next year's market, from February 10–15, already is fully booked with a long waiting list in the event anyone decides not to come. And in spite of the protestations that there are no plans to expand, there will be 11 screening rooms instead of five.

Co-production plans. CBS at Monte Carlo was promoting its new co-production arm, timed, according to some sources, to take advantage of the international market. How many actual productions CBS will undertake remains an open question. But Alan Levin, president of CBS Broadcast International, says, "Those who know me, know that I am not someone who just jumps into things without careful consideration." Regardless of what happens in the short-term in their quest for additional programs, some of CBS' long range plans—which include the possible co-production with advertisers, the granting of distribution rights to those advertisers, and the sale of their products to stations which compete with CBS in all markets—are likely to have quite a profound impact on the industry.

Strong dollar. The gyrating exchange rate is beginning to cause concern on both sides of the Atlantic. Some U.S. sellers have taken a substantial loss in the past year because of the strength of the dollar. The French, who insist on paying in francs have concluded deals fixed in dollars at one time of year and paid at another time.

The problem has confronted other European buyers who pay for the product in dollars. They are concerned about the dramatically rising cost of programs during the past year and are looking at ways of trying to reduce the effect of the skyrocketing dollar. To help, Stuart Graber, Telepictures vice president, says his company is taking a sensible approach, and is beginning to make deals which allow for certain fluctuations in their exchange rates without either buyer or seller being penalized.

Philip M. Jones, the international sales and marketing controller of Central Television in the U.K., is extremely pleased with his recent discussions in Boston with Mobil, which agreed in principal to air Central's newest epic *The Last Place on Earth*, a 7½-hour miniseries, dealing with the explorers Scott and Amundsen's race to the South Pole, on *Masterpiece Theatre* this fall. Central also has a deal with Showtime, which will run a whodunit, *Murder in Space*, in which the audience will have an opportunity to guess who did it.

The first 90 minutes of a two-hour program will be followed by a month-long viewer competition. The final 30 minutes will be broadcast at the end of the competition.

The French are finally going to speak English. At least that is the aim of the French Media International hierarchy. FMI is the commercial arm of the French TV companies, created in 1982 to export French programs overseas. French programs currently being aired outside of the French speaking countries are practically non-existent, acknowledges Peter Shaw, new sales director of FMI, who was formerly with BBC Publications.

It generally is agreed that the reason French programs get such a poor reception overseas is that they are in French. As everyone knows, the French are reluctant to speak any other language. All that is about to change, however.

Ironically, one of the problems is whether to dub into English English or the American version of the language. It is not easy to decide. "Nevertheless, this is the year of the dubbing," predicts Shaw and public relations exec Martine Delort. So far though, even Shaw admits there are few French dubbing experts who have come forward and said "I can do it well."

C'est la vie.

Saturday's hero?

The ABC Television Network's snaring of exclusive rights in 1962 to telecast college football, through a shrewd deal with the National Collegiate Athletic Association, helped account for the rapid strides made by that network's sports department, in general, and its director of sports, Roone Arledge, through a 20-year honeymoon.

The honeymoon provided ABC with an exclusive vehicle to attract a male audience on Saturday afternoon. The monopoly was finally broken in 1982, when ABC and CBS shared rights in a second arrangement with the NCAA.

"Syndicators," says William Esty's Tom Winner, were "far too bullish in their promises of the amount of advertising revenue they would be able to generate (for colleges)."

Winner

This is the backdrop for Tom Win-

Sidelights

Continued

ner's *Review of College Football on Television.*

Winner, senior vice president and director of broadcast operations at William Esty Co., recounts the chaos that occurred in the summer of 1984 when the Supreme Court voted to void existing network pacts with the NCAA.

Individual colleges, Winner writes, with visions of posh rights revenues dancing in their academic heads, entered into their own negotiations with broadcasters and distributors.

The promise of huge television rights was dashed when the networks, having suffered losses for years, according to Winner, took a firm stance and ended up paying about half the amount for college football telecast right fees in 1984 than they had in 1983.

Winner reports that the webs' worst fears were confirmed with ABC and CBS rates plummeting in 1984 to record lows of 8.3 and 6.1 respectively.

He concludes by pointing out how bitterly colleges were disappointed "because syndicators were far too bullish in their promises of the amount of advertising revenue that they would be able to generate."

Esty's advice to advertisers for '85: "College football on ABC and CBS can be a good buy ... because the lower rights fees may, with proper negotiations, be translated into attractive sponsorship costs.

"On the other hand," Winner writes, "syndicated football offerings are to be entertained only with the utmost caution."

Flying high

Park Communications *president Roy H. Park, r., is recipient of a Steuben American eagle, presented to him by Blair Television's Dave Herman at Park management meeting held recently at North Carolina State University.*

Super Bowl millions

If college football was open to advertiser scrutiny after a mixed '84–'85 season, professional football is being evaluated as an advertiser buy, too, particularly in its ultimate game, the Super Bowl.

For the first time, in 1985, the Super Bowl cost for a 60-second spot went to $1 million.

Advertisers asked if it was worth it, and typically scrambled for availabilities.

Now J. Walter Thompson/USA, through its Media Concepts group and the research and planning department in its Chicago office, has released results of the first national survey of how and why people watched the 1985 struggle between the Miami Dolphins and the victorious San Francisco 49ers.

In summary JWT/USA learned:

- Nearly one quarter of the viewers watched away from home, more than three-quarters of these at a friend' or relatives' house.

"The Super Bowl social environment," according to J. Walter Thompson, creates a "chatter factor," and "standout creative is needed."

Joe Montana in Super Bowl XIX

- The social setting created a "chatter factor" as one third of the audience was in groups of five or more.
- Eating is a major part of Super Sunday; a third of all viewers ate a meal during the six hours of coverage.
- There was considerable movement away from the set at halftime, and one third of the viewers watched none of the halftime ceremonies.
- More than one in 20 Super Bowl viewers also listened to some of CBS Radio coverage.

Among men who didn't watch, about one in 10 tuned in the game on radio. (CBS Radio time costs for a minute were said to be $25,000.

- Fourteen per cent of the viewers said they felt more favorable toward Super Bowl advertisers than toward regular season profootball sponsors, while 8 per cent had a more favorable attitude toward the regular season advertisers.
- From 24 to 48 hours after viewing the game, half of all men and one third of all women correctly recalled (unaided) one or more Super Bowl commercials.

To the question of whether the ad was worth the million, the JWT study made these observations:

"The Super Bowl cannot be viewed as just another spot in which to run a commercial. Advertisers and agencies must remember that the Super Bowl social environment creates a "chatter factor," and standout creative is needed."

Big fish

Frank L. Beam, *l., president of Beam Communications Corp., presents a $500 award and a Big Fish certificate to Patty Lynch, vice president, sales manager of the St. Louis office of Avery-Knodel Television. At r., is Avery-Knodel's new chairman, F. Robert Kalthoff.*

Other A-K executives winning sales performance awards in connection with Beam's Big Fish promotion were Dan Monahan and Laraine Tomassi.

This was the rep end of a promotion whose buyer end involved delivery of 600 live gold fish, complete with gold fish bowls and mailing of 10,000 fish shaped cookies with notes directing the agency buyers and company advertising executives who received these gifts to call the enclosed phone number "for more information," in case the recipient was curious as to the identity of the sender.

The phone number turned out to be that of the nearest Avery-Knodel sales office, where sales staffers explained the medium behind the message: "Be a big fish in some small ponds by buying our Beam stations in these smaller markets—NBC affiliates WDAM-TV Hattiesburg-Laurel, Miss. and KYEL-TV Yuma-El Centro, and CBS affiliate WCFT-TV Tuscaloosa."

IN MEMORIAM

John J. Murphy, Jr.

1926—1985

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A Valued Associate . . .
A Dear Friend . . .

He Will Remain Forever
In Our Minds And In
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W. PALM BEACH
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LEXINGTON
DES MOINES
MOBILE
TAMPA

130 HOURS–FALL '85

LORIMAR®

Tele-scope

No set rate on 'short cuts' from General Foods

No definite rate policy emerges from a check of reps as to station reaction to General Foods' latest move to avoid zapping. GF is reportedly approaching over-the-air stations with its designed-for-cable two minutes of program material, or "shortcuts," with a 30-second brand message insert, apparently on the theory that even habitual zappers would not be likely to bother with a lone 30 surrounded by programming. It's also reported that GF "would not be interested" if stations charge for the full two minutes.

At Petry Television, Steve Eisenberg, vice president, director of sales, has yet to see a request for the General Foods shortcuts, but does report "getting more requests for unusual commercial lengths from various other advertisers than we've seen for a long time," and says the rate policy varies by station. But in the specific matter of one 30 imbedded in 90-seconds of program material, Eisenberg's "guess" is that very few, if any stations would settle for only a 30-second rate for anything that would consume two minutes of air time.

Like other inserts, Peter Ryan, executive vice president of Harrington, Righter & Parsons, observes that the concept doesn't seem to be too different from other inserts. "Except that most of these are only 30 seconds of program material and 30 seconds of advertising. What General Foods apparently has in mind is a 30 second commercial plus 90 seconds of information. I'm not sure all stations would follow a uniform rate policy on something like this, but whatever the charge, I'd think GF is likely to have trouble gaining wide clearance for anything that would block out four commercial positions—unless the stations consider the program's informational value to their viewers of unusual importance."

And Joe Eisberg, senior vice president at Seltel, would consider such shortcuts "a two-minute commercial and would charge accordingly."

U.S. wins 3 at Monte Carlo

Actress Glenn Close and two programs, *The Silent Shame* and *Children in Crossfire*, were the big winners for the U.S. at the 25th International Television Festival at Monte Carlo last month. H.S.H. Prince Rainier III of Monaco, cited Close for her performance in the incest drama on ABC-TV, *Something About Amelia*. *Children in Crossfire* (NBC) was given a special prize by the World Association of the Friends of Children (UNESCO). *The Silent Shame* (NBC) won a Silver Nymph special mention, as well as a special prize from the International Critics of TV Magazines in the news program category.

Other notable awards were the Golden Nymph for the Best News Program, conferred on Great Britain for its BBC breakthrough documentary, *Famine in Ethiopia*, which also won the UNDA Silver Dove Prize for News from the International Catholic Association for Radio and Television. Prince Rainier awarded a special cash prize of $2,500 to *Threads*, which appeared at WTBS (TV) Atlanta, a British film dealing with nuclear holocaust.

Ratings and reality

Despite continued high interest in development of people meters and in prompting larger sample sizes, much of the discussion at the third Electronic Media Rating Council meeting on future audience measurement got closer to the shorter range realities.

For instance, EMRC executive director John Dimling spoke two weeks after the Boca Raton gathering to a meeting of the Association of National Advertisers on the "diaries are not dead in Duluth syndrome," a phrase that aptly sums up the fact that even household meters are still only in 11 markets, so research users had better reconcile themselves to the fact that it will be many moons before people meters are even in the top 20 markets.

On boosting sample sizes, no one even ventured to bring up the question of who would help broadcasters pay for larger samples. Says Dimling, there's a feeling that what's needed first is education of user management about the problems of statistical reliability that only larger samples can solve."

In other areas, Nielsen presented its new technique for measuring playback of VCRs, said to be able to detect when the recorded program is actually being watched. And before much more work is done on the nuts and bolts of actually measuring audiences to TV commercials, it was suggested that a survey of users first determine to what extent such measurements would actually be used and how.

CBS-TV satellite plans

CBS Television expects to have 62 stations ready to utilize uplink facilities provided by Group W Satellite Communications (GWSC) for satellite distribution by mid-March, according to a spokesman.

"We had 38 stations on line by end of the year," the spokesman added, "but we've made substantial progress since then." The CBS Operations and Engineering Group elected to sign a longterm pact with Group W because "existing CBS properties did not lend themselves to that application."

According to terms of the pact, GWSC will provide four two-way channels of uplink and downlink ground segment services to the CBS-TV web, directed at CBS-leased transponders on the Telstar 301 and Telstar 302 communications satellites. The services should be expanded to provide additional two-way channels by December, 1986.

The network conversion to satellite distribution was initiated in the fall of 1983.

HE-MAN™: ONLY ONE CAN MATCH HIS POWER: SHE-RA™!

HE-MAN™ AND THE MASTERS OF THE UNIVERSE.™
The most powerful children's show in syndication history.

No. 1 in every sweeps period since its premiere–and growing even stronger! November rating up 25% vs year ago!

No wonder stations with 81% coverage have already signed for four more years!

Get set for the adventures of the twin sister of He-Man™, SHE-RA: PRINCESS OF POWER™ starting in September.

Colorful new characters and inventive new storylines plus the top-quality animation, pro-social values and imaginative ideas that have made He-Man No. 1 are sure to zoom She-Ra to the top.

Already cleared in markets with 78% coverage.

FILMATION

GROUP W PRODUCTIONS

TV Business Barometer

Quadrennial theory not a sure thing

The conventional wisdom is that during the quadrennial year in which the presidential elections and the Olympics take place, a lot more money flows into the coffers of TV stations.

It was apparent during 1984 that it did not work out neatly according to theory.

For one thing, some affiliates did better than others—i.e., the ABC outlets with their Olympics business, which was sort of robbing Peter to pay Paul from an overall industry point of view. The *TV Business Barometer* showed only a small increase in station billings growth last year compared to 1983 vs. 1982. Specifically, the total of national/regional spot and local time sales plus network compensation was up 13.6 per cent to $9,353.8 million in 1984, while the total of $8,237.4 million in 1983 was 12.2 per cent greater than the figure for 1982.

Moreover, the elections/Olympics factor didn't appear to have much influence on the growth of local business. Last year local business, according to the *Barometer* sample of stations, was up about the same amount as in '83, viz., 16.8 vs. 16.9 per cent, with totals of $4,215.6 and $3,610.5 million respectively. However, it is true that spot did better last year than the previous year. The 1984 spot total of $4,714.5 million was 12.0 per cent higher than the $4,210.6 million figure for '83.

Thus, local's growth continued at a faster pace than that of spot, and while local business may not likely pass spot in total billings during the next couple of years (local billings were up about $100 million more than spot last year), it may do so before the end of the decade. During 1984, August and October had bigger local billings than spot.

The chart on the opposite page shows the pattern of month-by-month and quarter-by-quarter ad billings. It shows that spot's best quarters in terms of percentage growth were the second and third, that local's best quarters were the first two and that network comp did best during the first and last.

Worries about '85

Current predictions based on presumed economic and marketplace conditions are that 1985 will not be as strong in growth for TV stations as last year. In addition, there are worries about broadcast advertising of beer and wine being banned by Congress. If the latter does occur, the feeling is that TV stations will be able to offset the loss, at least in part, from the large reservoir of local newspaper advertising by retailers and service firms.

Television station advertising billings, 1983–1984

Spot, local time sales and network compensation (in millions)

	Spot		Local		Compensation	
	1983	1984	1983	1984	1983	1984
January	$271.7	$296.7	$201.5	$236.0	$31.5	$32.5
February	254.9	283.7	208.3	251.4	34.9	35.8
March	340.2	361.6	305.8	358.4	34.1	35.2
1st quarter	866.8	942.0	715.6	845.8	100.5	103.5
April	417.5	485.6	313.4	386.7	38.6	41.3
May	427.6	478.5	346.0	407.6	34.9	34.3
June	354.4	391.3	253.6	299.0	32.6	33.3
2nd quarter	1,199.5	1,355.4	913.0	1,093.3	106.1	108.9
1st half	2,066.3	2,297.4	1,628.6	1,939.1	206.6	212.4
July	370.3	422.1	277.4	317.9	36.2	35.5
August	298.4	329.4	278.9	343.0	36.0	35.4
September	358.8	417.3	327.2	370.7	34.9	34.6
3rd quarter	1,027.5	1,168.8	883.5	1,031.6	107.1	105.5
October	360.9	406.0	395.9	455.7	34.5	35.8
November	408.8	445.6	372.3	414.4	31.4	31.5
December	347.1	396.7	330.2	374.8	36.7	38.5
4th quarter	1,116.8	1,248.3	1,098.4	1,244.9	102.6	105.8
2nd half	2,144.3	2,417.1	1,981.9	2,276.5	209.7	211.3
Total	$4,210.6	$4,714.5	$3,610.5	$4,215.6	$416.3	$423.7

Radio Report

AC, CHR still top formats in fall '84 sweep period

Adult contemporary and rock/CHR (contemporary hit radio) maintained their leadership positions during the fall '84 Arbitron sweeps, according to preliminary information from TV/RADIO AGE's semi-annual analysis of listening trends. AC was Number 1, with 18.2 per cent of all listening in the top 100 markets, followed by rock/CHR with 16.4.

AC's total share represents a 7.7 per cent increase over its 16.9 in fall '83 but is virtually the same as its spring '84 percentage of 18.3 Rock/CHR is virtually even with its year-ago 16.5, but up 7.2 per cent from its 15.3 share in spring '84.

Other key points surfacing from the analysis:

- Easy listening, with a 10.7 share appears to be maintaining its comeback of spring '84 when its 10.6 compared favorably with fall '83's 9.7.
- Album oriented rock (AOR) continues to fluctuate. Its 9.7 for fall '84 represents a 6.7 per cent drop from spring '84 but a 6.6 per cent climb over fall '83. However, none of the past three measurement periods for AOR has come close to equaling its spring '83 share of 12.1.
- Country continues its steady decline. Its fall '84 share of 9.8 follows spring '84's 10.6, fall '83's 11.2 and spring '83's 11.6.

Among leading stations in the top 100 markets, rock/CHR had the biggest overall share in fall '84—19.2, followed by adult contemporary, 16.9; easy listening, 14.9; and AOR, 11.5.

'Computer Connection'

Syndicated short features for personal computer buffs, would-be hackers and the generally curious are available to radio stations for May starts from Jameson Broadcast, Inc., Columbus, Ohio. *Online Computer Connection* is a daily, five-minute program including four to six segments targeted to adults and covering computer news, consumer information and product reviews. A tie in with CompuServe, which Jameson describes as "the largest general information computer data base in the U.S., "will permit listeners who are CompuServe subscribers to ask for and receive information about radio segments and suggest topics for upcoming programs via their own personal computers. CompuServe has also set up a "Broadcasters Forum" so that participating stations carrying the programming can talk to each other by computer.

More 60s last year

Spot radio availability analyses for total year 1984 are in from Katz, Interep and Blair, but except for some differences between spot and unwired network requests and an upswing in advertiser requests for full minute commerical lengths, all three show more of the same, with demand continuing to place the 25–54 demographic in first place and 18–49 listeners continuing as the second most popular age range among spot radio users.

On commercial length, Carol Mayberry, vice president, director, Katz Radio Research, found requests for full 60-second messages reaching a high of 83 per cent in last year's fourth quarter. Total year '84 for Katz Radio averaged out to three percentage points above 1983 when minutes were included in 78 per cent of all avail requests.

And while all reps found 90 per cent or more of spot requests based on metro area, Ellen Hulleberg, executive vice president, marketing and communications for Interep, reports 33 per cent of unwired network requests based on the full ADI and 61 per cent on metro. Also at Interep, 84 per cent of avails specify Arbitron data.

At Blair Radio, research director Lori Adelsberg found that while teen business opportunities were "up slightly," adding up to 4 per cent of total 1984 requests, youth opportunities as a whole, including all listeners between 12 and 34, were down 1.7 points from '83 and accounted for 19.6 per cent of 1984 opportunities.

National biz up 13.8%

An analysis of year-end figures on national radio business (spot and network) by RAB shows an increase of 13.8 per cent, according to Kenneth J. Costa, vice president of marketing information at the bureau.

The total came to $1,451 million, with network revenues up 5.5 per cent (see *Radio Report*, February 4) and spot dollars up 15.8 per cent. Web volume for 1984 was $267.4 million and spot business came to $1,184 million. The network figures come from Radio Network Association, which employs the accounting firm of Ernst & Whinney to collect expenditure data from all networks.

The latter figures compare with the spot total from reps, from data collected by Radio Expenditure Reports, which also collects the spot data for RAB. The rep data are, of course, commissionable billings. RER's rep total for 1984 came to $818 million, up 15.3 per cent.

Co-op book text to RAB

The text of his forthcoming book for the RAB on co-op will be delivered to the bureau by former RAB president Miles David March 29. David, who was recently named a "fulltime" president of the American Values Center, will, however, continue as a consultant to the bureau until October, 1986.

In explaining the thrust of the book, which is to help radio station management train a specialist or an entire staff in developing co-op business, David noted that one of the problems stations face in getting such business is personnel turnover. It's not uncommon, said David, for a station to give up on co-op when its only expert leaves. "When—and if—the station starts up again, it's like starting from scratch."

Hence, he explained, the book is written for people not familiar with advertising and is couched in a conversational Q-and-A format to make it readable and understandable.

One section of the book compares the percentage of co-op plans by industry in the "total universe"—with data from SRDS—and the percentage of plans by industry which are "most sold" in radio. Among the industries with most-sold percentages which were larger than the universe percentages were appliances, the auto aftermarket, computers, lawn, garden and snow removal equipment and shoes.

The American Value Center, which will operate an information exchange on "positive actions" to solve social problems, was founded by Norman R. Glenn, board chairman. Besides distributing information, AVC will conduct an awards program among media.

Grammy classical special

A two-hour radio special on the Grammy classical awards, featuring excerpts from the winning classical recordings, plus interviews of the winners, will be aired by the Concert Music Network on March 19. The radio special, to be carried via satellite to the CMN's 24 affiliates, will also be aired by WQXR simultaneously with WNCN(FM), both New York outlets. This marks the first time the same program will be aired by both New York stations. WNCN is a CMN affiliate, but WQXR, which is not part of the network, has also signed to air the program, whose working title is *1985 Grammy Classical Award Winners.* Both outlets will air the show from 9:30–11:30 p.m. At presstime, it was not yet determined whether National Public Radio stations would air the special.

The program's co-sponsor is Dean Witter, and at least one other advertiser was being lined up, according to a CMN spokesman. The Grammy special will be co-hosted by Beverly Sills and Martin Bookspan, and will be produced by D'Alessio Productions.

Equipment proofs needed

NRBA has warned engineers that some proof-of-performance is still required by the FCC despite the December 7 deregulation ruling. The association feels that some broadcast engineers have erroneous ideas of what was deregulated because of loosely-worded statements from commission officials, such as "We are unleashing broadcasters."

Still required, among other rules, are antenna proof-of-performance measurements for some AM stations with directional antennas, NRBA pointed out. The proofs are full, partial or skeleton, depending on the station. Full proof is required only for a newly-built or modified station. No proof is required for stations which, before July 8, 1981, did not operate by remote control directionally or which had a first class operator on duty before that time, NRBA explained. The association also explained that the difference between partial and skeleton proofs is in the number of points at which field strength must be measured.

Eastman surveys agencies

Agencies will be using more radio this year if they follow up what their media directors told Eastman Radio in reply to the rep's December survey of 53 agencies with combined billings of $31 billion. Nearly 59 per cent of the 75 agency media executives responding expect their agencies to use more radio than last year, and of this group, 43 per cent estimate that the increase will add up to 10 per cent or more. A little over 33 per cent report that their agencies will use the same amount of radio as last year, and only four per cent expect to use less.

Probably the most surprising single response to come out of the Eastman survey was that when asked what determines whether or not radio is used, only 15 per cent pointed to "the client." Almost half cited the creative approach, 32 per cent replied that it depends on the objectives in the marketing plan, and 28 per cent said the determining factor was size of budget. Just over a quarter of those replying said it depends on the target audience, close to 15 per cent pinned it on the media planners, and only 6.7 per cent pointed to the agency's own account team.

Creative problems. A little more than 17 per cent of the respondents believe that "overcoming creative problems," is the best way for "radio to position itself for a bigger share of ad dollars. Close to 11 per cent suggested selling to planners, and 8 per cent each advised "more RAB visibility," more calling on clients and "educating the agencies." Almost 7 per cent each urged selling the account group, "exploiting success stories," and demonstrating radio's strengths vs. television.

Just over three quarters of the media executives replying named format selectivity or targetability as radio's strongest attribute, with 57 per cent citing flexibility of production and placement and just over 40 per cent each designating frequency and efficiency. A little more than a quarter of those replying pointed to creative flexibility and immediacy. But only one media director said he uses radio "because it works." Where percentages add up to more than 100 it's because respondents provided multiple answers. When asked about radio's weaknesses, 48 per cent each pointed to limited reach and to the difficulty or cost of buying radio.

In line with the almost half of respondents who saw difficulty and cost of buying as an important disadvantage, over half, or 56 per cent said they buy unwired radio networks, with 88 per cent citing as benefits their ease of purchase and saving of time. Close to 60 per cent believe unwired networks are a growing development that will become an even bigger factor down the road.

Radio Business Barometer

Year ends with bang-up December

Spot radio wound up 1984 with a bang-up December, making the final quarter the best three months of the year by a slight margin.

Billings climbed 23.8 per cent, which, though a handsome rise, was the third best percentage increase for any '84 month.

Volume was $69,142,500, according to Radio Expenditure Reports estimates, based on rep input. This compared with $55,861,400 in December, '83, with both year-end months counted as five-week periods under the Standard Broadcast Calendar.

With the final month of '84 tallied by RER, the fourth quarter total for spot radio came to $215,218,500, a rise of 23.3 per cent over the corresponding '83 quarter. The percentage increase topped the second quarter rise and qualified as the record hike for any '84 quarter. The second quarter increase was slightly behind at 22.7 per cent.

For the year, spot radio's total commissionable billings came to $818,009,200, 15.3 per cent above the '83 figure of $709,529,300.

Every one of the top 10 radio markets but one registered double-digit increases for December and three of the markets topped the 40 per cent level. The increases: Los Angeles, up 46.5 per cent; Houston, up 43.3 per cent; New York, 42.3; Washington, 27.3; Philadelphia, 27.1; Detroit, 22.6; Boston, 20.8; Dallas-Ft. Worth, 19.0; Chicago, 14.0, and San Francisco, 9.6.

Overall, the top 10 markets were up 28.1 per cent in December, reflecting the superior performance of the larger markets in the final month of '84. The 11th-to-25th markets did a little better than the top 10, rising 29.1 per cent, but the smaller markets were not quite up to that level. The 26th-to-50th markets rose 16.5 per cent and the 51-plus markets went up 16.7 per cent.

The respective December billings for the four market groups were, starting at the top: $27,579,000, $15,813,300, $10,087,500 and $15,662,700.

Over the year, the four market groups generated increases that were remarkably consistent, the top and bottom figures being within 2.1 points of each other.

Market groups

The top 10 markets generated $320,007,300 during 1984, up 14.7 per cent; the 11th-to-25th, $175,703,400, up 15.1 per cent; the 26th-to-50th, $120,080,300, up 14.6 per cent, and the 51-plus markets, $202,218,200, up 16.7 per cent.

Share of the spot radio pie by market groups were: top 10, 39.1 per cent; 11th-to-25th, 21.5 per cent; 26th-to-50th, 14.6 per cent, and 51-plus, 16.7 per cent.

National spot +23.8%

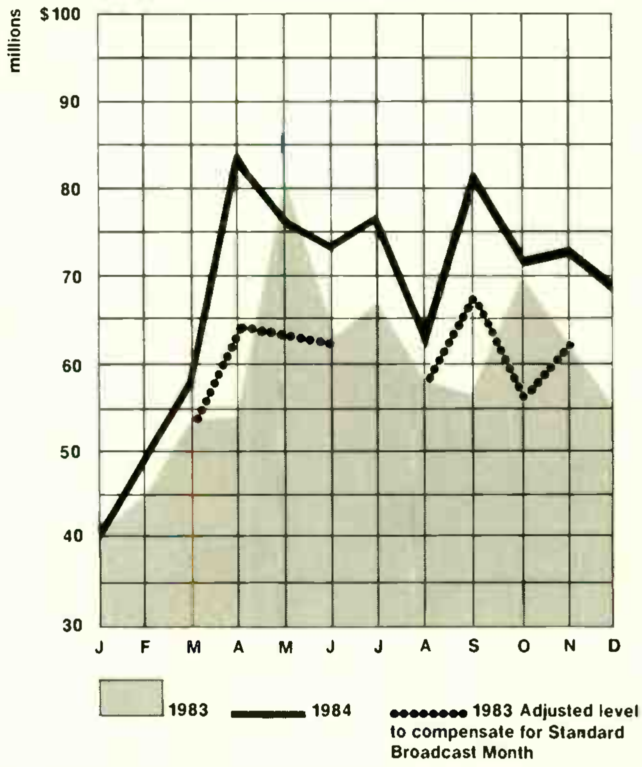
(*millions*) **1983: $55.9** **1984: $69.1**
1983 adjusted: $55.9

Changes by market group

Market group	*Billings (mils.)*	*% chg. 84-83*
1-10	$27.6	+28.1%
11-25	15.8	+29.1
26-50	10.1	+16.5
51+	15.7	+16.7

Source: Radio Expenditure Reports

December



A POWERFUL CASE FOR POLICE STORY.

The production values and track record of POLICE STORY tell an outstanding story...

- Emmy Award Winner— Outstanding Dramatic Series
- Created by Joseph Wambaugh, celebrated author of "The Blue Knight" and "The Onion Field."
- Produced by Emmy winner David Gerber.
- The most highly acclaimed series of its time by critics, law enforcement officials and government agencies alike.
- Recognized for excellence in the television industry and ethnic community.
- Featuring Hollywood's biggest and most respected list of performers.

Put the highest quality dramatic series ever produced on your station. Contact Columbia Pictures Television today.

POLICE STORY

A David Gerber Production
in association with

Columbia Pictures Television

THERE'S MORE TO TELEVISION THAN RATINGS

And KMEX-TV is more than Spanish Television. For the past 22 years, we've been an active member of the Hispanic community in Southern California. And, although our ratings are the highest in our history, we're just as proud of these numbers...

12,000 needy families in Greater Los Angeles and Orange Counties received food, and more than 29,000 children Christmas gifts through KMEX-TV's "Navidad en el Barrio" Telethon. The food and gifts were shipped through 39 distribution centers in the region. Over $250,000 were raised during the annual six-and-one-half-hour program, which originally began in 1977 and is funded totally by KMEX-TV.

$240,000 in donations were raised to provide survivors of a fatal gas facility explosion in Mexico City with the medical aid, food and clothing they desperately required. As a result of an eight-day public service campaign, coordinated by KMEX-TV and broadcast over the Spanish International Network (SIN), more than 15,000 individual donations were received from around the country and forwarded to the Red Cross in Mexico.

1 woman's eyesight was saved after she called KMEX-TV for help. After arriving from Honduras, this woman was robbed of the money she had collected from family and friends for a badly-needed eye operation. At the request of KMEX-TV, White Memorial Medical Center doctors donated their time and skills and, using new and highly-sophisticated medical techniques, prevented the loss of her sight.

We believe in reaching out, helping and caring. Not only during the Holiday Season, when these three events occurred, but year-around. That's a commitment which goes beyond quality television programming because we know the needs of the community we serve. And the community knows who we are. We're KMEX, Spanish language television for Los Angeles.

Represented nationally by

SIN

KMEX 34

Over 4 million reasons to speak Spanish in Los Angeles.

Television/Radio Age

March 4, 1985

Network steps seen as signal that broadcast activity is starting to heat up

Newsrooms finally moving toward computerization

By DAVID GRAHAM HALLIDAY

First in a two-part series

The reality of hard cash for computerized systems is finally starting to materialize

After several years of sluggish activity, the market for computerized, electronic newsrooms is starting to heat up.

■ NBC late last month declared that it intends to "build the world's largest television and radio network newsgathering computer system." It signed California based Basys, a subsidiary company of Independent Television Network of Great Britain, to a $1 million pact to build a 600-terminal system computerizing its worldwide network by a deadline year of 1986. NBC followed the declaration by urging its TV and radio affiliates to 'computer-up' with the same system. Basys made plans to open a New York sales office, assigning a six-person team to oversee the NBC installation.

■ CBS, which had signed a pact in December with ColorGraphics, a Madison, Wisc.-based firm, to automate its radio and television newsrooms in New York and in Washington, stepped up plans to computerize its radio O&Os and complete work on its New York television newsroom.

■ ABC, which is in the midst of a five-phase plan to install its internally devised computerized system under the aegis of Stan Opotowsky, director of political operations for ABC-TV News, is reportedly conferring with outside suppliers about modifications that would enhance the system in which they express "full satisfaction."

■ The Cable News Network, which was launched in 1980 with a 150-terminal Basys electronic newsroom, will expand its operation to "another generation," doubling its terminal number to 300, according to Robert W. Barnes, director of the network's corporate communications. This process is scheduled to get underway in December.

■ Five more stations, most of them

Basys-equipped NBC newsroom at Democratic convention

radio outlets, have committed to installing automated newsrooms at the outset of 1985, after the move to newsroom automation suffered a bleak '84, according to Phillip O. Keirstead, an associate professor of Journalism at Florida State University, an acknowledged expert who gives lectures on the subject of computerized newsrooms, and the writer of many articles on broadcast technology.

Keirstead's best estimate brings the current total of stateside automated newsrooms to 52. Renewed network activity in the area is expected to further boost that total.

"Many of us expected the electronic newsroom to be a hot item long before this," Keirstead says, "but though there has been lots of interest, stations have been slow to buy. It was not a good year in 1984. Most of the money went into the elections. I expect to see slow, steady growth in 1985, with a really top year in 1986."

Tough sell

Computerized newsrooms have been the persistent selling story circulating throughout the broadcasting industry since the outset of the decade, but according to service companies such as ColorGraphics, Basys, and smaller firms like Quanta Corp. of Salt Lake City or Beston Electronics Inc. of Olathe, Kan., the reality of investing hard cash into the systems has been slow to come about.

"Some of the television stations would rather put the money in a Betacam," Keirstead says. "While many stations and networks, for that matter, have been slow to come around, no one disputes anymore the undeniable advantages that accrue to the organization operating out of a computerized newsroom."

ABC's Opotowsky, who has designed its system from scratch, sees it primarily as a "communications tool for the entire network.

"The bureaus can see the entire story lineup. They know what stories they have to compete against. They can exchange scripts by computer.

"Our system is being gradually phased in," Opotowsky continues. "We didn't devise a computer system. We taught computers how our producers work, rather than having our producers adjust to the computers.

"At first it was a library system strictly for data storage. Then it gradually expanded to take in work at the assignment desk. Then we developed a program production system that enables us to put our scripts on computer.

"We are now in the fourth phase of our plan which involves integrating our domestic bureaus and the various wire services into our system. We expect to have this completed by November.

"The fifth and final phase," Opotowsky says, "is linking our foreign bureaus into the system. Right now we're fully satisfied with the way our system is performing," he concludes.

According to an ABC spokesman, both NBC and CBS conferred with ABC about its system prior to installing their own.

The decision to refurbish the newsroom with computer terminals, displacing the reliable manual typewriter, commiting the station or network to substantial capital investment is not taken lightly. But the benefits that can accrue to the stations that take the step have proved to be considerable.

Reports from experts, vendor companies, and those broadcasting outlets that have taken the step have been uniformly positive.

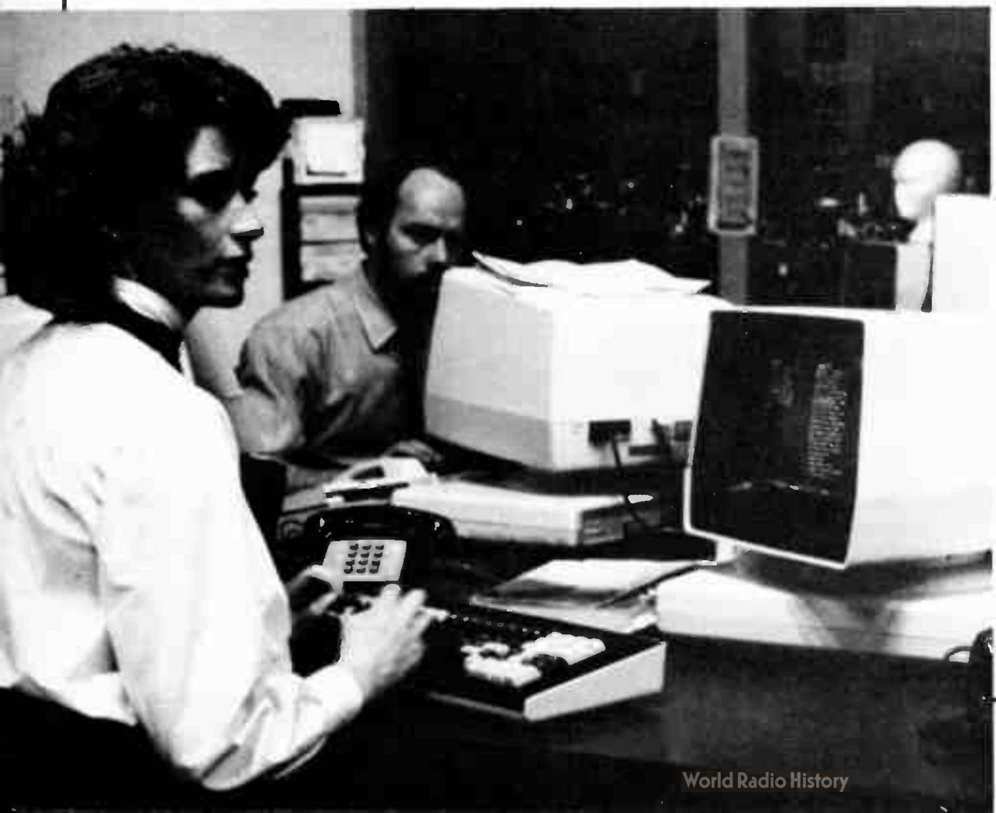
"It's certainly a better way to manage enormous amounts of data," Keirstead says. "It improves the quality of news product. It enables reporters, writers, in fact, all those involved with the project, to look at a lot more material. The computer organizes your material, and because it is so simple to make a correction, the quality of the writing is improved."

Benefits listed

Both ColorGraphics and Basys make many similar claims for their systems. Some specifics from ColorGraphics for its NewStar System:

- Instantly transmits assignments to and from field reporters.
- Instantly searches for and displays the closest crew to a breaking story.
- Instantly searches an "electronic Rolodex" for phone numbers and contacts.
- Automatically searches and mails to assignment personnel *incoming* wire stories.
- Communicates, by instant electronic

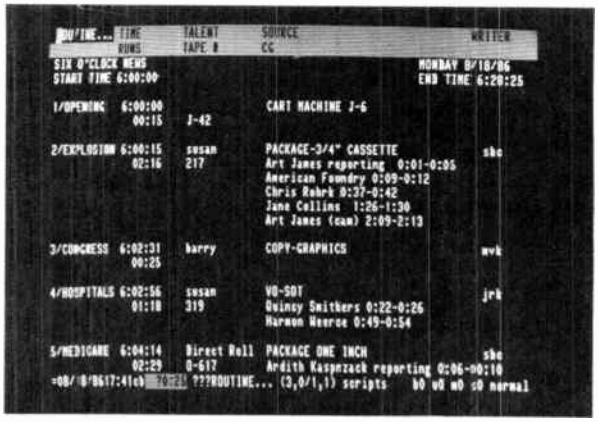
NewStar system at KIRO TV Seattle-Tacoma



News directors say most reporters have adapted quickly to computerized systems, discarding manual typewriters without complaint.

Basys keyboard and terminal

Prices for the various systems range all over the lot.



NewStar's producer's news rundown

mail, with the news director, director, producer, etc.

- Handles any number of incoming news wires to computer.
- Preserves original material.
- Works with multiple stories, via split screen.

Basys also ticks off its list:

- Provides instant access to wires.
- Provides instant display of breaking news stories at all terminals.
- Splits the screen so reporters can view other research.
- Lets scripts be updated up to the very moment they are read without the need for hard copy.
- Inserts cues.
- Constantly monitors all news gathering logistics.
- Speeds show production.
- Assembles and changes story lineup in seconds.
- Automatically generates prompter copy.
- Builds and maintains a broadcast library.
- Links remote bureaus.
- Never forgets a message.
- Provides reporters own confidential files.

At locations where computerized systems are installed, news directors say they perform.

"This is the way a newsroom ought to be, says Tom Cheche, news director of WPOC(FM) Baltimore.

"If I have to take the system down, even for a half an hour, there's a lot of weeping and gnashing of teeth."

Cheche joined WPOC in 1974, when the station was repositioning its format from strictly music to music/news. "I have had the unusual opportunity to build my news operation from the ground up.

"I started to talk to my management about a computerized news operation in 1979. After going to all the established names, I talked to Comp-U-Corp, an Akron, Ohio, computer hardware company who taught me how to work the system.

"A lot of these companies don't realize that radio news is different than television news, and that being a computer specialist doesn't qualify one to program a system for a newsroom. We created our own four-terminal system here for a cost of about $60,000, and it is very resilient, accurate system.

"I have a data base Rolodex. If I need information on a subject, say toxic poisoning, I can go through my list of topic headings and identify experts I can talk with in the field. Our inter-office mail is distributed by computer. Each reporter has his own file, and no one else, except me, can get into it. Our processor also serves as a dictionary to check spelling, and the split screen facility enables us to make major revisions in the text literally in seconds. The system is great for background, and the ability to make changes so easily, I believe, improves the quality of the product. Don't forget, when you're talking about radio news, time/motion efficiency is crucial; and with this system, a reporter doesn't have to move from his seat to get anything in the newsroom."

Electronic newsroom defined

An electronic newsroom, Cheche points out, doesn't mean isolated use of an Apple or an IBM PC in the vicinity of the news operation. "It means the complete computerization of all your actions, writing scripts, listing stories, reading copy on air. All your basic functions are done through a computer, and your data base is computerized. In an electronic newsroom, the computer acts as the hub of the wheel in a totally integrated system."

Coming into 1985, the concept of the computerized newsroom had been accepted in theory, but automated news rooms were slow coming on stream. Aside from the question of priorities—opting for a new piece of equipment, rather than the new system—there were a few vestigial shibboleths of the computer age that had to be eliminated.

One of these was that computerized newsrooms would eliminate jobs. "Completely wrong," says CBS Radio Radio news director Larry Cooper. "The system doesn't put anybody out of work." The news executive who helped computerize a pioneer in the field, KCBS

San Francisco, says the computerized newsroom is "just a tool, another level of sophistication.

"It eliminates all the time we used to spend making copies. Computerization means getting things done faster. Time is what you're really saving, and the man hours that are saved really add up. There is no intent here at CBS, nor was there at KCBS to cut down on staff. It is simply a matter of using the electronic methodology to permit editors, deskpersons, reporters to devote more time to preparing the newscasts."

The second reservation concerning computerized newsrooms was the anticipated reaction of reporters, and their pronounced attachment to such standard equipment as their typewriter.

"When we first announced that we were going to the computer there were two reactions," Cooper remembers. One was 'great, it's new, it's the best thing in the world.' The second was 'I'm never going to give up my typewriter.'

"During the election last year we needed three terminals. When we went to borrow them, the reporters protested, saying that they simply could not work without them."

System choice

Once the reservations to the computerized system are overcome, and the decision to purchase made, the most important choice is which system is best designed to fit the station's needs.

Prices for the various systems range all over the lot. Basys says it can install a one-terminal computer system for as little as $30,000.

ColorGraphics estimates its costs, according to president Terry Kelly, at $10,000 per terminal location with a cost ranging from $200,000 to $300,000 for converting a major market all-news outlet.

Quanta Corp., which, according to marketing director Vicki Pearson, is "especially competitive in the smaller systems, ranging from one to 15 terminals," says it can install one of its systems for as little as $10,000.

"Quanta is primarily a character generator manufacturer," Pearson says, "but we've been marketing our news product line for four years."

Describing the Quanta System as "distributed processing," Pearson says, "each station is a full powered computer without a mainframe computer."

The beauty of that arrangement, Pearson adds, is that if one computer terminal goes down the rest of the system is still functional. Kelly, who says ColorGraphics does not use a mainframe computer as a power source, talks about similar advantages, adding that transmission is "discernibly faster," since there is not a lineup of messages moving through the mainframe.

Pearson also says the Quanta system provides local area networking. "Since there is the ability to communicate terminal to terminal it is possible to move large amounts of data at high speeds.

Finally, Pearson says the Quanta system is very effective at management of wire news, with the capacity of being able to handle four wires.

Quanta claims six

"Quanta has sold about five or six small systems," Pearson says to such TV stations as WTLV(TV), Jacksonville, KTVB(TV) Boise and KTVX(TV) Salt Lake City. WRC-TV Washington, WNBC-TV New York and 22 terminals to NBC in New York. The Quanta systems at WRC-TV and WNBC-TV two NBC-owned outlets, as well as the Quanta terminals at the network, are expected to be displaced by the Basys system NBC is currently installing.

Like some of the erstwhile contenders in the electronic newsroom competition, Quanta has already absorbed a firm called Data Systems Inc., and maintains a competitive posture with its news product line primarily through the revenue supplied by its character generator business.

Pearson reports that though there was significant interest in the Quanta system, particularly after the Radio and Television News Directors Association show last year, ("We gave lots of demos, particularly to stations in Canada, Australia and Europe") thus far, there has been no followup.

Beston Electronics, Kansas City-based firm, has absorbed McInnis-Skinner & Associates, and has installed its Data Prompter System at KCTV(TV)

WPOC(FM) Baltimore created its own four-terminal system for "about $60,000."

Terminal in WPOC news booth

WPOC's Tom Cheche

Basys client list

(*USA*)
NBC Network Television
NBC Network Radio
The MacNeil/Lehrer Newshour
Business Times
KRON-TV, San Francisco
WFAA-TV, Dallas
KRLD-TV, Dallas
CNN Headline News
CNN
WOR, New York
KSAN, San Francisco

(*Britain*)
Independent Television News (ITN)
Channel Four News
TV-AM (Britain's Breakfast Show)
Anglia Television
Channel Television
BBC Radio

(*Italy*)
RAI, Radiotelevisone Italiana (2 separate installations T.V. and Radio)

(*Australia*)
MacQuarie Broadcasting Network:
5DN, Adelaide
2GB, Sidney
2WL, Wollongong
3AW, Melbourne
4B4, Brisbane
4AY, Townsville
2CA, Canberra

Kansas City and at stations in Columbus, Ohio, and Wichita, Kan. The Data Prompter includes a microprocessor, a keyboard and a videoscreen that makeup a newroom oriented word processor. The machine reportedly sells for under $10,000.

Like Quanta, Beston has not reported any discernible progress in convincing stations or networks to purchase their systems. There have also been unconfirmed reports from authoritative sources, that overtures for a buyout have been made to at least one of the principal "players" in the electronic news system field. The choice then, on the part of broadcasters bent on the purchase of a computerized news system, would seem to be Basys or ColorGraphics, contend the presidents of both companies. Though Basys president David Lyons adds laconically, "there will be others."

The heart of the Basys system, according to Lyon, is its simplicity. "NewStar runs on standard hardware," Lyon says.

"Basys can be run on off-the-shelf stock. That's why we're equally at home in Italy, where we sold RAI (Radiotelevisione Italiana); Australia, where we just sold systems to seven more stations; or in Britain, where we are well entrenched.

"If I might add a few others Basys characteristics," Lyon continues, "ease of use and flexibility, would be the ones I would choose.

"We don't use computer terminology. Beginners, can pick the Basys system up in a couple of minutes. In fact, there's only one (mainframe) computer, and we usually hide it away somewhere in the back room."

RAI in Italy and America's CNN, were two of Basys' first customers, and Lyon readily concedes they provided the seed money then sorely needed to research and development.

Last year, Basys headquartered in San Jose, Calif. was purchased by Independent Television Network of Great Britain. "After six years of struggling," Lyon says, "most of it being two men in a backyard with a garage, we had secured some support."

Though last year was a shakeout year for some computer news organizations Basys was able to add significantly to its client list. The company claims 32 clients, and Lyon confidently hopes to double that number during 1985.

The 1984 additions were KRLD (radio); Dallas-Ft. Worth, *The MacNeil-Lehrer Report*, newsroom in New York WNET(TV) and Washington (WETA-TV) PBS outlets; NBC radio and television in New York, Wagga-Wagga, and Albury, two Australian stations, and Channel 4 and BBC Radio in the United Kingdom.

Technical overview

The Basys system has four principal goals: modularity of design; resilience of operation; flexibility; and local control of operation.

At the heart of the system are host database computers with Winchester disk storage. These hold all the permanent information.

Additional computers support the wire services, terminals, printers, modems or telex connected to the system.

This distributed processing minimizes the load on the central computers and enables a large number of devices to be supported with a rapid response time.

Each host computer can support up to eight Communications Concentrator Units (CCUs) and each CCU up to five devices. A typical Basys system will employ two computers and enough CCUs to support the desired number of devices. More than two computers can be linked to give the power and capacity needed for very large systems.

In order to give the prospective buyer a cost option, Basys provides cost breakdowns for some 'sample' systems.

System 1:
15 terminals
2 Printers
1 wire service connection
Telex interface
Electronic Teleprompting
Price (includes all soft and hardware) $175,000

System 2:
25 Terminals
4 Printers
2 Wire Services
Dial-Up facility
Telex interface
Electronic Teleprompting
Price $220,000

System 3:
35 Terminals
4 Printers
6 wire services
Telex interface
Electronic Teleprompting
Price $280,000.

The NBC contract is estimated at

(*continued on page 110*)

ColorGraphics (NewStar) client list

WJXT-TV Jacksonville
WKOW-TV Madison
WGN-TV Chicago
WGN Chicago
WKYT-TV Lexington
KCBS San Francisco
KVOA-TV Tucson
CBS Radio News, New York
KIRO-TV Seattle-Tacoma
WWRC Washington
KPRC-TV Houston
WTVF(TV) Nashville
KSL Salt Lake City
KSL-TV Salt Lake City
WSVN-TV Miami
TVS-TV Southampton, England
KLFY-TV Lafayette
WDAM-TV Hattiesburg
2UE Radio Sydney, Australia
3KZ Radio Melbourne, Australia
WCAX-TV Burlington-Plattsburgh
Upcoming installations
WJR Detroit
KSL (Bureau) Washington
CBS Television News, New York
CBS Television News, Washington
WBRZ-TV Baton Rouge
KOBI-TV Medford
KRCR-TV Chico-Redding
KVIA-TV El Paso
WTOL-TV Toledo
KXAS-TV Dallas-Ft. Worth

Important traits include 'get it done' attitude, closeness to customers

Strong sales force can offset station ratings problems

BY DAVID BUTTERFIELD AND GREGORY HAWKINS

Second in a two-part series

Excellence. It is a word that, since the release of Peters' and Waterman's *In Search of Excellence*, is used more and more to describe successful businesses. It is particularly appropriate in the context of broadcast sales.

Of the scores of station sales efforts Butterfield Communications Group has evaluated over the past five years, a few—perhaps one in 10—emerge as clearly a cut above the rest of the pack. They are more professional and more knowledgeable. They provide better service and more credible research. They are more thorough, more creative, and more concerned about clients. In short, they sell better, and the fact that they sell better shows up in their bottom line.

Our previous article looked at where superior sales performance makes a difference, and why. In this article, we want to approach the data from another angle, in order to discover what it is that sets these stations apart—to define "sales excellence" and understand what it takes to attain it.

Before moving on to this broad issue, we want to look at what the data we have collected tell us about pricing, about buyers and about what factors make buyers less inclined to buy a station.

Pricing flexibility

We often ask buyers which stations in their market are overpriced and which are underpriced. One of our more interesting discoveries has been that buyers do see some stations as underpriced. However, far more buyers name stations they consider overpriced.

Seventy-five per cent of our entire buyer sample said that one or more stations in their market was overpriced. But, of this 75 per cent, more than two-thirds name only one station, and another 20 per cent name only two stations. In other words, very few buyers simply tell us that every station is overpriced. Instead, they typically single out one or two stations in a market.

These "overpriced" stations are, more often than not, market leaders. They place first or second in ratings, are usually seen as well-programmed and score high on sales force performance. In short, they are stations that generate high demand and can afford to price aggressively.

But even a leading station can ill afford a reputation for unreasonably high rates. Buyers look for efficient buys, and "overpriced" can easily become "inefficient." One buyer's comment about his market's leading affiliate: "Why don't we buy them? Budget constraints. They're the Number 1 station in the market, but they can't sell their way out of a paper bag unless they have the numbers."

"Overpriced" leading stations take a lion's share of local business because they are leading stations. If they can shake the "overpriced" reputation, we believe, they can take even more.

Our buyer interviews suggest one way of shaking the reputation without sacrificing aggressive pricing. When we looked at buyers' ratings of "overpriced" stations on other issues, we found a high correlation between "overpriced" and "inflexible rates." Buyers who told us that a given station had inflexible rates almost always considered that station overpriced. This suggests that flexibility can play a critical role in pricing strategy. A station which has the audiences, the programming and a strong sales force can and should price aggressively. But leaving room for flexibility in an aggressive rate card can diffuse the perception that the station is overpriced or inefficient.

Overcoming high rates

A strong sales force that is respected and well-liked by buyers can, in and of itself, overcome some of the negative effects of high rates. When a buyer, because of good service from salespeople, has a strong inclination to buy a station, he or she will more often give that station a last look at the buy—a last chance to price a schedule which will win a piece of the buy. In this way, a strong sales force buys the station the option to participate in more buys and, consequently, more control over when and at what price it sells its inventory.

In the hundreds of buyer interviews we have conducted over the past five years, we have learned a great deal about station sales efforts. We have also learned something about buyers themselves.

A surprising number of local buyers wear two hats, the first as a planner, allocating budgets among media, and the second as a buyer, selecting specific stations or papers. Of the buyers we interviewed, three-quarters were also involved in media planning. Fifty-five per cent bought radio and newspaper in addition to television, and another 32 per cent bought both television and radio. Because of the number of buyers who have dual planning/buying roles, broadcast salespeople need to continually sell their medium, as well as their

Sales—where it counts and why

In the first article in this two-part series, the authors presented data from some 1,500 interviews Butterfield Communications Group has conducted with media buyers over the past five years, in order to understand how and where sales makes a difference to a station's share of local revenues. They offered the following conclusions:

- Although the television business is dominated by ratings, sales does make a difference—a difference which becomes critical to station revenues when the competition for audience is tight.
- A quality sales force is the key to sales performance. Buyers are attracted by those who know the station and market; provide good service; understand buyers' and clients' needs and are honest, credible, creative, and professional.
- The degree to which a sales team has these characteristics directly affects the amount of business a station receives.
- Overall, buyers are generally satisfied with station performance on these issues, but station performance varies widely.
- Pre-sell and post-sell issues, including on-air look, community image, preemptions, overprojections, and research quality, influence buyers' willingness to buy.

station, even at larger market agencies.

We discovered that buyers are good judges of salespeople. In all of our interviews, we ask buyers to identify the best salespeople in the market—those salespeople the buyer would hire if he or she were putting together an all-star sales force. Obviously, this question has the potential to become a popularity contest. But we have found that this doesn't happen; whatever the basis for buyers' evaluations, they name the same salespeople that station management would select. When we take the list of all-stars back to our client stations, we find that the salespeople buyers have named are the station's highest billers.

Finally, we find distinctly different sales climates from one market to another. Buyers in some markets seem almost universally impatient and dissatisfied with media salespeople. Negative comments predominate and buyers rate sales forces low on every performance measure. In other markets, just the opposite is the case. Buyers love sellers, salespeople are generally rated highly, and criticism of station sales efforts is muted.

One of the things we learned from our interviews was that buyers don't base all of their decisions on who has the best—the best rates, the best demos, the best sales force, etc. In some cases, they see a series of reasons not to buy one or more stations. In order to get at their reasons for not buying stations, we ask buyers to tell us what they like least about each station in a market. Ranked in order of frequency, here are the things they mention most often: Bad attitude; poor programming; high or inconsistent rates; low ratings overall, or for certain demos; poor schedule security; inflexibility; management; rep, salespeople; poor service, not available, slow response; uncooperative, difficult to deal with; salesforce turnover, rotation; unreliability, lack of integrity; overprojections.

More than half of all the complaints we've registered in our interviews touch on sales force performance issues, one in five have to do with programming or ratings and the remainder deal more with pre- or post-sell issues.

We look at the flip side of these characteristics, that is, what makes for good selling, elsewhere in these articles. We should add one comment to the list above, and it's one that could be expected. Buyers feel far more strongly about poor performance than they do about good performance—black marks hurt more than gold stars help, and they last longer, too. We have found that the perception of a problem—whether it be in attitude, air-look, preemptions, billing, or elsewhere—will last long after the problem is solved. A station seen as having "forgotten its friends when it became Number 1," for example, will have trouble shaking a reputation of ingratitude. This makes it doubly important to track sales performance and move quickly to control the quality of the overall selling effort.

Putting it all together

In this and our previous article, we have covered a lot of ground: where and why sales makes a difference; the importance of sales force performance and its ingredients; the role of pre-sell and post-sell issues; pricing; and, now, what factors move buyers away from the decision to buy a station. In the process of analyzing all these separately, it is important not to lose sight of the fact that, in the real world, they all work together.

To illustrate how they work together, we have drawn from our database two case studies that compare competing stations with sales efforts of differing quality. The first looks at two independents; the second, at an independent

(continued on page 104)

'Buyers feel far more strongly about poor performance than they do about good performance. Black marks hurt more than gold stars help.'

Botway Group handles web business, while Botway/Libov specializes in spot

Botway-Libov: What's behind media service merger?

When Clifford A. Botway, Inc. and Ed Libov Associates were combined to form Botway/Libov Associates in January, it was because both chairman Botway and president Ave Butensky of Botway/Libov see a bright future for the media service business.

Says Botway: "We've seen this business go through its ups and downs, but, nevertheless, survive as a fact of life, in spite of some of its practitioners, over the years."

More surprisingly, he adds, "This business is even a fact of life in some countries in Europe where the government fixes media prices and the media services can't use the claim that 'We can get it cheaper.' "

In spite of this, explains Botway, European media services can still do well, "simply by pointing out that their more experienced people can handle buying more efficiently than an agency's or advertiser's own in house buying staff—just as, over here, agencies have long recognized that it's more efficient to put a commercial production shoot into the hands of an experienced outside production house director and his camera crew, on a job by job basis, rather than trying to maintain all this studio overhead in-house at the agency."

Addition of Libov brings combined billings of The Botway Group to roughly \$450 million, with Botway's end of it accounting for some \$250 to \$275 million in network television and radio, and Botway/Libov handling \$150 to \$175 million in spot placement. Television accounts for some 90 to 95 per cent of the total, and radio between five and 10 per cent.

Network clients

Edward A. Kobza continues as president of Clifford A. Botway, Inc., which places network advertising for clients of some of the major advertising agencies, and also for "smaller agencies who can't compete with the giants in terms of network dollar power."

Botway's network clients include Miles Laboratories, and Chesebrough-Pond's. Clients that now come to the new entity through Ed Libov Associates include Toys 'R Us, Richardson-Vicks, Burmah-Castrol motor oil, Jordache, A&P, Fotomat, Southeast Toyota Distributors and also a piece of the Mattel toy business.

Combined personnel staffs of the Botway and Libov services add up to roughly 160 people in New York, 40 in Chicago and 40-plus in Los Angeles. Botway himself also holds a minority interest and the title of chairman in a third media service, Los Angeles-based American Media Consultants.

Botway charges a straight $2^1/_4$ per cent commission on network billing, but because spot is so complex, the charges can get fairly complex, too. Thus, for local buying, Botway says that compensation for each project "varies not so much by volume as by the complexity of the job. The charge can be in the form of straight fee, a percentage of billing, or be based on a percentage of saving, or 'incentive'."

There are several variations of each of the above. Which variation is used depends on what's involved in covering B/LA's costs on the project, plus a reasonable margin of profit.

"We've seen this business go through its ups and downs," says Clifford Botway, "but, nevertheless, survive as a fact of life."

Explains Botway, "If one client wants a large sum flighted in radio, in and out, in and out, over several months in 120 markets, it could cost us 18 per cent to do the job. On the other hand, if someone wants \$6 million placed in television

Clifford A. Botway **Ave Butensky**

Addition of Libov brings combined billings of The Botway Group to roughly \$450 million

Combined personnel staffs of the Botway and Libov services add up to roughly 160 people in New York, 40 in Chicago and 40-plus in Los Angeles.

From l.: *Burt Fradin, vp/account services; Marty Schmidt, senior vp/account services; Butensky; Botway; Ira Gonsier, senior vp/account services; Tom Della Corte, vp/director of planning; and Steve Libov, vp/account services (and son of founder, the late Ed Libov).*

to cover Manhattan Island, the profit on only a 2 per cent commission could be embarrassing."

Botway/Libov's spot broadcast operation is organized under two roofs: children's market buying for its toy, game and other children's accounts, and buying for clients selling to the adult market. The buyers under each of these two main divisions are market specialists.

Most media services believe they can buy more efficiently if they staff their company with more experienced buyers than their major agency competition, and if they have a client list that provides them with major dollar clout. In these respects, the claims of The Botway Group are no exception.

But to these, Botway claims one more point of difference, asserting that, "A key principle of negotiating gamesmanship is going into every negotiation with more information than your opponent. Our computer systems give us the information we need in seconds."

The Butensky challenge

Butensky likes to offer new business prospects and other visitors the chance to "pick a station, any station in the country."

When the visitor names a network affiliate in a fairly large market, Butensky taps in its three-digit code number and continues, "Pick a daypart—any daypart."

"Early fringe," replies the visitor, and Butensky punches in 4:30 to 6 p.m., adding, "Now name a demographic."

The visitor chooses his favorite, and Butensky types out "*W 18-34.*" Then he taps a few more keys on the terminal of his IBM 38, whose software is the product of seven years of development, to punch up a nine-book track record of 4:30 to 6 p.m. for the visitor-chosen affiliate, going back to July, 1983, "to see if this spot is going up or down."

It was on its way down, lower last November than in 1983. "Okay," continues Butensky. "Now let's look at the competition." He taps a few more keys. Early fringe was also on its way down on the market's two other affiliates, but was "holding" on one of the market's independents, and was on its way up on another.

The next tables Butensky punched up on his green screen were side-by-side comparisons of cost-per-point and cost-per-1,000 so the visitor (or any buyer) could see exactly how many dollars each affiliate would have to drop its price to equal the independent "on its way up" against young women during early fringe.

Asked why the same guy who designed this software couldn't do the same thing for any big agency, Botway's answer is that he could, if the agency would pay for it. "My own IBM 34 network system cost us $1.6 million. Ave's system cost at least twice that and maybe more, because local is even more complex than the factors that go into a network buy. But agencies put their investment capital into their creative talent. They know that a great media department won't win them any major new accounts, and a mediocre media operation is not likely to lose them any if their creative is outstanding enough."

Botway adds, "The buyers who use the system all the time can make it sing opera." For example, explains Butensky, "Everyone agrees that one of the great things about spot is that it lets you put your dollars where your sales are. And most advertisers' best sales are in the fast-growth markets like Houston, right?

Store lists

"Right sometimes," he continues, answering his own question, "but not always. Let's look at some more pictures." The next series of pictures he puts up on the CRT are lists of retail chains grouped by department stores, supermarket chains, drug store chains, discount chains, and so on, showing the number of outlets each chain has in each market.

The point of these lists, explains Butensky, is to see where their stores are. "As you can see, many of these chains do have more stores in Houston and Dallas than in most other markets. But look at this one: Only two stores in the Houston ADI, against a dozen in Dothan, Alabama."

Butensky adds that this sort of analysis "is what we did for the Tuesday Team." The Tuesday Team was the ad hoc agency set up for the Reagan-Bush 1984 reelection campaign (TV/RADIO AGE, October 15, 1984). Robert W. Hinson, executive vice president, director of media services at Rosenfeld, Sirowitz & Lawson, who took temporary

Libov was selected to handle media buying for the Tuesday Team "on the strength of its combination of people and systems," says Robert Hinson, who headed media for that ad hoc agency.

leave to head media for the Tuesday Team, recalls that the Team's selection committee reviewed presentations from most of the largest media services, that they all "proved to be excellent organi-

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Government decree brings end to tense period for broadcast industry

After long fight, private TV in Italy to gain legal status

BY JULIUS HUMI

The on-again, off-again drift toward private, commercial broadcasting, which has taken place in Western Europe during the '80s, has had a more dramatic quality in Italy, where private broadcasters, characteristically, have operated chaotically and under a cloud for a number of years. This is about to change. Early last month the Italian Parliament approved a government decree published last December which will set in motion long-awaited legislation to legalize the private television industry, and bring to an end the period of tension and crisis which had marked the industry during the past year.

The decree was approved on the government's second attempt. In both instances the cabinet of Socialist premier Bettino Craxi had issued emergency decrees to reactivate commercial stations which had been closed by local magistrates. The latter claimed the stations were broadcasting in contravention of the constitution, which they interpreted as giving RAI, the state monopoly service, the exclusive rights to simultaneous national broadcasting, whether by interconnection or not. The first decree had been rejected by the legislators on a technicality.

Italian law requires that any government decree be approved (or disapproved) by Parliament within 60 days of its issue. When approved, the decree has an operative life of six months during which the legislative proposals in the decree are debated by Parliament, added to or amended as a result, before final formulation and another vote to become definitive law.

Draft proposals

The decree presented to Parliament last December by Antonio Gava, minister for telecommunications, includes draft proposals for legislation which (1) reaffirms that ownership of the airwaves remains a state monopoly; (2) confirms that the Italian television system consists of both a public and private sector; (3) creates a new constitutional framework for RAI and would abolish the current method by which senior executives of RAI are political appointees; (4) restricts the ability for single ownership to own or control more than one commercial network; (5) legalizes the present system of simultaneous transmissions by means of pre-recorded cassettes, and lifts the veto on live interconnection, allowing the start of news and information programming by the commercial operators; and (6) would require that a minimum of 40 per cent of all programs be nationally produced.

Premier Craxi

Wide World Photos

The cabinet of Socialist premier Bettino Craxi issued emergency decrees to reactivate commercial stations closed by local magistrates.

Entrepreneurial operators heaved a sigh of relief that the proposals did not include ceilings on advertising revenues, which next year may reach close to $1 billion. But most observers predict that such a ceiling will be pushed by the powerful Communist Party, to be included in the final legislation.

Sudden speed

The speed with which legislation was suddenly made inevitable after nearly 10 years of vacillation and parliamentary taboo of the subject was precipitated by the actions of magistrates in Rome, Turin and the Adriatic provincial capital of Pescara. These magistrates seized and closed the local stations affiliated with or owned by the three major national networks—Canale-5, Rete-4 and Italia-1, on the grounds that they were violating a sector of the Italian constitution which stipulates that RAI, as a public state owned service, was the only organization permitted to broadcast nationally.

Long-awaited legislation to legalize the private television industry has been set in motion and should bring to an end the chaos and controversy which had marked the industry during the past year.

It was to circumvent this legal hurdle and to qualify for advertising rates based on national exposure that the entrepreneurial operators have for years pre-recorded and distributed tapes to their affiliates, by plane and car to all corners of the peninsula for simultaneous showing.

The magistrates, who claimed they were not acting in unison or under any outside guidance, justified their actions on the argument that the constitution is concerned with the *effect* of the broadcast restrictions, not its *method* of distributing programs.

The magistrates first acted in October. Then the government of Socialist leader Bettino Craxi issued an emergency decree which freed the impounded stations. But in a surprise development, Parliament at the end of November threw out the decree on the basis that the government could not overturn a constitutional law without submitting a new one to replace it.

The magistrates promptly re-impounded and closed the stations in the three areas at the beginning of December, and the furor and public debate caused by the renewed blanking of TV screens resulted in the present legislative proposals.

The fact that the three networks concerned were all owned and controlled by Milan business tycoon Silvio Berluschoni, and represent 80 per cent of the country's total viewership of the private TV sector with its 1,500 billion lire ($850 million) advertising potential, was a major factor in the ensuing controversy.

Angry television executives and advertising agency operatives complained that the closure of the stations was determined deliberately to hit the peak pre-Christmas advertising boom. Executives of the Berluschoni empire have estimated that the total of seven days closure in October and December has cost them several million dollars in cancelled campaigns.

Future restrictions on the advertising revenues for each network are being sought by the Italian newspaper publishers federation, which has seen its members' own revenues diminishing with the dramatic growth of the private TV sector. The publishers have been held responsible for the financial woes decried by RAI, whose advertising income has been set at a ceiling of 543 billion lire ($304 million) as a result of pressure from the federation, a limit which advertisers confirm RAI has not reached in recent years anyway as a result of the increasing audiences to the private sector.

News dilemma

In addition to the restrictions on advertising revenues, the major political debate is expected to center on whether or not the private sector will be permitted to broadcast news and information, and thus break the monopoly on news enjoyed until now by RAI. Observers believe it is this thorny dilemma which has held up past efforts to legislate on the TV industry.

RAI is heavily politicized, with its chief executives nominated by the political parties on a basis of parliamentary strength. The state broadcasters' news presentation has therefore been a mirror of the Italian political scene and its bulletins have reflected the views of its political appointees.

But no such control could be imposed on the private sector, though there are those who claim that the present government was in effect assuring itself a political and electoral safeguard in its attitude towards the private sector, because of Silvio Berluschoni's admitted Socialist tendencies. The present legislative proposals are seen by its critics as favoring the private sector controlled by the Milan tycoon who is reported to be a personal friend of Premier Craxi.

To counteract these accusations, observers believe Berluschoni is now seeking to rid himself of control and ownership of Rete-4 which only last fall he acquired in a sensational move, from the Milan publishing house of Mondadori. Rete-4 had been a drain on the finances of the publishing house, having lost a reported $70 million in its three years existence.

Berluschoni stunned the financial and television world when he dramatically announced he had acquired more than 50 per cent of the Mondadori shares and taken over control of the ailing network last August. Rete-4 had been the only remaining major competitor, and the deal gave Berluschoni virtual control of the entire private sector.

Future restrictions on ad revenues for each TV network are being sought by Italian newspaper publishers.

Silvio Berluschoni

Executives of the Berluschoni empire have estimated that the total of seven days closure in October and December has cost them several million dollars in canceled TV campaigns.

In a recent interview in Milan, Berluschoni confirmed that his flagship network, Canale-5, was ready to start a daily news program. "Creating a television journal is no technical problem," he told a local newspaper. "It is finding presenters who will have the public's confidence which will be more difficult."

On the issue of his control of all three of the country's major networks, Berluschoni told the paper that he would merge his successful Italia-1 with Rete-4, if that became necessary.

However, according to insiders in the industry, Berluschoni is talking with another industrialist, Calisto Tanzi, who owns Parmalat, Italy's biggest dairy concern, and controls Euro-TV, a small but efficient network, also based in Milan, with about 15 per cent of the private TV audience. Euro-TV and Rete-A, are the only remaining multi-outlet operator not controlled by Berluschoni.

Adding incentive to the merger talks between Rete-4 and Euro-TV is the fact that its management is considered to be close to the Christian Democratic party, Italy's largest and most influential political body. By recreating a more pluralistic private TV sector, and shedding the mantle of "Emperor of Private TV," which Italian newspapers have bestowed upon him following his scooping up the Mondadori network, Milan-based Berluschoni would no longer appear to be the sole target of the politicians in Rome as they debate and formulate the TV law which will—hopefully—finally provide the cloak of legality to the long and stormy history of Italian private television. □

'Media Market Guide' provides rating point data by demos, daypart

CPRP yardstick traces TV costs

What does spot TV cost these days? Well, to reach women 25–54 in primetime in the top 50 markets with five announcements a week averaging a 15 rating in each market (75 gross rating points), it will cost you $661,650.

Keep it up for 10 weeks—on alternate weeks to keep the cost down—and it will set you back $3.3 million. Keep it up for a year that way and you'll have to dig deep for $17.2 million, even on alternate weeks.

But schedule it one week a month and it will "only" run you $7.9 million.

Well, primetime is not the only daypart. Let's try early fringe with the same type of buy and let's figure on an average rating of 8 for 40 GRPs a week. That'll come to only $136,400 a week. Five weeks out of 10 will cost $682,000; 26 weeks out of 52, $3.5 million, and one week a month, $1.6 million.

The above figures are TV/RADIO AGE calculations based on estimates of TV costs-per-rating-point from the latest *Media Market Guide*. Since the latest CPRP estimates are for the second quarter, the annual cost figures cited may be a little high; second quarter costs run perhaps 5 to 10 per cent above the annual TV spot average.

However, the *Guide*'s CPRP figures are not meant to be exact, but are guidelines offered as an aid to broadcast planners and to buyers of broadcast time (the *Guide* also includes radio CPRPs).

The per-point costs, covering 211 Arbitron ADIs (and usable for Nielsen DMAs) are "marketplace" estimates made for the *Guide* by a number of major agencies and agency personnel consulting on their own, according to *Guide* publisher Marty Herbst. He points out that in most markets the cost estimates are based on affiliate prices, with indies factored into the estimates in the larger markets only.

Also, Herbst points out, the individual market costs supplied in the *Guide* are not simply averages of the affiliates in the market, but reflect the shares that each station has of the business placed in the market. In short, the CPRP figures are based on the way the market is bought. Finally, Herbst adds, the cost data is always subject to negotiation, special situations and the ups and downs of supply and demand.

The latest *Media Market Guide*, dated first quarter, 1985, offers (in addition to much other data) CPRPs for eight mostly age/sex demographics and up to six dayparts for all 211 Arbitron ADIs, plus summaries by market groups of 10. The demos, besides household data, are 18-plus, 25–54 and 18–34, both men and women, plus teens.

Thus, the cost-per-primetime-rating-point for women 25–54 in the top 50 markets during the upcoming quarter is $8,822, as shown in the *Guide*, and if 5 spots with an average rating of 15 are

(continued on page 118)

Cumulative cost-per-rating-point summary by dayparts/demographics

(2nd qtr. 1985—30 sec. units)

ADI market groupings	Day time	Early eve.	Early news	Prime time	Late news	Late eve.
Women 25–54						
Top 10	$1,551	$1,721	$2,748	$4,172	$3,446	$2,678
Top 20	2,195	2,549	3,974	6,040	4,779	3,922
Top 30	2,738	3,291	5,019	7,291	5,691	4,803
Top 40	3,122	3,775	5,706	8,155	6,330	5,428
Top 50	3,410	4,179	6,260	8,822	6,811	5,910
Women 18–34						
Top 10	1,548	1,551	3,861	4,631	4,244	2,667
Top 20	2,191	2,304	5,585	6,715	5,898	3,914
Top 30	2,735	2,976	7,053	8,105	7,025	4,797
Top 40	3,121	3,415	8,014	9,071	7,809	5,423
Top 50	3,410	3,779	8,792	9,821	8,400	5,905

ADI market groupings		Early eve.	Early news	Prime time	Late news	Late eve.
Men 25–54						
Top 10	—	$2,210	$2,819	$4,509	$3,569	$2,412
Top 20	—	3,285	4,081	6,516	4,959	3,538
Top 30	—	4,246	5,152	7,859	5,911	4,336
Top 40	—	4,871	5,856	8,788	6,578	4,901
Top 50	—	5,395	6,425	9,509	7,073	5,336
Men 18–34						
Top 10	—	1,955	4,051	5,119	4,498	2,495
Top 20	—	2,890	5,844	7,422	6,246	3,657
Top 30	—	3,723	7,370	8,960	7,443	4,484
Top 40	—	4,268	8,368	10,031	8,282	5,069
Top 50	—	4,723	9,174	10,860	8,907	5,518

Source: Media Market Guide

Viewpoints

Dr. William F. Baker

President, Group W Television, chairman, Group W Satellite Communications, in a recent speech before the Electronic Media Ratings Council in Boca Raton, Fla.

Industry needs more reliable measures of TV viewer behavior

Better ratings are essential. We *do* need more reliable measures of viewer behavior. If some form of "people meters" can actually do the job—then well and good!

And we need some form of meter that will measure people *overtime*. Several million dollars worth of Super Bowl promotion can make a husband-and-wife-cop-show enormously successful for a week. But for how long after that?

We will need some larger samples. Because the America of the '80s is being driven by a whole set of forces into a far more complex, fragmented audience than the classic TV-land of the '50s.

Yet, I hear dissenters and foot-draggers throughout the communications industry.

Broadcast television has always been a tough rat race. Becoming and staying Number 1 has never been less than an ordeal.

But it's also true that broadcast television has always been a kind of automatic money-machine. By most standards, even unsuccessful television has made a lot of money.

Today, there are threats to that world. Cable, VCRs and a changing marketplace are making inroads and raising hurdles. But to make those obstacles go away by pretending they don't exist is the strategy of a child or a madman. Every day spent in a daydream of obsolete nostalgia will merely make the inevitable shift to reality more painful.

As a broadcaster, if my products are suffering any erosion of popularity, I want to know about it *today*—and preferably, I'd like to see the signals predicting it *before* it happens. Because I want to change—*with* the times—and even *before* the times.

And with accurate ratings as a tool, I know we can do exactly *that*.

I do see some dangers ahead, if you're not careful. No matter how attractive your suggestions may be in theory—how elegant as methodology—they must offer the user genuine, real improvements in *accuracy*. They must be *usable*. They must be *cost-effective*. And they must be *responsible*.

Serious accuracy problems

Last year, I gave you a few examples of discrepancies between the two major ratings services. That sort of problem has not gone away.

The problems of accuracy can only get worse. As you're all aware, machines (including television sets) are infinitely easier to measure than people are. You are now moving from an era of measuring whether television sets are on or off—to an era of measuring whether people are watching or not.

That means you're making a quantum leap into difficulty and dangerous ambiguity.

Can the systems truly overcome the problems of fatigue by those being studied?; of the danger that certain willing subjects will select themselves and therefore skew the sample?; of the danger of Heisenberg's Uncertainty Principle, where your machinery actually *alters* the very behavior you intend to study?

Can you truly fulfill the crucial need for *comparable* results *over time?*

Will you see the illogical truth lurking below the self-evident but deceptive surface?

Part of me would certainly like more complete information—supplied more frequently. But can I *use* it? Will it be *meaningful?* Or merely more paper on my desk—already groaning with reports, memos and printouts?

Third, will the new information be *cost-effective*?

What kind of cost-effectiveness can we expect in the future? Especially since the ratings services will be attempting methods that will be more expensive and more difficult.

I was trained in statistics and science. Believe me, I understand that larger samples are a good thing. But the question remains: can we *afford* them?

Costs must be shared

Here, I think the answer is unavoidable. More of the costs simply *must* be borne by the *advertisers*—and not as it is *now*, almost single-handedly by the *broadcaster*. This is simple equity. And the entire question will become even more pressing in the future. After all, some of the new measurements you're calling for (such as product usage) will obviously benefit the *advertiser* far more directly than it will *us*.

Finally, any future ratings system must be *responsible*. Let's be frank. Television executives, as a class, tend to be consumed with self-doubt and fear of failure. We live our lives constantly vulnerable to any plausible salesman peddling a solution to the latest daily crisis.

Those who suffer quantitative ratings offer a tempting lifeline to all of us in the madhouse. You have an enormous responsibility *not* to oversell your own accuracy. Because when you do, it's not good for your own longterm credibility. It's not good for the television industry.

Programming/Production

Caucus asks consent decree accounting

Calling in-house production as it pertains to the consent decree signed by the three major TV networks an issue of "major concern," the Caucus for Producers Writers and Directors, Hollywood-based organization, has sent an inquiry to ABC, CBS and NBC asking for specifics on in-house production figures for the 1983–84 and 1984–85 seasons. In addition, the Caucus intends to monitor all network in-house production "from this point forward," according to Charles H. Fries, chairman, who is also chairman of Fries Distribution Co.

Charles Fries

"We know," he continues, "that in-house production must adhere to the consent decrees currently in force between the Justice Department and the networks." Fries adds that the organization's steering committee "feels that the question of in-house production may well become a major issue confronting the creative community."

Basically, he notes, "I think that the thrust of all producers and the ambition of all producers is to remain independent and run their own business. It's our feeling that the federal government's consent decree, which limits network production, is going to expire in the next five years, and with it will go the financial interest and syndication rules. We think all these things coupled together don't bode well for the formation and growth of independent production companies."

As the consent decree stipulates, each network at present is limited to in-house production of two-and-half hours on average per week. However, beginning in the fall, 1985, each network may increase its allotment. In the fall, each network can air three-and-a-half hours per week; in the fall, 1987, it goes to four hours per week, on average over each year; and beginning in the fall, 1988, each network may air five hours per week of its own in-house productions. The consent decree expires in 1990.

At this point, the only in-house primetime series on ABC is *Moonlighting*, (via ABC Circle Films and Picturemakers) half-hour action/adventure series, which will be launched March 5, as a replacement for *Call to Glory*. *Moonlighting* was due to make its debut as a two-hour made-for TV movie on March 3. Also, ABC News has *20/20*, one-hour series. NBC has two series, *Punky Brewster* and the new series, *Sara*, both half-hours, while CBS News produces *60 Minutes*, one-hour program. The three networks will not make any decisions on pilot for the 1985–86 season until at least May, so the next season's in-house situation may change.

Of course, adding to the general in-house mix are made-for-TV movies, specials and other types of programs which are all included in the limitation total for the year.

For example, a few weeks ago, NBC aired *Poison Ivy*, a two-hour made-for, which it produced.

In addition to Fries, the Caucus steering committee includes Roger Gimbel, president of Peregrine Entertainment, and John Mantley, president of John Mantley Productions, co-chairman; Alan D. Courtney, president of Gaylord Productions, treasurer; and David Levy, president of Wilshire Productions, Inc., secretary. The list of steering committee members also includes Harry Ackerman, Columbia Pictures TV; Bud Austin, independent producer; Peter Baldwin, director; Philip Barry, president of Philip Barry Productions; Sam Denoff, Taft Entertainment; George Eckstein, producer, Warner Bros.; William Froug, NBC; Walter Grauman, director; Norman Lear, Embassy Communications—Tandem Productions; Herman Rush, president of Columbia Pictures TV Group; Leonard Stern, president of Heyday Productions; and Renee Valente, Twentieth Century Fox.

LBS eyes radio

LBS Communications, which recently announced a restructuring of its corporate company into three divisions, has hired Martin Rubenstein, former president of Mutual Broadcasting System, as a consultant in the newly formed division. Rubenstein will help explore and develop the radio syndication marketplace. According to Henry Siegel, chairman and president of LBS Communications, the company already has radio rights to some properties, as part of its previously negotiated arrangements for obtaining all broadcast rights. Also, points out Siegel in an interview, the division will build series for some of its clients, some of whom are very heavy advertisers on radio, such as Procter & Gamble.

Martin Rubenstein

Siegel emphasizes the key to radio syndication is advertiser-supported programming, "which is a business we know the best."

The restructuring of the company into three divisions is in keeping with what Siegel terms is in preparation for its growth in current and worldwide production operations. In conjunction with the structural change, LBS has promoted two executives and has hired Phil Howart, most recently president and chief executive officer at Ohlmeyer Advertising, as president of LBS Networks.

Phil Howart

The other divisions are LBS Entertainment and LBS Distribution. Roger Lefkon, executive vice president, programming, will be president of LBS Entertainment, which will encompass all of LBS' programming activities, including the production of *Inday*, two-hour daytime block set for launching this fall. Dan Greenblatt, executive vice president, station sales and marketing, will be president of LBS Distribution, which will be responsible for all station sales including LBS Sports and Colex Enterprises.

LBS Networks will direct the expansion of LBS' advertiser sales division to include new areas of advertiser-supported opportunities such as radio syndication and international advertiser sales. According to Siegel, the ad sales operation will remain under the regis of Mike Weiden, executive vice president, advertiser sales, and the sales end "will be an important part of this expanded operation."

Also, Bob Unkel has been promoted to the new post of executive vice president of corporate affairs. Paul Siegel will continue as LBS Communications chief financial officer and executive vice president, responsible for the financial and administrative needs of the new divisions.

NTA revamp

National Telefilm Associates has undergone a revamping, including a name change, reorganization and restructuring. To reflect its purchase in 1967 of Republic Pictures Corp. and all of the studio's assets including the mountaintop eagle trademark, NTE is being renamed Republic Pictures Corp., according to Aubrey "Bud" Groskopf, president.

In the restructuring, Republic will be divided into three separate operating subsidiaries: Republic Television, Republic Video Corp. and Republic Production Corp. Arthur Gross, vice president, in charge of worldwide sales, will head the television side; Nick Draklich, senior vice president, takes over the video subsidiary, and Ken Belsky will oversee the production unit as director of public affairs. Republic has already lined up its first production since the mid-1960s, a CBS movie of the week, *Repeat Performance*, which will be produced with Lorimar Television. Theatrical productions are also on the burner, including One *Touch of Venus* and a sequel to *The Quiet Man*.

Also, Groskopf notes, the company is looking to develop first-run syndication, which he calls one of Republic's top priorities. Another project on tap is the production of original product for home video entertainment and films for theatrical release as well as for pay-TV.

Republic has some 2,000 titles in its film library including 46 John Wayne movies and six Cary Grant films. In addition, Republic distributes *Bonanza*, *Laramie*, *Laredo*, *Get Smart* and other off-network series.

TEN's expansion plans

The Entertainment Network plans a major expansion of its operations this year with the opening of a New York office and the establishment of a new division to handle the young company's increased activities in this country and abroad. In addition to the increased corporate activity, TEN president Drew Savitch Levin said the company plans to acquire "at least three major ballets a year."

TEN, whose programming offerings range from the futuristic animated series, *Tranzor*, to the western adventures of Hopalong Cassidy, recently acquired the first of the Moscow productions.

Levin says, "We have acquired a two-and-a-half-hour movie of the Bolshoi Ballet performing Swan Lake in Moscow, taped last year." Gene Kelly hosts the $3.5 million production. "We have just recently sold it to the BBC, and it's also been sold to eight other countries in Europe." A major U.S. sales is also expected.

TEN's *Tranzor*, the robot animation series, makes its debut in April, and Levin says "we are in about 58 per cent of the country." There are 65 half-hour segments of the show, which is being sold on a cash-barter basis. In addition to the *Tranzor* on-screen characters, there will be characters from the series in toy stores later this year. Levin says *Tranzor* and its robots can also expect some company next year. That's when TEN plans to introduce *Voltus V*, described by Levin as, "another transformer situation."

In addition to animated series, Levin says TEN plans to launch an advertiser-supported primetime animated movie once a month, "About the classics, like *Treasure Island*, *Robin Hood*. And these will be theatrical quality." The target date is 1986.

In the popular music field, TEN has acquired the syndication rights for the Montreux Pop Festival this year. "We are taping in Montreux May 11–14," Levin says. "It'll be available late in the third quarter for two runs, advertiser supported." Among those performing in the two-hour special are Olivia Newton-John, Boy George and Culture Club, Duran Duran, The Thompson Twins and Sting. "This is going to be a TEN perennial," Levin says. "That's what we're calling the library specials."

Levin also claims success for TEN's *America's Music* shows, 13 specials concentrating on various forms of music such as jazz and soul. "So far we've sold 16 markets in the last three weeks," Levin says.

"We're up to about 30 per cent clearance right now. They're available for April, '85."

Levin also reveals plans for what could be described as a "spin-off" from TEN's *No Guts—No Glory* about sports achievements by disabled persons. The six half-hour segments of the show are advertiser-supported and go on the air in June.

"We sold this series to countries like Australia and France," Levin says. "It's selling beautifully. And we are planning, based on the success of this series, to launch a weekend access series called *No Guts—No Glory* dealing not only with the handicapped, but also major achievements in sports" by persons other than the disabled.

Of all his successful shows, Levin has one he describes as his "money machine."

That's *Hopalong Cassidy*, the vintage western that's been around since TV's early years. "It's being sold on a cash basis," Levin says.

Changing of the guard

Veteran WCCO-TV Minneapolis-St. Paul anchorman Dave Moore will lighten his schedule this fall when he steps down from co-anchoring the 10 p.m. news. The 60-year-old Moore, who has anchored the station's 10 p.m. newscast for almost 30 years, will continue to anchor the 6 p.m. news as well as host *The Moore Report*, a documentary series.

Moore's replacement on the 10 p.m. news will be Don Shelby, a member of the station's "I-Team" and co-anchor of the 5 p.m. news.

Dave Moore

Ron Handberg, vice president and general manager of WCCO Television, emphasizes that "this does not mean Dave will be retiring from WCCO Television . . . We feel that the time has come—as we knew it someday would—to pass the torch at 10 o'clock. Don Shelby and Pat Miles (Moore's current co-anchor) are WCCO's anchor team of the future, and we feel next fall is an appropriate time to make the transition."

Poll finds stations, producers differ

One of the more interesting findings of the straw vote taken by NATPE International of attendees to the past convention shows that stations and station groups are on different wavelengths from producer/distributors when it comes to off-network properties in syndication. Only 26.1 per cent of the station/group people said that off-network properties in syndication increased in 1984, while on the producer/distributor side, 49.9 per cent indicated they had.

Of station/group people polled, 42.5 per cent reported that 1984 off-network syndicated properties decreased, as compared to only 23.5 per cent on the producer/distributor end; and 31.4 per cent of the stations thought they remained the same as the year previous, in comparison to the 26.6 per cent in the producer/distributor group.

Of others polled, more than half (56.3) said that off-network properties in syndication increased in 1984, 28.1 per cent said it declined, while 15.6 per cent viewed them as remaining the same. Based on an average of all polled, the "decrease" group comes out on top with 37.3 per cent, while both other groups are virtually tied with some 31-plus per cent.

'85 projections. As to projections for 1985, once again there was a wide disparity between station/groups and producer/distributors regarding off-network syndicated properties available. On the station side, only 19.3 per cent projected an increase, as compared to 47.8 per cent of the distributors. While 44.1 per cent of the stations predicted a decrease, only 20.8 per cent of the distributors saw a decrease. And 36.6 per cent of the outlets saw no change vs. 31.4 per cent on the producers' side.

As to "other": nearly half (43.7 per cent) said it would increase; 37.6 per cent noted it would remain the same; and only 18.7 saw a decrease. Average overall: 40.2 per cent for decrease; 33.9 per cent, remain unchanged; and 25.9 per cent, increase.

In most other cases regarding other types of programming, the poll's findings showed agreement between both the stations and the producers. Both believed heavily that first-run syndication had increased (66.1 per cent, stations; 69.5 per cent, distributors) in 1984.

Regarding locally originated programs, half of both groups reported it stayed unchanged. Some while 39.1 per cent of the stations said it increased, as did 33.3 per cent of the distributors. For 1985, most of those polled in the two categories predicted that locally produced programs will increase: stations, 48.8 per cent; producers, 45 per cent; decrease, stations, only 3 per cent vs. 15.5 per cent; and 'same,' 47.9 per cent, stations, 39.5 per cent, producers.

The average in locally-originated programs came out to 47.9 increase, 45.6 same, and 6.5, decrease, taking into consideration "others" polled.

Zooming in on people

Jerry Gottlieb has been named senior vice president of the **MGM/UA Television Group,** reporting to Larry Gershman, president. Gottlieb's duties will incorporate areas of production and distribution, business affairs, administration and product acquisition. He will work with Lynn Loring, senior vice president, program development and production, and Joseph Tirinato, president, television distribution.

Gottlieb has been executive vice president of the MGM/UA Television Production Division since 1982 when MGM and UA merged. Before that he was executive vice president of United Artists Television.

He began his career in 1971 as an attorney for Screen Gems/Columbia Pictures Industries.

Jerry Gottlieb

Rob Corona

In another development at MGM/UA Television, **Rob Corona** has been named to the new post of vice president, domestic syndication. Corona, who had been general sales manager, will be based in New York and will be responsible for the activities of the domestic sales force as well as initiating and administrating marketing strategy for the company's movie libraries series and special presentations. He will also be involved in development, acquisition and sales of first-run projects.

Before being named general sales manager of MGM/UA, Corona was western division sales manager for United Artists.

Dennis Gillespie, senior vice president, national sales at **Viacom Enterprises,** has been named senior vice president, marketing. The promotion is part of a general restructuring of research, advertising and promotion and public relations activities being undertaken by Viacom and which will be directed by Gillespie. Gillespie also will be responsible for all planning, development and support functions in the marketing of Viacom's properties while continuing to direct the sale of advertising for Viacom's first-run and barter syndication properties.

Dennis Gillespie

Three staffers are no longer with Viacom due to the restructuring: Jack Kelley, general sales manager; Jerry Kaufer, vice president, creative services, and Andrea J. Cetera, vice president, marketing strategies.

Joan Henehan

In an unrelated move at Viacom, **Joan Henehan** has joined Viacom Productions as director of development. Henehan has been director of creative development at MGM/UA Television and Distribution.

Joseph Ceslik has been appointed executive vice president and general sales manager of domestic sales at **ITC Entertainment.** Ceslik, who has been vice president and sales manager of domestic sales for more than six years,

Joseph Ceslik

takes the post vacated in 1983 by Pierre Weis. Ceslik came to ITC from United Artists Television, where he was vice president of operations of the syndication division. At UA, Ceslik had a variety of executive positions for 10 years.

Warren Littlefield has been appointed senior vice president, series programming, **NBC Entertainment.** Littlefield, who has been vice president, comedy programs, since June, 1983, succeeds Jeff Sagansky, who is leaving NBC to become president of production, Tri-Star.

William Saunders, senior vice president, international syndication at **20th Century Fox Telecommunications,** has signed a new multi-year contract.

John Mansfield, national sales director at **Ziv International,** has been promoted to vice president, domestic television.

Syndication shorts

The **Turner Broadcasting System-Metromedia Television** five-hour biography of Gen. Douglas MacArthur, *American Caesar*, has cleared 90 per cent of the U.S. Stations get one primetime run and one fringe run on a 50-50 barter basis for a March 3–31 broadcast window. Stations may also opt for a three-year window, March 3, 1985, to December 31, 1988 and receive four runs on a cash basis. The first-run, however, is set up for primetime.

Republic Television, formerly NTA, has sold *Get Smart* to three additional markets, WFLD-TV Chicago, WFMZ-TV Allentown and WYAH-TV Norfolk-Portsmouth-Newport News-Hampton. Also at Republic, *Laramie* and *High Chaparral* have been purchased by five stations. WXNE-TV Boston KJTB-TV *Laredo*, KDTU-TV Tucson and KFSN-TV Fresno have bought *Chaparral*, while KTVT(TV) Dallas-Ft. Worth has bought *Laramie*. RT has sold more than 140 features in three separate deals. Feature packages were sold to KICU-TV San Jose (12 pictures); KCWT-TV Wenatchee, Wash. (100 features); and WLNE-TV Providence-New Bedford, which bought 30 features.

Columbia Pictures Television has cleared 52 per cent of the country, including all of the top 10 markets and 23 of the top 25, for *What's Happening Now*.

CPT will produce 22 new episodes, which are being offered on a cash/barter basis. LBS Communications is handling the barter arrangements. Among those signed are stations from Tribune, Taft, Metromedia, Capital Cities, Gaylord, Gannett and Cox.

Orbis Communications is clearing several projects. For the Metroprime package of miniseries initially consisting of *Empire*, *Jamaica Inn* and *The Far Pavilions*, Orbis has cleared 39 of the top 40 markets, for a total at present of 110 markets. *Comedy Night*, a venture of Media General, has nearly a 50 per cent clearance. The late-night strip is being sold via a three-minute national, three-and-a-half minute per half-hour sale.

Seeing Stars, weekly half-hour series, has cleared 55 per cent of the country to date.

Lorimar Television Distribution has sold *Knots Landing* in 20 markets. Markets include Chicago, Dallas-Ft. Worth, Tampa-St. Petersburg, Jacksonville, West Palm Beach and Mobile. *Landing* debuts in syndication in the fall. Also, Lorimar has acquired the worldwide TV and theatrical distribution rights to *Michael Nesmith in Television Parts*, new half-hour series to debut on NBC March 7 as a "preview." Eight segments have been produced.

Tribune Entertainment Co. has sold *Dempsey & Makepeace*, first-run action-adventure weekly series, to 20 stations including KTLA(TV) Los Angeles, KTVT(TV) Dallas-Ft. Worth, WGNX-TV Atlanta and WTOG-TV Tampa-St. Petersburg.

The series, due to premiere in September, is produced by London Weekend Television.

King World has cleared 34 markets, representing more than 65 per cent of the country for *Headline Chasers*, half-hour 'news-oriented' strip hosted by Wink Martindale. Among stations in the lineup are WABC-TV New York and WLS-TV Chicago (both ABC O&Os), WCAU-TV Philadelphia (CBS O&O) and KRON-TV San Francisco.

Equipment notes

Ampex Magnetic Tape Division and **Turner Broadcasting Systems Inc.** have signed a contract under which the former will supply the Atlanta superstation, WTBS(TV), Cable News Network, CNN Headline News, WTBS Productions and CNN Radio Network with audio and video recording tape. As a result, Ampex will be Turner's main source of 2-inch and 1-inch video tape and 2-inch and quarter-inch audio tape.

Devlin Productions has added Secam BVU 3/4-inch high band to its D-scan family of standards conversions. The Secam BVU is used by broadcasters and other TV professionals in countries with the 625-line/50 cycle Secam-encoded standard.

It is a high-band cassette format that has less color bleeding and better frequency response than ordinary Secam ¾-inch, and it is very close to the quality of the 1-inch band format.

NATPE production event

NAPTE International has set the tentative agenda for its first annual production conference, scheduled March 14–17 in New Orleans.

The confab is designed to bring together producers, executive producers, independent production houses and production managers, for use as a forum to exchange ideas and techniques as well as to learn about new technology, and to look at what's ahead, in local U.S. TV production.

A general session will be held from 9–11 a.m. on March 15, entitled "Production Techniques." This will focus on examples of television production from stations and independent companies. From 11 a.m.–noon, there are six current workshops.

Keynoter of a general session/lunch, which will follow from noon–1:30 p.m., will be Don Ohlmeyer, Ohlmeyer Productions. On March 16, a discussion will be held on Cost-Effective Producting for Television," while from 9–11 a.m., there will be a general session, "Management Techniques for the Production Manager and Producer," with Bill Brower, Bill Brower Associates. This will be followed by six concurrent workshops from 11 a.m.–noon.

Joseph A. Flaherty, vice president, engineering and development, CBS Inc., will be the keynoter at the noon–1:30 p.m. luncheon. On March 17, a general session on "New Production Horizons," has been scheduled. Wrapping things up is an Iris Hall of Fame luncheon, from 1–2:30 p.m., which honors programs and personalities who have started in local TV and became national celebrities.

Commercials

JWT's brew bids to bolster sales

"We're just not out there soliciting more business. Our plate is full." Steve Bowen strokes his newly grown Van Dyke beard, puts his feet up on his desk and smiles.

The executive vice president and general manager of J. Walter Thompson's New York office has every right to be expansive. About 18 months ago he was given stewardship of the New York office with the charge of invigorating its creative output and moving billings from $400 million to $600 million by 1986.

As reported earlier, (TV/RADIO AGE September 17) Bowen recruited creative director Jim Patterson, added 20 per cent more talent to JWT's creative department, which upped his salary budget by 50 per cent, and picked up substantial pieces of new business, from existing, and first time clients.

The result, according to Bowen, is that "JWT/NY has already reached the $600-million figure. I'm not saying that we are *turning down* new business," Bowen emphasizes, "just that we are *not soliciting* any. Our plate is full, we need time to digest what we have on our plate."

JWT's biggest morsel would seem to be its new $70-million assignment from Miller Brewing Co. to arrest the precipitous decline in sales of its flagship brand, *Miller High Life*.

Miller High Life comes to JWT/New York from Backer & Spielvogel, whose campaign for *Miller Lite* has made it the Number 2 selling brand in the nation.

However, while Lite prospered, Miller High Life suffered.

As sales figures for *Miller High Life* declined, the company began to put out a call for another agency.

"We got into the presentation mode late," Bowen remembers. "We had some new product assignments with Coors, and felt, quite frankly, that our loyalty was with our current client.

"We went to Coors and told them that we would like to get into beer advertising in a bigger way. They wished us well. We forfeited the Coors business and rolled the dice for Millers.

"We presented three campaigns to Millers on Friday, November 9. They told us on Monday, November 11 that we won the business. All the creative work," Bowen stresses, "came out of New York. We were very careful not to use the people in our Chicago office who had previously worked on the Coors business."

The advertiser chose the "Millers made the American way" theme. They saw storyboards a scriptomatic and new product footage.

The television campaign, which features six spots, one 60 and five 30s, made its bow on the NBA All Star Game and various executions of the campaign will be seen on primetime and sports attractions throughout the year.

In creating the campaign, JWT focused on what Bowen refers to as "basic male American values that go beyond the work ethic.

"We want to associate Miller beer with those values. We also want to emphasize that Miller brewers have been around for a long time, since 1855, and Miller beer is brewed with care and quality and without preservatives."

Securing the rights to the ballad "American Made," made famous by the Oak Ridge Boys, JWT weaves in the theme "Millers, made the American Way," with such values as pride, family, laughter, word of honor and friendship. At the end of the year, JWT hopes it will have helped Miller stay the slide in High Life sales that have declined steadily over the last five years.

Of the six spots, four were produced on location with the remaining two created from stock footage as well as a mix of footage taken from the newly produced spots.

Two of the spots, "Sports" and "Bartenders" were directed by Don Guy of Dennis, Guy & Hirsh, Los Angeles. Joe Hanewright of Kira Films in New York directed two others, "Friends" and "Handshakes" in San Diego. Brian Cummins of Fred Levenson Productions, shot the product sequences.

Jim Patterson is executive creative director on the entire campaign. Frank Nicolo is group creative director.

The campaign looms as a real challenge for Thompson, seeking to lift the sales of a full beer in a light beer market. Millers will spend heavily in broadcast media, but the prowess of JWT/NY's creative department is on the line.

Rounding out the JWT/NY team are art directors Paul Frahm and Michael Hart, copywriter Laurie Birnbaum and agency producers Gary Bass, Stewart Raffel and David Schneiderman. HEA, a New York based house, produced the music.

Fragrance fest

The Fragrance Foundation, a coterie of high toned affluent cosmetic and scent manufacturers who consistently produce some of the more high budgeted, imaginative advertising extant, presented its second annual TopNote Awards last month, for the best advertising in this category.

Ogilvy & Mather Partners won the Radio Topnote for "Translation", a spot for Jardins de Bagatelle, a perfume by Guerlain.

In the television category, Ayer Barker won on behalf of Chanel for Men, for a spot called "Surveillance."

In the women's fragrance classification, the nod went to Scali, McCabe, Sloves for "Hat Trick," a spot extolling Charlie, a fragrance produced by Revlon.

Fernando Aleu, *vice president of the Fragrance Foundation and Liliane Montevecchi, hostess of the Foundation's second annual Topnote Awards present George Feld, c., Revlon's vice president of advertising services with the Topnote Award for Excellence in Fragrance Advertising. The winning spot was another in its Charlie series.*

Philip Naquin, *vice president of advertising for Chanel, receives the Fragrance Foundation's Topnote Award for Excellence in Fragrance Advertising from Liliane Montevecchi, hostess of the evening's ceremony. Chanel won for its television spot, Surveillance.*

Claudia Wood, *vice president of advertising for Guerlain, well known fragrance manufacturer, accepts Topnote Tiffany crystal obelisk, one of only 11 awards presented. Guerlain won theirs for the best radio spot, "Translation" on behalf of Jardin de Bagatelle.*

The 15-second caper

When the 15-second commercial was cloned a little more than a year ago, cries of alarm could be heard up and down Madison Avenue, with no less an advertising authority than Foote Cone & Belding and 4As chairman John O'Toole taking the format to task in a now famous *Atlantic* article.

While brickbats continue to be hurled at the format, which Alberto Culver broke ground with for various VO5 products, agencies cautiously hedge their bets. In a study reported on these pages, (TV/RADIO AGE, December 10) J. Walter Thompson urged its clients to "consider the 15-second unit advantageous until proven otherwise."

Even before the JWT study, a substantial list of advertisers waded in to test the 15s. These include American Home Products, Chesebrough-Ponds, Coca-Cola, General Foods, Procter & Gamble, Warner Communications and Warner-Lambert Pharmaceuticals.

Since the JWT study, advertisers and agencies have anxiously awaited even more empirical evidence about the 15s' persuasive, selling and retentive effectiveness.

Now, McCollum/Spielman, a marketing consulting firm with offices in Great Neck, N.Y., and Chicago, has released findings based on tests of 28 pairs of commercials versus their parent 30's. All were for established products spanning the following categories: women's cosmetics/beauty aids; food; condiments; confections; soft drinks; OTC drugs; cars; and film.

McCollum/Spielman's general findings show 15s to be at least three-fourths as effective as their parent 30s on the clutter measures of brand identification and idea recall.

On a category called "attitude shift," the marketing consultants found that the 15s were "at least as" persuasive if not slightly more so," than the 30s. The 15s, according to the study, didn't experience any loss in selling effectiveness, and perhaps exhibited a small gain.

Conclusions of the study suggest that the 15s are "a highly viable and efficient advertising device.

Not only does it get attention and communicate, but it can also be very persuasive."

Testing stereo TV spots

Dan Aron, president of No Soap Productions, is a great believer in the ability of good sound to enhance the advertising message.

He was one of the first to deliver commercials in stereo sound for FM radio. Expanding on a list of blue chip clients that include Sabena Airlines, Volvo, Levi's, Burger King, Mercedez Benz, Coors and AT&T.

Aron believes clients will 'froth at the mouth' when they hear stereo soundtracks, versus monaural, for television. "A lot of advertisers will hop on the bandwagon, and their competitors will have no choice but to follow."

Aron, a winner of more than 100 Clios, does about 65 per cent of his work for radio, compared to 35 per cent for television, but expects that percentage to change markedly when the stereo television commercial becomes commonplace.

Advertising Directory of

Selling Commercials

CBS Toys • Sives & Associates

CONCEPT STUDIOS, Burbank, CA

Price Chopper • Venet Advertising

KCMP PRODUCTIONS LTD., New York

D'Agostino • Jo Foxworth

GIFFORD ANIMATION, New York

Sure Deodorant • Wells, Rich, Greene

KCMP PRODUCTIONS LTD., New York

Gas-X • Drug Copy Associates

DOLPHIN PRODS., N.Y., COMPUTER ANIMATION

WALA-TV • Mobile, Alabama

I-F STUDIOS, New York

Million Dollar Movie • WOR-TV

LASZLO PRODUCTIONS, New York

WXYZ • Detroit

RODMAN INC. & GRFX PRODS., Darien, CT

No Soap's Dan Aron

He has already put together several television stereo commercials. "This is strictly on my own," he says. "It is similar to the pioneer work that I did before FM stereo spots came into vogue. There are only a few television stereo stations on air, at the present, fewer that broadcast any consistent stereo programming. (See story on stereo TV, in February 4 issue of TV/RADIO AGE). But I expect the picture to change in another year or so, and again," Aron finishes smiling. "I'll be ready."

Sprite vs. . . .

The National Advertising Division Council of the Better Business Bureau resolved eight challenges in January. Easily the most interesting were the challenge involving a taste test, comparing the taste of *Sprite* with that of *7Up*, and the bounce of a bubble on a towel "softened" with Super Soft Bounce.

In the Sprite-7-Up face off Sprite maintained that the results in a series of paired comparison taste tests all indicating a preference for Sprite—including tests submitted by the challenger—was conclusive support for its claims.

The advertiser also stated that it was the expert opinion of its market research staff that the differences were statistically significant. *7Up* maintained that they were insignificant. After several challenges and counter-challenges by advertiser and challenger, the NAD agreed that the claims were substantiated.

The basis on inquiry on the Super Soft Bounce fabric softener put out by P&G involves a bubble bouncing off a towel without bursting, cleaned by Super Soft.

Copy line is "Bounce's towel is so super soft a bubble bounces almost every time. New Super Soft Bounce, the best dryer sheet ever made."

The bubble problem was dissolved by a competitor who submitted reports of comparative laboratory laundering tests and consumer-rated at home sequential trials which, it concluded, indicated that Bounce performed at parity with its own dryer sheet. Bounce noted that its in-home testing program entailed blind grading by consumers followed by confirmatory expert evaluation. The clincher came when P&G produced test data to show that results of the bubble demonstration were consistent with more controlled laboratory measures of softening.

NAD agreed that the claims were substantiated.

SMART sounds off

Michael F. Jacobson, executive director of the Center for Science in the Public Interest, initiator of the Project SMART campaign to stop advertising alcoholic beverages on radio and television, got in his licks at the Senate hearings on drug and alcohol abuse.

Testifying in front of Sen. Paula Hawkins' (R.-Fla.) committee (see TV/RADIO AGE, February 4), Jacobson sent off a volley of charges:

- Americans beginning at the age of three or four see thousand of slick ads that paint a false picture of drinking.
- Relatively speaking, PSAs are few and limited to anti-drunk driving.
- Advertising pressures contributed to America's huge drinking problem—between 100,000 and 200,000 deaths a year and $120 billion in economic costs.

Jacobson countered the ad industry's contention that ad bans in Sweden have had no effect, citing selective Swedish government statistics claiming that alcohol consumption declined by 21 per cent between 1976 and 1983, and that heavy drinking among 16-year-old boys declined from 40 per cent in the 1970s to 28 per cent in 1981.

Mediamark on radio

Mediamark Research, Inc. a marketing research organization, has kicked off a series of radio spots on WQXR-FM New York, adjacent to the *Phil Dougherty Advertising Show*, that will run through March 22.

The spots, prepared by the Lind Organization, depict the problems encountered by a product manager, research director, or media director who cannot instantly provide clients that could have been at his fingertips, had his agency been an MRI subscriber.

There are a total of 20 announcements, running in the 7:05 a.m. or 8:05 a.m. time slots for the Dougherty shows on a four-day-a week basis. Listeners are invited to call in for a just-released 50-page summary of MRI's available research services.

SAMPAC sets slate

The Society of Advertising Music Producers, Arrangers and Composers, Inc. the organized group that produces music and jingles for the commercials production industry, named a new slate of officers recently, together with a board of directors.

Sid Woloshin is chairman. Richard Lavsky is vice chairman. Ann Bryant is treasurer, Bob Sakayama, secretary, and Victor Sack as special advisor.

The members of the board are Dan Aron, Jerry Alters, Arnold Black, Jack Garten, Larry Levinson, Rick Look and Roger Rhodes.

Stereo TV spot on KTLA

Vic Oleson and Partners, Inc. conceived it, and KTLA(TV) Los Angeles, stereo-cast it. "This is the first commercial to my knowledge to be broadcast in stereo," **Steve Bell,** manager of KTLA says. "We were the first logical place to run. It is an extraordinary commercial because it uses stereo sound to advertise the product. There's not a word of dialog in it. No copy. It's all sound and sight."

The advertiser is the Chevrolet Division of General Motors.

The 10-second, 30-second and one-minute spots have received "a fantastic reaction," according to **Kurt Jolson,** vice president for sales and marketing at Pathelogical Corp., producer of the spots. (See other story on stereo in this section.)

New campaigns

Jacobs & Gerber, a Los Angeles advertising agency specializing in broadcast promotion has been named agency of record for CBS News. Picking up the assignment from **Ogilvy & Mather,** New York, J&G's first project was for an on air promotion of the *CBS Morning News*.

Thrust of new campaign is to "create awareness of the broadcast's new emphasis on providing viewers with useful information." The commercials, produced by the **Film Consortium** and directed by **Patrick Russell,** portray adults in a variety of highly stylized contemporary settings, including home and office environments, as voiceover lists the range of subjects covered in the new *CBS Morning News*. The umbrella theme—"Watch It in the Morning, Use It All Day."

The package consists of one 30-second spot, three 20s and four 10s.

Future projects will involve *CBS Evening News*, *60 Minutes*, *CBS Reports*, the *CBS Early Morning News* and *Face the Nation*.

McCann-Erickson Detroit moves into the second phase of its campaign on behalf of the **Buick Division** of General Motors.

The agency has wrapped four, 30-second spots on behalf of the Buick image ("Mystique"); the Buick Century ("Proud"); the Buick Somerset Regal, ("Glances"): and the Buick Skyhawk ("Beach").

The spots, which were shot in December for mid-January through early spring airing, show people in lifestyle situations that appeal to the specific audience for the model being advertised.

Somerset Regal spot is aimed at successful men and women in the 30–35 age range. For instance, a young executive gives the Regal an approving glance while he's returning a football to a youngster, with a spiral pass that shows he's still young in spirit.

Skyhawk is shot in a highly stylized beach setting where a recurring trio of young women in bathing suits sing the music track while their contemporaries on the beach react to the passing Skyhawk.

Century emphasizes the lifestyle of a slightly older but competitive consumer. The spot shows a group bringing a racing sloop back to the dock and coming home from a hard-won Rugby game.

Umbrella theme of, "Wouldn't you rather have a Buick?" pervades all spots, particularly the "image" commercial, which uses sequences from the three model spots.

Credits on the four-spot commercial package are as follows. **Mike Priebe** produced for the agency, while **Sundog Productions** of Bloomfield Hills, Mich., shot and produced the spots. **Dan Hughes** and **Roger Honkanen** were executive producers for M-E/Detroit. The ADs were **Paul Kirner** and **Mike Priebe.** The copywriters were **Gary Spedoske, Roger Honkanen** and **Rod Thompson.** The music was written by **Louise Messina** in New York. The arrangements prepared by LA/NY, a Los Angeles concern.

The campaign is currently airing on network television.

The **William Esty Co.,** which, for decades kept a very low profile, is becoming more public about its product. The newest development is a new campaign for the **Nissan Motor Corp.**'s jazziest automotive entry, the 300 ZX sports car.

Called "The Road," the spot puts the viewer in driver's seat while the car goes through its paces on a winding narrow mountain road in Arizona's Catalina Mountains. At the end, the driver turns off the motor, doffs his headgear and murmurs "awesome."

John Blumenthal is the creative director for Esty with **Curt Young** as associate creative director and copywriter, and **Conrad Malatak** as art director. **Ken Paine** produced for the agency, with **THT Products** his counterpart for the production house. The director/cameraman is **Werner Hlinka.**

How do you advertise a toilet bowl cleaner without encouraging the viewer to turn to another channel? You could camp it up the way J. Walter Thompson has with a 19-foot tall toilet bowl polished off in no time by R. T. French's Bully brand toilet bowl cleaner.

The whimsical approach is characterized by the agency as a "dramatic departure where the product is usually presented by downplaying the bowl personna as well as the nature of the cleaning task."

The new campaign, out of JWT's New York office, features **Bully Automatic,** the clear bowl cleaner and **Bully Plus Blue,** the companion tinted cleaner. Both spots use the star prop of last year's campaign, the 19-foot toilet bowl.

The Bully Plus Blue spot borrowing liberally from Strauss' Blue Danube Waltz, rhythmically follows the path of the swirling waters as they flow through the tank and bowl system. The irresistible copy line: "Don't be bullied by our bowl, bully our bowl instead!"

The Bully Automatic "Before Too Long" spot also stars the giant bowl while emphasizing the products continuous clean action "even under the rim."

The 30-second spots will run throughout the year on network and spot television. Those responsible for the creative work on the campaign are: **Manning Rubin,** creative director, **Lee Gardner,** copywriter, **Charlotte Mullen** art director. **Barry Dukoff** directed.

Illinois Bell Communications has wrapped a 30-second television spot spouting the theme "for a system that fits you perfectly," on behalf of the Illinois Bell Telephone Co.

Characterized as a business-to-business promotion, the campaign emphasizes the line of voice and data equipment available through IBT.

Developed by **Cramer-Krasselt/Direct,** the spot focuses on a businessman seated at his desk. He is left to grapple with several phone receivers. The message delivered by the spot: Illinois Bell has the best equipment.

For good measure an 800 phone number (1-800-FITS-YOU) is supered on the screen. Television will be a major portion of the buy, and will be concentrated in the Chicago market.

Thinking behind placement of the spot on television, business persons come home at night and turn on their set. Business-to-business advertising, according to knowledgeable observers, is beginning to include consumer television in buys that formerly were restricted to professionally oriented print media.

Music notes

Roy Eaton and his company, **Roy Eaton Music Inc.,** was tapped to produce the music for a 60-second radio spot on behalf of **Classic Malt Liquor,** a regional client of **Lewis, Gilman & Kynett,** Philadelphia.

The Classic brew, otherwise known as Golden Hawk, is positioned as a malt liquor brewed for today's taste, according to LG&K creative group supervisor **Pete Curry.**

Eaton augmented a driving arrangement by **Leon Pendarvis** with the talents of disc jockey **Mike Brerton.** Lead vocals were performed by **Lani Graves** and **Ken Williams,** guitar solos by **Jeff Miranov** and **George Wadenium,** with **Jimmy Maelen** on percussion.

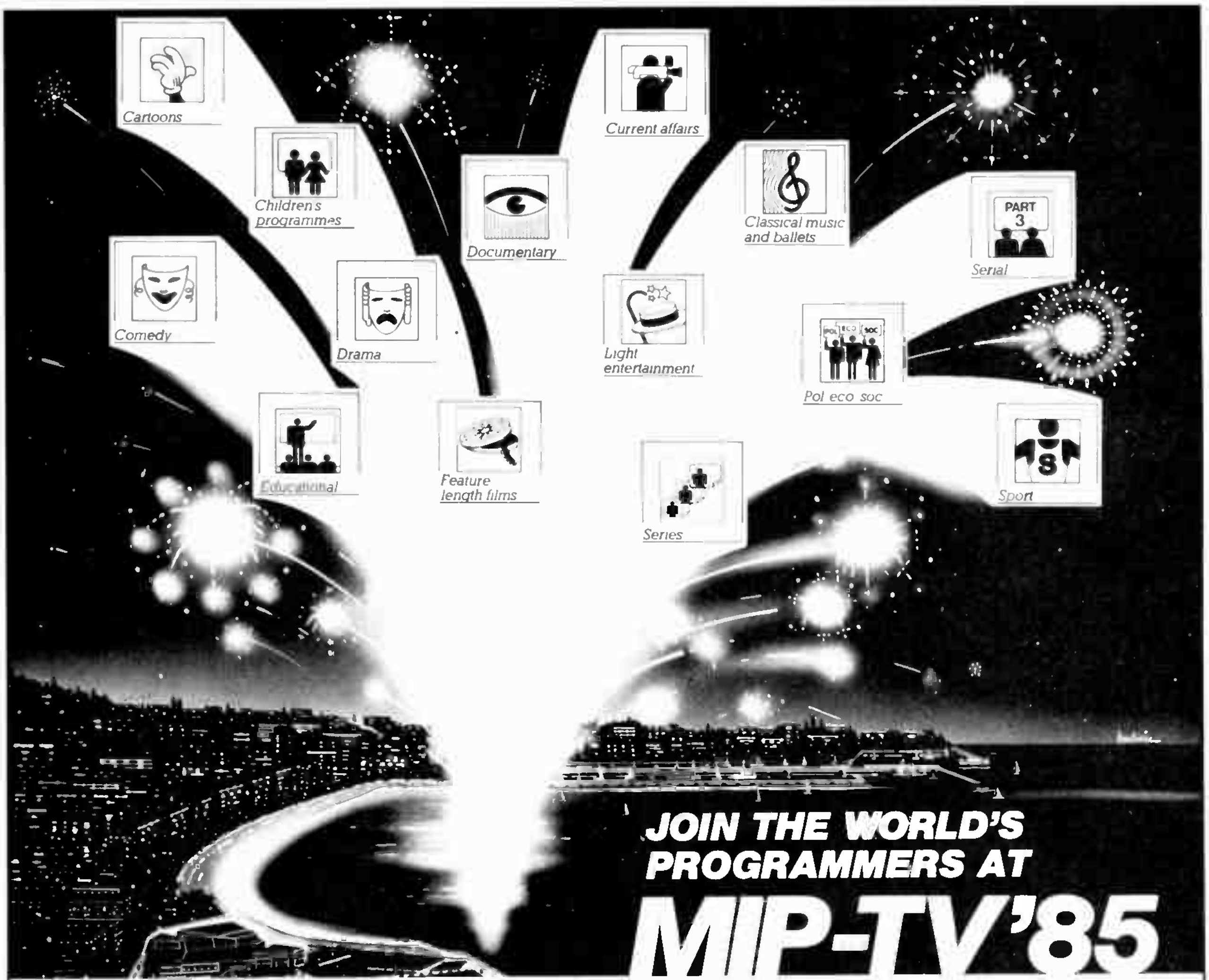
Bill Schneiderman engineered the track at Media Sound.

Chico O'Farrill arranged and produced the music for a **McDonald's** Hispanic 30-second television spot that promotes Chicken McNuggets. O'Farrill's pre-score utilized instruments identifiable with the traditional cha-cha sound. **Luz de Armas** produced the spots for **Conill Advertising. Richard LePage** engineered the tracks that were recorded at **Chelsea Sound Studios.**

Sid Woloshin, the New York-based jingle production company has completed the music for a series of 10-second spots for Anheuser Busch's **Eagle Snacks. Jerry Alters** arranged the music to fit a series of humorous vignettes centering on people from all walks of life. In each case the spot focuses on someone slowly sampling Eagle Snacks.

On learning that the honey coated peanuts are far less expensive than he thought, the person increases snacking speed. **TBWA Advertising, Inc.** is the agency. **Judith Collier** produced, **Jane Rubini** was the AD and **Eevert Silliers** wrote the copy.

Suzanne Ciani, musician, composer, jingle producer and one who has scored several feature films, has "Eighth Wave," an original synthesizer composition, presented in the April issue of *Keyboard* magazine. The music will be 'printed' on Eva-Tone Sound Sheets, which have previously introduced unpublished works by a number of major artists.



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INDIE TV SPENDERS
Spot breakdown by advertiser, category/61

SELLER'S OPINION
Radio benefits from growing media week/63

MEDIA PRO
Key role of program environment/64

TELEVISION/RADIO AGE

Spot Report

March 4, 1985

"With the help of these 4 TV Log lines...

☆ **The Start of Something Big / John Travolta / Victoria Principal / Gene Kelly**

TPE will kick-off their new hit series!"

Al

Al Masini
President TeleRep, Inc.

"Today, with more program choices available, it's imperative to get the attention of the viewing audience in newspaper TV listings. We've used TV Log for all our series to date—SOLID GOLD, ENTERTAINMENT TONIGHT, STAR SEARCH, LIFESTYLES OF THE RICH AND FAMOUS, and specials like FACES OF THE 80's and ANDREA DORIA. We use TV Log not only because it highlights a show's selling points to potential viewers precisely when they're making viewing choices, but also because it integrates our message into the listings without looking like an ad. Most importantly, we use TV Log because it continues to work for us. Needless to say, we're using it again for our intriguing new series, THE START OF SOMETHING BIG."

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Spot Report

Indie spenders spend big

Forty-four per cent of the nearly $4 billion invested in spot television by the top 20 spot advertiser categories last year went to independent stations, according to INTV, the Association of Independent Television Stations. Based on a special 15-market tabulation for INTV by Broadcast Advertisers Reports, and broken out by category and advertiser, 90 per cent of the $140.5 million placed in spot by the sporting goods and toys category was placed on independents, as was 45 per cent of the $884.8 million invested in spot by food advertisers.

Among individual companies (see page 118 for full list), Number 1 spot spender Procter & Gamble placed $160.4 million, or 67 per cent of its total 1984 spot dollars on independent stations, and General Mills put 79 per cent of its spot total, or $71.9 million, on independents. Third ranked General Foods placed $59.9 million, or 62 per cent of its spot total on independents.

Even bigger percentages, though smaller dollars, were placed on independents by fourth and fifth ranked Anheuser-Busch, big in sports, and Hasbro Bradley. Big in toys, Hasbro spent all of its $40.4 million, or 94 per cent of its spot total, in fourth quarter alone. Anheuser's independent ante was $45,063,000, or 84 per cent of the brewer's spot total last year.

Other impressive percentages were recorded for Mattel, another toy maker who spent it all in fourth quarter—$13.6 million or 95 per cent of its total spot—and for Warner Lambert, Mars Inc., Kellogg, Time Inc., A.H. Robins and Colgate-Palmolive.

At $33.6 million, Warner-Lambert invested 82 per cent of its 1984 spot total on independents, and Mars had $31.2 million on independents, or 73 per cent of its spot total. Kellogg's $26.4 million was 65 per cent of its 1984 spot investment, and the $17.4 million placed on independents by Time, Inc. added up to 58 per cent of its total spot, as did the $16.2 million spent on independent stations by A. H. Robins. Reynolds Metals' $13.7 million on independents last year accounted for 63 per cent of its spot total, and Colgate-Palmolive's $12.3 million came to 57 per cent of its total 1984 spot outlay.

Curran-Victor's many bases

Compass Communications, the new company formed jointly by The Curran-Victor Co. and the Peoria Journal Star Co. plan to move into a wide variety of broadcast projects. Besides operation of the six radio stations formerly owned by Journal Star, Compass is investigating acquisition of more radio and TV stations, primarily in markets west of the Mississippi, and Curran-Victor, headed by former Field Communications top executives Don Curran and Herb Victor, is also active in station management consulting and in television program development and distribution.

The company is in partnership with Daniel Wilson Productions, New York, to produce a six-hour miniseries based on the life and times of Ernest Hemingway. Current plans call for production to start up in June, and for the miniseries to be available for syndication by April, 1986. Victor says he and Curran will be setting up "an OPT-like ad hoc network of stations" to carry it.

Victor, l., Peoria Journal Star's Henry Slane, c., and Curran

Victor also says that in the consulting area his company is equipped to handle evaluation, research and operational advice in the areas of programming, scheduling, formatting and promotion of both existing broadcast operations and new stations.

The six former Peoria Journal and Star stations are KRKE and KWXL(FM) Albuquerque; KSSS Colorado Springs; KVUU(FM) Pueblo-Colorado Springs, and two Kansas properties, KFRM Salina and KICT(FM) Wichita.

Polk award winners

A *MacNeil/Lehrer NewsHour* team and two newsmen of a Houston television station were among the broadcast winners of the 1984 George Polk Awards in journalism, sponsored by Long Island University. The awards will be presented at a luncheon April 3 in New York City. The winners in broadcasting are: national television reporting—Alex Kotlowitz, Kwame Holman and Susan Ades of the *MacNeil/Lehrer NewsHour*, for *Abortion Clinic Violence*, aired over WNET(TV) New York and WETA-TV Washington. Local television reporting—Rick Nelson and Joe Collum of KPRC-TV Houston, for *Stolen Dreams*, series on home improvement scam; and foreign television reporting—Michael Buerk of BBC and Mohammed Amin of Visnews, for providing a first-look at an Ethiopian relief camp, televised by NBC News. Other Polk awards went to print reporting.

Spot Report

Campaigns

Beatrice Foods, TV
Cunningham & Walsh/ Chicago
SELECTED FOOD ITEMS are scheduled for four to seven weeks of spot exposure in a select but nationwide spread of television markets. Media team arranged for daytime and fringe inventory to reach both men and women 25 and up, with advertising that started in late February in some markets and is set for various March start dates in others.

Burmah Castrol, Inc., RADIO
Scali McCabe, Sloves/ New York
MOTOR OIL is using eight weeks of radio advertising that started in a select but coast to coast list of larger markets in early March. Target audience is men 18 and up.

Carnival Cruise Line, TV
McFarland & Drier/Miami
CRUISES are being promoted for 26 weeks that started in early January in a select lineup of larger western and midwestern television markets. Negotiators set fringe and news showings to attract adults 25-plus.

Car-X Service Systems, Inc., RADIO
Dawson, Johns & Black, Chicago
MUFFLER REPLACEMENT is being offered for eight weeks that started in early March in a fair selection of larger midwestern radio markets. Buyers set their sights on men 25+.

Edison Brothers Stores, Inc., RADIO
Media/Marketing Service Center, for Industrial Design, Inc./St. Louis
THE WILD PAIR SHOE STORES will be advertised for two weeks starting in late March in a long and coast-to-coast lineup of radio markets. Media target will be young adults, 18 to 34.

Esmark, Inc., TV
Cunningham & Walsh/Chicago
VIGORO LAWN FERTILIZER is being recommended via three to seven weeks of television appearances that started in late February or early March in a select but nationwide spread of markets. Virginia Russett headed the media team that placed daytime, news and fringe spot to reach adults 25 and up.

Executone, RADIO
HCM (formerly Marsteller Inc.)/ New York
LONG DISTANCE TELEPHONE SYSTEM is being pitched for 15 weeks that started in early February

Michelob rolls out

Spot television and radio, plus network TV and print, are backing the national rollout of Michelob's Classic Dark beer from its current 13-state distribution area. The advertising in new markets kicked off the week of February 18, using the Ted Bates-created campaign theme for the full Michelob line, "Where You're Going . . . It's Michelob."

The label was first introduced in draught form only, in 41 states in 1981. Then, in late 1983, Classic Dark in bottles was test marketed in California, then expanded last year into a dozen other states, plus Chicago and Las Vegas. The other states included Missouri, Colorado, Arizona, Washington, Idaho, New Jersey, Maine, New Hampshire, Vermont, Massachusetts, Alaska and Hawaii.

in a coast-to-coast list of larger radio markets. Buyers worked to reach business decision makers 35-plus.

The Gillette Co., TV
McCann-Erickson/New York
SOFT & DRI ANTIPERSPIRANT is being offered for 12 to 13 weeks during first quarter in numerous eastern and southeastern television markets. Media placed fringe inventory to reach women and teenagers.

Gingiss Formalwear, RADIO
Zechman & Associates/Chicago
TUXEDO RENTAL CHAIN is using 13 weeks of radio advertising that started in late January in a good many sunbelt markets. Target audience is young adults 18 to 34.

Geo. A. Hormel & Co., TV, RADIO
BBDO/Minneapolis
SELECTED PROCESSED MEATS are sharing 26 weeks of first and second quarter spot exposure in a long and nationwide spread of television markets, plus 13 weeks of radio that kicked off in late January. Buying objective for both media is women. The full range of dayparts was lined up for the television campaign.

Star-Kist Foods, TV
Leo Burnett/Chicago
CAT FOOD and OTHER PRODUCTS are sharing eight to 10 weeks of spot time that started on various February air dates in a widespread list of midwestern and eastern television markets. Buyers placed fringe and daytime inventory to reach women 25 and up.

Union Carbide Corp., TV
Leo Burnett/Chicago
GLAD DISPOSABLE BAGS are being seen for seven to 10 weeks that started on various late January and early February air dates in a long and coast-to-coast lineup of television markets. Media group set daytime, fringe and primetime placement to attract men and women 18 and up.

NBC's News agency

The NBC News Division now has a new advertising agency, Pearlman Rowe Kolomatsky, Inc., New York. Advertising for NBC News has been placed previously by Diener/Hauser/Bates, which continues as the agency for other NBC divisions. The new agency's other clients in communications and the performing arts include Paramount Television, The New York Philharmonic and PBS New York affiliate WNET(TV).

One Seller's Opinion

Jankowski

Radio benefits from a growing media week

Our researchers have done a study on total use of time—how we use the 24 hour day/168 hour week, in terms of both what they call "duplicative" and "non-duplicative" activities. Non-duplicative activities are those things we do *not* do along with passive leisure activities, such as sleep, work, most outdoor activities and attendance at events. Duplicative activities include passive leisure activities and others that people can engage in, to some degree, more than one at a time. For example, one can read and listen to music; eat and watch television, travel and read or listen to the radio.

There are two ways to measure these activities. One is to fit them into the finite 24 hour day/168 hour week. To do this, the duplicated portion of the duplicative activities is eliminated. Thus, the amount of time spent *both* reading and listening is dropped; the time spent reading *only*, or listening *only* is retained. Viewed this way, the 24 hour day/168 hour week for the average adult breaks down into two almost equal halves: 85.3 hours for non-duplicative activities, and 82.7 hours for duplicative activities. Each half can be subdivided into specific areas and the radio slice of the week comes out at 17 hours.

However, there is another way to look at these same measures. Instead of forcing them into the finite limits of the traditional clock, we can look at them as partly overlapping experiences which *cumulatively* take us beyond those boundaries.

This is actually a more realistic approach. At least since writing was developed, we have been able to overlap communications experiences with other activities. For 50 years, people have been able to travel in a car and listen to the radio. Now they can ride in trains, fly in planes, and walk or jog and listen to a radio. They also take television sets to sports events, see movies on airplanes, listen to music while operating a home computer, and read while watching or listening to other material.

When the measures of the duplicated portions of the duplicative activities are included, rather than eliminated simply to serve the demands of the 168 hour clock, a new kind of week emerges. Our estimate of that week as it is spent in a "high tech" household is that it involves 214 hours of activities. Radio's slice of those activities jumps to 24 hours—a gain of seven hours from the old 168-hour week figure.

Thus, today's consumer actually lives inside this "super week," amid increasingly "thickened" experiences. Therefore today's media (and in fact all products and services that make time demands) must compete in it. Traditional or new, any of these competitors must recognize the complexity of this environment if they are to survive. And while this challenge may be daunting, there is a rewarding corollary: we are not imprisoned within the 24 hour day/168 hour week. The media week is growing, and its limits are not yet in sight. And happily, no medium is better suited to this environment than radio.

I could go on, but I think the point is clear. All of these arguments lead to the same place: radio's future is secure, come what may.—**Gene F. Jankowski,** *president, CBS/Broadcast Group, before the CBS Radio Affiliate Board*

Media Professionals

Media director cites key role of program environment

Julie Pinkwater

Vice president, Media director
Penchina, Selkowitz, Inc.
New York

Julie Pinkwater, who recently joined Penchina, Selkowitz as vice president, media director, observes that program selection has become increasingly important. As television costs rise, she says, "The use of TV must become more specific."

Currently, she explains, "Television is purchased primarily in terms of age and sex, targeted, for instance, to women 18–49. The finer demographics, such as income and occupation, cannot be guaranteed or posted. Psychographic information is not available from the audience measurement services that provide the ratings."

In spite of this information gap, Pinkwater says that when the planner provides the buyers with the target audience, and the buyers select the programs that will produce ratings against the specified age and sex target, "good buyers will take these other factors into account in their purchasing judgment. So although I don't see Nielsen providing more specific information, planners and buyers must be more selective. The program chosen should not only reach the product's potential buyers and users, but should also reach those prospects in an appropriate environment."

She cites as an example one client "who has a sex and age target that is not unusual. But target specifications also include 'upscale, educated decision makers at Fortune 500 companies.' There are many programs that will reach the sex and age target. There are few, however that will deliver these other aspects of the target audience in the appropriate environment."

Pinkwater notes that, "The premise is that the right environment will do more to help the product reach more actual prospects than a buy that merely provides higher ratings and more GRPs. Purchasing to GRP and CPM goals is not always the answer anymore. One of cable's main selling features is the ability to select an ideal environment to reach the target in the right mindset, in the same way that clients who are image-driven can build print media plans in which selection criteria include audience composition, environment and publications' credibility among their readers."

Spot Report

Appointments

Agencies


William Croasdale, (*above, l.*) **Michael Drake** (*above, r.*) and **Bruce Meyers,** all senior vice presidents, have been elected to the board of directors of BBDO. Meyers is director of research services, Drake is director of media planning and information services, and Croasdale is director of network television and planning.

Nick Kaftan, manager of network relations, has been elected a senior vice president of McCaffrey and McCall, New York. He came to the agency in 1982 from Doyle Dane Bernbach where he had been network supervisor, and now steps up from vice president.


Dorothy S. Swerdlick and **James J. Hyde,** both associate buying directors, have been named vice presidents at Dancer Fitzgerald Sample. Hyde handles spot TV for Procter & Gamble, Republic Airlines, Western Union and other accounts. Swerdlick oversees spot buying for Toyota and Molson Golden Ale.

Robert N. Georgalas, media director of Soskin/Thompson Associates, has been elected a vice president of the company, which is the direct marketing division of J. Walter Thompson USA. He joined the agency last March following posts as media supervisor with both Needham Harper Worldwide and with Wunderman, Ricotta & Kline.

Perianne J. Berezney and **Robert Rose** have been promoted at The Marschalk Co. Rose advances from media planner to media group head and Berezney, who has been a media group head, now becomes associate research director.

Sarah A. Wortham has joined D'Arcy MacManus Masius, St. Louis as an associate research director on the agency's Anheuser-Busch and Campbell Taggart accounts. She moves in from Kentucky Fried Chicken International in Louisville where she had been a research project manager.

Stuart Shlossman and **Gary Villante** have been promoted to vice presidents

Spot Report

at BBDO. Both executives are network supervisors at the agency in New York.

Representatives

Catherine Foster, vice president and Philadelphia sales manager for Major Market Radio Sales has transferred to the Atlanta sales office as vice president and manager there. She joined MMR nine years ago from WCAU Philadelphia.

John Dobson, Greg Moloznik and **Patrick L. McNew** have been promoted and named vice presidents of Petry Television/Petry National Television. McNew, who has been Detroit sales manager, now becomes North regional area manager and Dobson, Atlanta sales manager, is now Southeast regional area manager. Moloznik, who has been general manager of Petry/Chicago, now becomes Midwest regional area manager.

Sean Deneny has been appointed sports sales manager, and **Bob Riordan** is promoted to group sales manager at Storer Television Sales. Riordan joined STS in 1978 and now steps up from account executive. Deneny has been a group sales manager in Storer's New York office for the past two and a half years.

John Roberts, vice president stations, Central Division, Katz Radio/Chicago, has retired after 30 years with Katz Communications, during which he may have set a record for the longest career in Chicago with the same radio rep. He is also a past president of the Chicago Chapter of the Station Representatives Association.

Donna Britton and **Dan Gleason** have joined Eastman Radio as account executives. Gleason had been an account exec with Kidder Peabody before joining the rep's New York sales staff. Britton joins the Chicago office from KTCJ and KTLZ(FM) Minneapolis-St. Paul where she had been general sales manager.

Laurie A. Angotti has stepped up to research manager at Blair/RAR. She joined the radio rep last summer from Eastman Radio.

Stations

David E. Murphy, president of Blair Broadcasting of Oklahoma and general manager of Blair's KOKH-TV Oklahoma City, has assumed added responsibilities as executive vice president of the Owned Television Stations Division, a new post at John Blair & Co. As such, Murphy will work with **Reid L. Shaw,** president of the division, on projects affecting the growth and profitability of Blair's five owned TV stations.

Marty Loughman has been named vice president of Seattle-based Bingham Broadcasting, supervising national sales for the company's six stations in the states of Washington and Alaska. He had been station manager of Bingham's KGOT(FM) Anchorage before transferring to the company's corporate offices in Seattle last July.

Richard J. Janssen has been promoted to vice president, administration for Scripps Howard's seven television and seven radio stations, and continues as assistant to the president. **Steve Roddy,** who has been national program and marketing manager of the radio stations, assumes the new title of general manager, radio, handling Janssen's former responsibilities for the radio operation.

Major Market fly-in

At Major Market Radio's sixth annual information sharing "fly-in" are, from l., Herb and Lois Dogoff (he's president of WCMQ AM-FM Miami), *Megatrends* author John Naisbitt who discussed his upcoming new book, *Reinventing the Corporation*, and Warner Rush, president of Major Market Radio.

Over 240 client broadcasters assembled in New York to hear Naisbitt and such other guest speakers as Bill Moyes, president of The Research Group on "Positioning Your Station in a Fragmented Market;" communications attorney Michael Bader of Haley, Bader & Potts, who conducted a workshop on the ethics and legalities of hiring and firing; and Lewis Kleinhans of Chemical Bank/New York and Carroll Highet of Baybank Boston, who ran a workshop on "Financing for radio station acquisitions."

Timothy McReynolds has been named general manager of Unity Broadcasting's KATZ and WZEN(FM) St. Louis. He was formerly general manager of WAGG and WENN(FM) Birmingham, Ala.

Michael L. Bock, general manager of KGAN-TV Cedar Rapids, has been elected a vice president of Guy Gannett Broadcasting Services. He joined KGAN-TV in 1977 as an AE.

Don N. Nelson has been named general manager of Emmis Broadcasting's KMGG(FM) Los Angeles. He moves in from San Diego where he was general manager of KSON AM-FM to succeed **Doyle Rose,** who continues as vice president and regional manager for Emmis.

David Coppock, general manager of WUSY(FM) Chattanooga, Tenn., has been promoted to vice president of Colonial Broadcasting Co.

John Hofmann has been named to the new post of vice president/director of marketing, responsible for new business development and client service for all Buckley Broadcasting properties. He has been national sales manager of Buckley's KKHI San Francisco and continues as president of Buckley subsidiary Broadcast Marketing Concepts.

Gilbert M. Lefkovich, general manager of Guy Gannett's WGGB-TV Springfield, Mass., has been promoted to vice president. He has been general manager of the station since March, 1980.

E. C. (Bud) Stiker has been appointed vice president and general manager of Metromedia's KHOW Denver. He moves in from Portland, Me., where he had been executive vice president and general manager of WHOM.

R. Michael Horne, vice president and station manager of Edens Broadcasting's KOY and KQYT(FM) Phoenix, has been named general manager of the two stations. Before coming to KQYT in 1982, Horne had been general sales manager at KYND(FM) Houston.

Donald E. Shore is now general manager of KNOX Grand Forks, N.D. He had been general manager of Park Broadcasting's WNAX Yankton, S.D.

J. A. Skip Simms has joined WWTV(TV) Cadillac-Traverse City, Mich. and satellite WWUP-TV Sault Ste. Marie as general manager. He comes from the general manager's desk at WNNT(TV) Concord, N.H. to replace **Fred M. Hutching,** now general manager of KJTV(TV) Amarillo, also owned by Ralph C. Wilson Industries.

New to broadcast

The Sunday funnies aren't exactly new—not to those, anyway, who remember *Mutt and Jeff*, the *Katzenjammer Kids* and *Hairbreadth Harry*, not to mention *The Yellow Kid at the Circus in Hogan's Alley*, that first showed up in *The New York World* in 1895. What is new is that television and radio commercials created by Stan Freberg are now available to local newspapers across the country as part of a "multi-million dollar promotion" organized by 21st Century Comics, an industry-wide group out to "improve, revitalize and promote" the comics to build, first their readership, and second, their use as an advertising medium. The project, three years in the making, is said to have gained active participation of some 250 newspapers, syndicates, printers and advertising agencies. Chairman of 21st Century Comics is Bill Baker, vice president-news, of the Knight-Ridder Newspapers. The David Gelier Associates media service is available to help newspapers place the commercials on the air.

New Stations

Under Construction

KCVT-TV Shawnee, Okla.; Channel 30; ADI Oklahoma City. Box 3030, Hardesty and Patterson Road, Shawnee, Okla., 74801. Telephone (405) 273-1030. Donald McClintock, general manager. Target air date: First quarter 1985.

Buyer's Checklist

New Representatives

Blair Radio has been chosen as national sales representative for WQEZ(FM) Fort Myers Beach, Fla. The station offers a Bonneville easy listening format in stereo.

Independent Television Sales has added WZDX-TV Huntsville-Decatur to its list of represented independent television stations.

Torbet Radio has been appointed national sales voice for WFMZ(FM) Allentown-Bethlehem-Easton, Pa. and for WBOW and WZZQ(FM) Terre Haute, Ind. WZZQ airs a CHR/mass appeal sound and WBOW's format is adult contemporary. WFMZ transmits an easy listening format.

McGavren Guild Radio now represents KTAC and KBRD(FM) Seattle-Everett. KBRD programs easy listening music and KTAC features an adult contemporary format.

Weiss & Powell, Inc. has assumed national sales representation of KTXZ Austin, Texas, WWIL Wilmington, N.C., and WTAI and WVTI(FM) Melbourne, Fla. WVTI and KTXZ both offer adult contemporary formats, WTAI features talk, and WWIL programs an urban sound.

New Affiliates

ABC's Contemporary Radio Network has added new affiliates KOPA AM-FM Phoenix; WBEN(FM) Buffalo, N.Y.; and WZZU(FM) Raleigh, N.C.

ABC's Entertainment Radio Network has signed new affiliate WPAF DeFuniak Springs, Fla., bringing the network's total lineup to 414 stations.

Mutual Broadcasting System has added KRMD AM-FM Shreveport, WTWN(FM) Leroy, Ill., and two Missouri stations, KWOC Poplar Bluff and KGMO(FM) Cape Girardeau.

The SIN Television Network is now carried by U.S. Cable systems in Van Horn, Seminole, Seagraves, and Denver City, Texas, and by Service Electric Cable TV systems in Bethlehem, Allentown and Lehigh Valley, Pa.

New Call Letters

WRXY-FM is the new call designation of WLYK(FM) Cincinnati. The adult contemporary station received FCC approval for the change on January 29.

New Facilities

WTMI(FM) Miami has started broadcasting from its new 1,000 foot radio tower in North Dade County. A spokesman says the new tower extends coverage of the station's classical music signal "in all directions."

KMMK(FM) McKinney, Texas, reports that its new 400-foot Athens transmission tower now enables the station to put "a static-free signal into all of both Plano and Collin Counties."

Transactions

Robbins & Ries' R&R Broadcasting, Inc. subsidiary has agreed to acquire WHYN AM-FM Springfield, Mass. from **Affiliated Broadcasting, Inc.,** a subsidiary of Affiliated Publications, Inc., for $7.8 million, subject to FCC approval. This follows completion of Affiliated's purchase of KHEP(FM) Phoenix from **Grand Canyon Broadcasters, Inc.** for $6 million, and a change of KHEPs call letters to KONC-FM.

Nationwide promotes

Nationwide Communications' $44 million purchase of eight radio stations from Western Cities Broadcasting, now awaiting final FCC approval, has been followed by management changes including additional responsibilities for Joseph M. (Mickey) Franko and David C. Fuellhart.

Fuellhart, general manager of WPOC(FM) Baltimore, assumes added duties as group manager-radio, with administrative responsibilities for stations in Winston-Salem, N.C., Tucson and Cleveland and Columbus, Ohio. Franko, manager of WBJW AM-FM Orlando, drops this post to become group manager-radio, administering NCI properties in Sacramento, San Jose, Las Vegas and Phoenix, as well as Orlando. Franko is succeeded as general manager of the Orlando stations by Rick B. Weinkauf. And Weinkauf is replaced as general sales manager of the two stations by Patricia L. Byrd, who steps up from local sales manager.

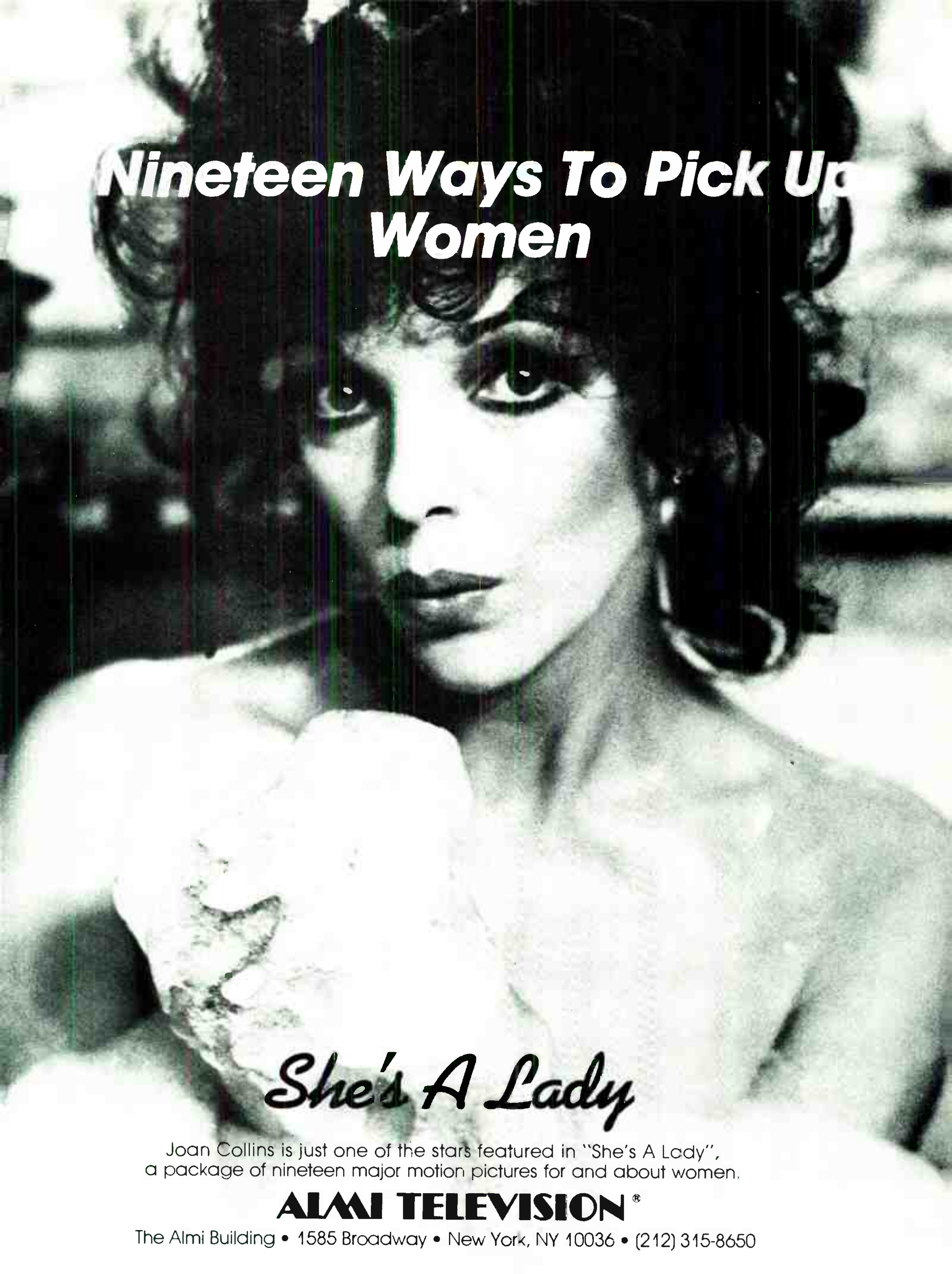
New chairman

F. Robert Kalthoff has no major changes in mind as he takes over as chairman of the board of Avery-Knodel Television. Recalling that J.W. (Bill) Knodel had been heavily involved in station relations before his retirement as chairman in November, Kalthoff notes that he has too, all along, "But now I'll be doing more of it, and I'll also be adding some administrative responsibilities with the board and in the overall operation of the company."

Kalthoff will continue to be based in Chicago where he has been executive vice president and midwestern sales manager. The 29-year veteran of Avery-Knodel started as an account executive with the Chicago office in 1956. By 1963 he was director of TV sales in Chicago and in 1965 assumed control of both radio and television operations out of Chicago.

He is a past president of the Broadcast Pioneers and past president of the Chicago chapter of the Station Representatives Association, and is a member of both the International TV and Radio Society and the Broadcast Advertising Club of Chicago.

'Wall Street Report' appears on page 103.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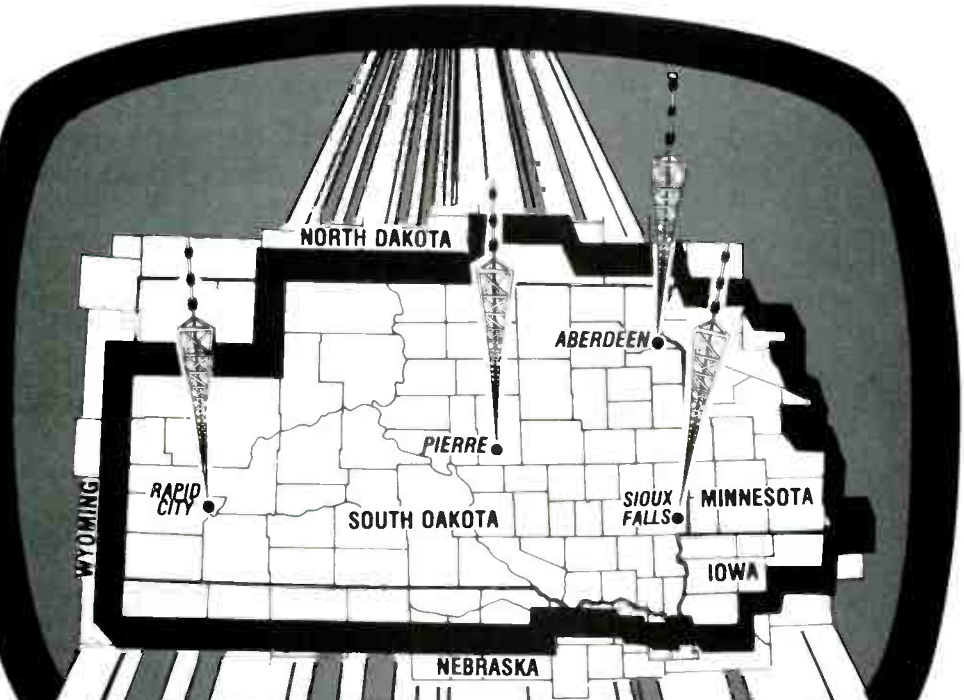

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REGIONAL SPORTS
Program services run to extremes in performance/8

FIXED RATE OPTIONS
Control over financial variable growing need/12

BEATING OUT BOC'S
I-nets, bypass operations inch ahead for some/16

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Section Two

CableAge

Why Television Age International is the world's leading broadcast publication.

March 4, 1985

CableAge

DEPARTMENTS

NewsFront

FCC proposes updating technical restrictions

The Federal Communications Commission is proposing to update some of the technical restrictions placed on cable systems back in 1972. The action by the commission also could signal some of the future decisions that will be based upon the amount of competition cable faces.

The 13-year-old technical restrictions have insisted upon certain quality performance standards from cable and have restricted the amount of signal leakage that systems could allow. The commission is asking the industry for input into its proposals to relax or remove some of those restrictions.

Last year's cable policy act enacted by Congress requires the FCC to maintain technical guidelines so local governments can include them in franchise agreements. But the FCC wants to raise the level of allowable leakage to the level it allows for other electronic systems.

Bernard Gorden of the commission's Mass Media Bureau is seeking comments on "whether the quality performance standards for cable television systems should be modified or removed and whether the signal leakage limits for cable television systems should be relaxed."

The proposed rulemaking takes pains to note the amount of competition cable faces today from satellite receive dishes, multipoint distribution systems, videocassette recorders and other sources, suggesting that the mere presence of competition would require the industry to police itself with regard to standards. But that recognition also suggests that the FCC already is aware of heavy competition to cable and will consider that when drawing up other regulations to satisfy last year's act, such as the number of must-carry signals that will trip off the competition level to free cable systems from local rate regulation.

SPN's success formula

Satellite Program Network, expecting to continue with its approach of selling time to programmers, expects 1985 calendar year gross revenues to hit $8.5 million, with operating cost at $7.5 million. Richard B. Smith, president, says this will compare with $6 million in 1984 revenues and $4.5 million in expenses.

Although SPN has been profitable for two years, obviously a limited number of those buying program time have found their payoff. Edward L. Taylor, chairman of Satellite Syndicated Systems, which is returning SPN to subsidiary status, discloses some 400 programmers have come and gone in five years and estimates that one in five have a chance of success. "They run into trouble if they spend too much on production," he asserts, "unless they go to another network as well."

Taylor adds, "We have 80 [programmers] who consistently pay us. We add about 10 a month and lose six or seven." He notes that, of the 80 currently airing, about 50 are renewals from last year. He reports some 40 per cent of programming revenues are from magazine shows, 20 per cent from a current 13 programs from and about foreign countries, 20 per cent from sports programming and 20 from religious programmers.

MSG may emulate USA

USA Network, which began primarily with Madison Square Garden Events, is now being looked to as a model for the Madison Square Garden Network's expansion as a local cable network. This was indicated by Madison Square Garden Television president Joe Cohen in a recent luncheon speech before the National Academy of Television Arts & Sciences in New York.

With MSG now running six to nine hours a day, Cohen stated the network is working toward 24-hour service and will gradually reach this goal by expanding "not by an hour or two a day but substantially into the daypart." He said programming, like that of USA, would be directed to the principal audience of each daypart, including syndicated non-sports entertainment programming.

Pay TV, VCRs partners

Findings just released from a study conducted for Showtime/The Movie Channel generally corroborate those from an earlier Nielsen HomeVideo Index VCR Usage Report in showing that the growing ownership of VCRs bodes well for pay TV. The new study involved a total of 2,210 telephone interviews, based on a national probability sample, by Statistical Research, Inc. and Home Testing Institute. It showed that 35 per cent of VCR owners subscribe to pay vs. 21 per cent of nonowners. This is lower than Nielsen's 45 per cent penetration for VCR owners.

The Showtime/TMC study also backed up Nielsen's findings that VCR owners are better multipay customers. It showed that they averaged 1.7 services vs. 1.4 for nonowners. According to Nielsen, 50 per cent of pay TV homes with VCRs are multipay, compared with 40 per cent for non-VCR homes. This may not indicate that VCRs heighten interest in multipay but only that these subscribers are more affluent and more interested in home entertainment.

In the Showtime/TMC study, the element of affluence shows through when respondents who have dropped pay or downgraded give their reasons. Only 19 per cent of VCR owners did so on the basis of cost, compared with 28 per cent of those without them. But the time shift element appears to work against multipay to the extent that the highest number of drops or downgrades among VCR owners—32 per cent—is because of "too much repetition," compared with 26 per cent for nonowners. Only 6 per cent listed purchase of a VCR as a reason.

The recent study found that 12 per cent of VCR owners had dropped cable entirely, compared with 14 per cent for nonowners; 12 per cent had dropped all pay services, compared with 18 per cent; and 22 per cent had dropped one pay service, compared with 23. Again Nielsen's figures are somewhat more encouraging for pay TV. It's study, completed early last year, showed that 10 per cent of VCR homes without pay TV had subscribed previously.

As for homes where pay TV is not yet available, the Showtime/TMC study indicates 54 per cent of those with VCRs want pay TV, compared with 33 per cent of those without them. Stuart Gray, vice president, research for Showtime/TMC, notes this area requires continued monitoring because it is "a dynamic thing." Noting this study cost close to $100,000, he says he is attempting to enlist affiliate support in future studies that will "get into some strategic issues and show us how we can optimize our share."

CCI explores 'Outer Limits'

Based on a kit that the Council for Cable Information is beginning to supply to operators, systems participating in CCI's Community Outreach program will be dredging up the opening phrase from the old TV series, *The Outer Limits*, to show the limitations of TV without cable. The phrase, "Don't try to adjust your set because it's in our control," is used to demonstrate the sameness of broadcast television choices in a given daypart, as opposed to cable's horizontal programming choices.

This is part of a modular speech that can be tailored to the system's audience of civic, youth, community-oriented and family groups. It's within a kit that also includes a slide show, sample press release, suggested discussion topics and guidelines for operators to use in contacting community groups. According to Kathryn Hilton Creech, CCI president, Storer Cable is the first MSO to start distributing the kits. The first kit is free to CCI members, with additional kits costing $100 each. Nonmembers may purchase them for $200 each. The modular speech covers a range of topics, including introduction to program services offered, theft of service and answers to gripes about rate increases and adult programming.

Weather Channel in school

The Weather Channel is taking advantage of its first opportunity to get its message before young viewers. It has agreed to work with State University of New York at Brockport on a two-and-a-half year project, called "Everyday Weather," which will develop and field test new strategies for training teachers in elementary and secondary school weather education. After obtaining a $400,000 grant from the National Science Foundation, the university approached TWC for additional help, according to Susan M. Storey, director of public relations for TWC.

She reports TWC materials will be used as an integral part of the program, providing a series of video tapes on such subjects as atmospheric observation, forecasting and radar and satellite data and imagery. She says she expects identification of TWC to follow through into the classroom and notes it's possible this will be just the first of a number of school-related projects.

Cable heroes sought

William Strange is looking for a lot of good people in the cable industry, specifically those deserving of recognition by their peers for contributions to the industry. He is asking for their names so that the National Cable Television Association can recognize them at its black tie gala in Las Vegas June 5, in conjunction with the association's annual convention.

Strange, vice president of corporate development for Dallas-based Sammons Communications, also heads the NCTA Awards Committee that sifts through nominees for the organization's "national awards." The deadline for nominations this year is April 1.

Strange told a news conference called to drum up interest in the awards that there were more than 20 nominees for each of the six awards last year and that he hopes to do as well this year.

CNN bites the Big Apple

Officially opening Cable News Network's new studio facilities in New York are, l. to r., Turner Broadcasting chairman Ted Turner; Mary Alice Williams, CNN vice president for New York operations; and New York Mayor Ed Koch. CNN has moved from its World Trade Center location to the top three penthouse floors of 5 Penn Plaza, a renovated factory building.

Remember when 20, 12 - even 5 channels were your maximum potential? Now...

Rebuilding? Save Money With JERROLD

Remember, back in 1951, when TV stations were low in power and antennas not very efficient? Milton Jerrold Shapp, the founder of Jerrold, didn't realize he was helping to create a new industry when he developed an amplifier that Bob Tarlton needed for his Lansford, PA community antenna system.

Cable was new, but it grew rapidly. And Jerrold grew with it, developing improved amplifiers, channel equipment, and numerous innovations that increased revenue potentials for operators, and established Jerrold as the leading supplier in the industry.

Expand the bandwidth of your system - and your revenue-producing channel potential - simply by dropping in Jerrold STARLINE® SJ-330 modules. This quick and easy upgrade to 330 MHz can help you maximize your revenues and requires:

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March 4, 1985
CableAge

Some major successes tempered by failures, consolidation, owner changes

Regional sports networks produce varying results

By GARY ROTHBART

The cable industry's regional sports networks are showing a propensity for extremes—from the very successful to the harsh failures. The past year brought with it a rash of ownership changes and consolidation. A media triumvirate of Chuck Dolan's Rainbow Programming Enterprises, The Washington Post and CBS are now equal partners in Sportschannel New York, Prism in Philadelphia, Sportsvision in Chicago, Sportschannel New England, and the soon-to-be-launched Sportschannel Los Angeles. But another media conglomerate—Warner Amex—decided to pull out of the regional sports network business. It shut down its Pittsburgh operation altogether and sold its regional sports services in Houston and Dallas.

"Realism has taken over," comments William Wischmann, general manager of Pro-Am Sports in Detroit. "A lot of people haven't gotten paid and a lot of them aren't around any more. You are not going to see all the sports programming on the regional networks this coming year that you saw last year."

The uncertainty and divergence of degrees of success is leading the regional sports networks to form an ad hoc association to exchange ideas and possibly enter into cooperative marketing and programming ventures. The group is planning to meet in mid-March in Florida during Major League Baseball's spring training season. "We will be associated with each other in one way or another if for no other reason than mutual needs," Wischman says.

"We thought it would be a good time to get together since we were all planning on going to spring training anyway," says Larry Meli, vice president and general manager of Sportschannel New York. One of the primary reasons for calling the meeting is because "we want to avoid seeing each other fold. It is not good for the business. For the most part, we are in different markets with different teams. We are not competing with each other. Rather, we want to establish a 'We are all in this together' attitude."

According to Wischmann, one of the prime topics of discussion at the meeting

Madison Square Garden Network

The New York Rangers opposing the New Jersey Devils is a major draw in the New York metro, considered to be the nation's top sports marketplace.

will be the high cost of purchasing programming rights and producing broadcast quality productions and the possibility of combining rights purchasing power.

The first few years of the regional cable network sports business has produced fewer than a handful of maxims. First, there seems to be a connection between the success and popularity of the teams and the success of the network. Second, it is becoming more clear as time goes on that cable subscribers' willingness to pay extra for sports programming decreases as their homes are farther away from the stadium. Third, advertising revenue, particularly for the smaller networks. is coming slowly, leading one to conclude that the old broadcast rule that ad dollars flow with numbers of viewers holds true for cable as well.

New York, New York

The Big Apple, considered the nation's top sports marketplace, to no one's surprise, has two of the leading sports networks and two of the only three in the nation that are making money in the business.

Gulf & Western's Madison Square Garden Network, now in its 16th year, continues to see steady growth in its affiliate and subscriber numbers. Affiliated systems went up 10 to 57 and the number of subscribers up 300,000 to 1.5 million in the past year, according to Joseph Cohen, network president.

MSG Network is offered to subscribers as a basic service, unlike most of the other services, which are pay for the most part.

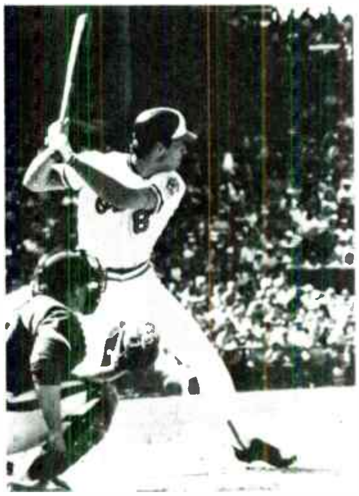
"It seems to me that it is unwise to dictate to operators how they show the service," Cohen says. "They know their franchise area better than we do. Let the operator decide whether it is basic or pay."

In the past year, the network made some programming changes, including replacing the popular *The Avengers* with *The Untouchables*. Cohen explains the decision by saying, "The license for *The Avengers* ran out, and we thought the shows had been running a long time and were seen a lot already."

Other recent programming additions include Big Ten football, Southeastern Conference basketball, Metropolitan Athletic Association conference sports and New York University basketball. *The Garden Party* is a new music show just now appearing for the first time on the network. Cohen says no major additional changes are planned for the year to come beyond a concentration on expanding its affiliation territory.

One dynamic area at the network is advertising sales. New sponsors this year include Data General, Amtrak, Nabisco, Charles Chips, McDonalds and STP. The ad sales department, which sold $50,000 in 1980–1981, has since doubled in staff and last year sold more than $2 million, Cohen says.

Home Team Sports



Every available game of the Baltimore Orioles is already being shown on the regional network.

Adding affiliates

Sportschannel New York, meanwhile, has added five new affiliated systems, bringing its total to 47. The strictly pay service now has 1.5 million subscribers, some 400,000 more than it had a year ago, says Meli.

On the drawing board is an expansion of affiliates in upstate New York to such cities as Albany, Syracuse and Buffalo. But Sportschannel executives still aren't sure how to present the service to operators and consumers in those cities. Meli says the greatest likelihood is that it will be offered as part of some kind of expanded basic tier instead of as a pay service as it is in its home base of New York metro. "We think that the farther away from New York City we go, the less willing subscribers will be to pay for the service," Meli says. This coming year, Meli says, Sportschannel is likely to add another three or four affiliates in the New York region, bringing its total close to 500,000.

For both Madison Square Garden Network, which carries New York Knicks and Rangers (also owned by Gulf & Western) and New Jersey Devils; and Sportschannel, which has the New York Yankees, Mets, Nets and Islanders, the biggest period of growth is perhaps down the road. Both networks are waiting for the cabling of New York City, with its 2.5 million homes passed potential.

Executives at both networks are skeptical that the merger craze that has overtaken the regional cable sports elsewhere in the nation will come to New York. Both Cohen and Meli say they are convinced that New York is a big enough market to support two thriving regional sports networks on cable.

Like Cohen, Meli doesn't see many drastic programming changes at Sportschannel this coming year. "There are no New York teams left for us to buy the rights for," he says. "So we are looking in the direction of new update shows, such as a show on the weekly activities of the Generals in the USFL and other more non-event oriented shows."

Meli points out three areas of Sportschannel operation that may be key to its success in areas where some others have failed. First, the network collected more than $3.5 million in sales of advertising during its televised games last year. Second, some skilled negotiating has gotten Sportschannel some long term rights contracts. "Rights figures reported in the press for the whole sports business have been inflated," he says, without revealing what the true figures are. "This led to a situation where professional teams saw these outrageous figures in the press and then didn't want to sign anything for less than $100 million. There are a lot of people in the sports cable network business who are new to the business. It is a business that grows slowly. It takes a long time for a payback."

Meli says Sportschannel has been able to hold down costs in the production area as well. "We just haven't spent a huge amount of money trying to make our productions broadcast quality," he explains. "Also, we have remained event oriented for the most part instead of scrambling around and trying to fill up 24 hours a day with expensive programming."

The Rainbow-CBS-Washington Post partnership also now owns the highly successful Prism in Philadelphia, Sportsvision in Chicago, Sportschannel New England in Boston, and is planning to launch in April a new Sportschannel in Los Angeles. The new service will be anchored around games of the California Angels of baseball's American League, the National Basketball Association's Los Angeles Lakers and the National Hockey League's Los Angeles Kings. Branching out in some of the nation's top television markets presents Sportschannel with the opportunity to save money through consolidating certain administrative functions, such as marketing and ad sales, with one staff for all the services, Meli says. It also affords the networks the opportunity to exchange programming without subjecting themselves to the expensive vagaries of sports programming market, he says.

Prism growth

Prism became part of the Sportschannel family in November 1983 after seven years of growth as a 24-hour-a-day venture where telecasting of Philadelphia Phillies baseball, Philadelphia 76ers basketball and Philadelphia Flyers hockey is surrounded by showing of late run Hollywood movies. Even though the sports-movies combo has been frowned upon in other markets, it seems to have worked in Philadelphia. Without the benefit of the potential 600,000 cable homes in the city of Philadelphia, Prism collected 90 affiliates and 375,000 subscribers within a 125-mile radius of the City of Brotherly Love.

Prism's success could be partly attributed to the city's sports mania and the Phillies', 76ers' and Flyers' consistent contention for championships in their given leagues. The network is also known for its promotions involving billboard advertising and ticket giveaways.

For the first time this past year, Prism has experimented with selling advertising on the pay service. "We sold six or seven minutes of ads for 76ers games," says Donald Heller, vice president and general manager of Prism. "We are limited by our contracts with the movie studios to advertising only during the body of the sports events. We are discussing extending the advertising idea to the Phillies and Flyers games as well."

Prism's expense budget varies from the other regional sports networks in that the Philadelphia service must negotiate and pay for rights to late run Hollywood movies along with the Home Box Offices and Showtimes. Heller, however, doesn't perceive this as a particular problem. "I have always believed that the cost of the product is always a reflection of how well you negotiate."

Sportschannel's acquisition of Sportschannel New England from the Prism organization came before it bought Prism itself. The New England branch struggled under Prism management and in the beginning under Rainbow. But this past year, there seemed to be significant progress. The number of affiliated systems grew by 25 to 62 in the past year alone, bringing the number of subscribers to over 100,000, more than four times the number it had just two years ago. "I think we have clarified our image of what we are—a pure sports channel," says Ron Ryan, general manager, Sportschannel New England. "Operators in this region really had a lot of resistance to the idea of combining sports with movies. Now we have gotten rid of the movies and are concentrating on the Celtics, who are very popular and successful, and the Hartford Whalers as well as New York Cosmos, Yankees and Mets in Connecticut, programming we are getting on exchange from our sister Sportschannel in New York."

Ryan is predicting that his service will have 145,000 subscribers by the end of 1985.

As in New York, there is more than one regional cable sports network in New England. New England Sports Network, owned by the Boston Bruins, Boston Red Sox and Storer Communications, which owns the broadcast rights to Bruins and Red Sox games, is also being offered to New England cable operators as a pay service. Like Sportschannel New England, this service has seen astounding growth recently. Slow starting, the service saw a change in top management this past year. Peter Affe was replaced by John Claiborne as general manager. The service now has 32,000 subscribers, with about 27,000 coming aboard during the last four months.

Growth and constraint

One of the reasons for NESN's rapid growth is a reduction in price to operators with a certain number of subscribers from $5 to $3. But the network has been hampered all along by the fact that the region's most popular team, the Celtics, is carried by the competition. NESN has had trouble getting carriage on the cable system in the biggest city in the region, Boston Cablevision, which is owned by the same company that owns Rainbow, the managing partner of its competition.

Claiborne is optimistic about NESN's future, since negotiations are underway with the Boston system and, he says, the network will be an active bidder for the rights to the Celtics games when Sportschannel New England's pact with the NBA championship team expires next year. Claiborne sees a niche for his service in the region, since executives at both companies seem uninterested in any kind of consolidation.

"The cost of our programming is not prohibitive," Claiborne says. "Sportschannel is going for the professional teams, and we are concentrating more on the regional college sports. We are working with a lot of syndicators who are looking for the exposure. When Boston College plays Boston University, it won't matter if it is tiddlywinks. It will attract a big regional audience."

Now that NESN's subscriber numbers are picking up, so is interest from advertisers, such as Stroh's, Toyota and Ford, Claiborne says. "Now that advertisers see the numbers going from 30,000 to 50,000, as we think it will be by the end of this year, there will be even more interest," he says.

A difficult beginning

The first year of operation has been a hard one for Sports Time Cable Network, which serves the midwest. The Multimedia-Anheuser-Busch-Tele-Communications Inc. partnership launched last April with 80 affiliates offering it strictly as a pay service. The network had 30,000 subs, a number which peaked at 50,000 in the height of the summer.

But midwestern cable operators were reluctant to take Sports Time as a pay service and told the network's executives that it stood a better chance of success as a basic service. This created compli-

College football this past season has included 40–50 games from several conferences.

Sports Time

cations for the venture, which had already signed contracts with the Kansas City Royals, St. Louis Cardinals and Cincinnati Reds prohibiting the network from offering those teams' games as a basic service within their three markets.

So, on Oct. 1, Sports Time announced it would continue in those ADIs as a pay service and be offered in other cable systems in surrounding areas as a basic service. The network would continue to split subscriber revenues with the operators for the pay units, but would charge only between 10 cents and 20 cents per subscriber to operators in the outlying areas. The effect of the change on Sports Time's subscriber rolls were that pay units dropped from 50,000 to 37,000, but basic subscriptions reached one million quickly, according to a spokesman. The number of system affiliates has more than doubled since the April launch to its current number of 168.

Programming for the coming year is uncertain at this point. The network has been running college football and has signed contracts with the Royals and Cardinals for the telecasting of a total of 112 games. But Major League Baseball decided in December to prohibit the telecasting of baseball games on basic cable networks outside the team's home territory, greatly cutting the number of games available on certain affiliated systems, depending on their location.

Meanwhile, the network still hasn't been able to successfully land contracts with three other baseball teams it carried during the 1984 season. Negotiations are still going on with the Reds, Cleveland Indians and Chicago White Sox.

According to a spokesman for the network, there will also be less non-event programming shown in between televised events. Sports Time also launched with a lot of lavish, in-house produced non-event programming that will be reduced and replaced with cheaper bartered programming, the spokesman says.

Sportsvue folds

In the midwest, the shakeout has already begun. Warner Amex's Home Sports Entertainment folded when the system operator closed up shop and sold its Pittsburgh system to Tele-Communications Inc. last year. And, just recently, Sportsvue, the regional pay cable sports network in Milwaukee, folded before it finished its first year of operation.

Don Finnane, acting general manager of the network owned jointly by the Milwaukee Bucks and Milwaukee Brewers, explains the service had 18,000 subscribers by June, but fell to 16,000 by December. "Our expenses were $3 million more than our revenues," Finnane says. "We couldn't see the long term benefit."

Finnane isn't sure what would have been done differently if there were the opportunity to do the whole thing again. "Look, we are working with a very small television market. We confined ourselves to the state of Wisconsin. There was a lot of resistance on the part of consumers to another pay service. Third, we never realized how expensive it would be to produce away games. It cost us as much as $15,000 per game."

Finnane reacts with skepticism to the query about whether Sportsvue would have survived if it were a basic, not pay, service. "Paid for by whom and at what rate?" he asks.

In nearby Michigan, PASS's Wischmann also laments that growth of the regional sports pay cable network hasn't come as fast as he would have liked. Unlike Sportsvue, whose Brewers had a mediocre season, PASS's Tigers won the World Series and couldn't have had a better year. Affiliates doubled in number in the past year to about 80, representing about 50,000 subscribers.

To boost subscriber rolls for the coming baseball seasons, PASS is offering pre-season games as a free preview, Wischmann says. With the Detroit Pistons basketball, Tigers, Big Ten hockey and basketball and Michigan and Michigan State college games, PASS has programming every night of the week. Wischmann says there is no plan to change from a strictly pay service.

Two years ago, Group W Satellite Communications made a big splash by announcing plans for regional pay cable networks in five American regions. But only two have appeared, and neither one of them is making any money yet. The Sonics Super Channel in Seattle, which began three years ago, still has a small subscriber base on a season ticket basis. Group W won't release any numbers.

In the Capital region, Home Team Sports is meeting projections, according to general manager Bill Aber. After its first year in operation, it has 25 affiliates and 52,000 subscribers out of a potential of 250 affiliates.

HTS carries the NBA's Washington Bullets, the NHL's Washington Capitals, the American League's Baltimore Orioles and the Baltimore Blast indoor soccer team, as well as 100 college events. The network operates under the theory that the best way to go is with one major event in primetime a day, with a late night repeat of the event. Interspersed among its event programming is a sports information scrolling text service which covers the remainder of the telecast day.

Prism

The Philadelphia 76ers' performance is a magnet for viewers' dollars.

"We think we are operating under a realistic plan," says Aber. HTS executives are looking closely at the issue of basic vs. pay. "We originally thought we would be a pay service. But there is increasing attention from operators for us as part of an expanded basic or tier offering. We offer HTS to operators at a lower per sub fee if they offer us as part of a package than if they sell us a la carte. It is clear the pay and multipay business is not what it used to be."

In the programming area, Aber says HTS is doing all it can to be a success. "In baseball, we can't go any further. There aren't any more games to show," he says. "And we are concerned about showing too many Capitals and Bullets games too quickly. How far can you go before you hurt the teams' attendance?

"Running the text service is relatively inexpensive. We are steering away from the 'sports desk' mentality because I don't think we can do it any differently than ESPN or any of the other sports networks. We want to do stuff you can't see anywhere else. For instance, we are televising a sports banquet here in Washington. The last time we did something like this, there was a nice response because no one else does such a thing. Look, we really believe there is no audience for a sports event at 11 a.m. on Tuesdays." □

Control over major financial variable through Libor, CDs, interest rate swap

Fixed rate options found by operators to be advantageous

BY JOEL C. MILLONZI

Lenders and cable operators are finding it prudent financial management to structure a substantial portion of a system's outstanding debt into fixed rate loans. Whether the fixed financing is based on Libor, certificates of deposit or interest rate swaps, the ability to exercise control over a major financial variable in the business is an attractive advantage that fixed rate financing has over prime base of borrowing.

There are, however, some disadvantages to fixed rate options. The principal one is, of course, having floating rates fall significantly lower than those the operator is locked into. Release from the fixed rate obligation would then require penalty payments.

Elizabeth Hope, vice president at National Westminster Bank, reports an active interest among cable operators for medium term fixed rate financing of two to five years. Hope says, "Both the bank and its client look at projections and hopefully can come close to estimating future revenue. On the cost side, however, the most volatile area we work with is interest rates. It is the single major factor that can blow a deal out of the water."

"In a way," Hope says, "having a portion of the client's debt in fixed rate financing is protection for both ourselves and our client. After all, if our customer cannot cover a high interest rate that has suddenly jumped to over 20 per cent, we run the risk of having a problem loan."

Hope says she likes to see approximately half of her customer's debt in fixed rate instruments. "I'm too readily reminded," Hope observes, "that if the high rates of three or four years ago had not come down, there would have been severe problems."

Matter of flexibility

Bruce Dickinson, vice president of the financial services division of Daniels & Associates, finds the banking industry's fixed rate options beneficial because of their flexibility. "In a rapidly changing business," he says, "it's often quite difficult to say you're going to remain the same type of business for the next 10 years. And yet that's what we are implicitly suggesting when we go out and get insurance company money. Say your cable operation needs additional capital to upgrade the system. If your loan is with an insurance company, you then have to renegotiate financing with the insurance company for more money. There's generally a pre-payment penalty when you do that and negotiations can become involved. The banks, on the other hand, are relationship oriented and are providing more flexible products to serve the relationship."

Dickinson explains a combination debt package which Daniels recently arranged for one of its clients. A family owned broadcast and cable corporation borrowed $5 million from a regional bank. The owners chose to fix $4 million for seven years and floated the remaining $1 million with a total term of approximately eight-and-a-half years. Dickinson says, "This structure gave the company several benefits. First, it developed a relationship with a very knowledgeable lender. As the family has future credit needs, they will have a reliable source of credit. Secondly, it enabled them to fix a great majority of the money they borrowed at an interest rate which is relatively low. This is a key to solid corporate finance. Each year, as cash flow builds up, there is hopefully more money available for debt service."

Dickinson points out that, despite the advantages of fixed rate borrowing, not all treasurers exercise the option of borrowing in that way. He says, "Some companies may be planning to sell in the next several years and do not want to face a pre-payment penalty on a fixed rate portion of their debt. Other treasurers may be speculating that interest rates will decline further." Nevertheless, Dickinson adds, "I think it's difficult to forecast the future of interest rates, and it seems to make sense to get debt at fixed rates when that window is available."

For Dickinson, the heart of the matter is matching liabilities with assets. He points out, "Some operators may be in the business for five or six years. In that time frame, they try to maximize cash flow and plan to sell once depreciation on the cable equipment is exhausted. In that case, it may not make sense for the cable operator to get the real long term financing of 10–12 years."

Highly leveraged situations

Jolen Cameron, assistant vice president at Cleveland's Society National Bank, reports that her institution is offering cable operators fixed rate financing up to 10 years. Commenting on the merits of fixed rate lending, Cameron says, "It obviously depends on the system's needs, but it generally is a good idea, especially in a highly leveraged situation. The operator may not get the optimal rate, but it does allow the operator to proceed with his business plan at a rate which is known. Both the bank and the operator can be assured that the deal has a better chance of working. Eliminating interest rates as a variable is definitely an advantage in this busi-

"I'm too readily reminded that if the high rates of three or four years ago had not come down, there would have been severe problems."

Elizabeth Hope
Vice president
National Westminster Bank

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"Cable companies are not in business to make money on whether or not interest rates go up or down. Their business is to make money from subscribers."

Jolen Cameron
Assistant vice president
Society National Bank

ness." Cameron thinks that the present time is propitious for fixing the rates.

Cameron describes one deal she made where the customer had a floating rate loan with a fixed rate option. That deal was one where the rate would fix if it went above a predetermined cap. Even at the cap rate, the business plan demonstrated that the deal would work. Cameron says, "What happened was that interest rates came down instead and that the customer has fixed the rate on the entire debt in the 12½ to 14 per cent range."

Cameron offers her general viewpoint about the merits of fixed rate financing. She says, "Cable companies are not in business to make money on whether or not interest rates go up or down. Their business is to make money from subscribers. As long as they can eliminate some variable like that, they should do so and concentrate on their real business."

Comcast's senior vice president, Julian Brodsky, also favors fixed rate financing. "The ideal situation," Brodsky says, "for an individual cable system under construction, being acquired or being rebuilt is almost always to have long term, fixed rate, reasonably priced debt. It lends itself to almost every need of a cable system which is inherently a long range proposition. The risk of a high floating rate is an unacceptable one to a cable operator. Many of the woes of the industry can be traced to the franchising frenzy of 1980–81 combined with floating rate debt. People were attempting to build systems that were marginally economical with an inappropriate capital structure. To try to outguess interest rates is really some sort of death wish. People whose jobs are to forecast interest rates have been consistently wrong. It's not likely that operators will make any better predictions."

According to Brodsky, the issue is not so much one of the appropriateness of fixed rate financing, but whether it is reasonably priced. "If a cable operator can look forward five years, has his rebuild and knows his rates, the question is whether the 12½ to 13½ per cent interest rates can be covered by his projections. If so, it may be reasonable for him to fix the rate."

Brodsky does not see the prepayment penalties as a reason to avoid fixed rate financing. He says, "The penalties are usually not that great. If you view them as insurance premiums against fluctuations in floating rate debt, they are not a big negative. They usually start a few years out. At first they may be a 6 or 8 per cent penalty which declines over a period of time. By the time you get to seven years out, they usually are not a factor. In the long term, Brodsky sees insurance company loans once again as a possible lending source.

Looking at rates

Gary Corr, vice president at Citibank, says, "Many companies look quite favorably on the bank's ability to fix five to seven year loans in the low to mid 12 per cent range for a good quality credit. Many companies consider this to be a good rate. People who have wanted to take fluctuating rate risk out of transactions have been reluctant to do so at previous rates of 15–16 per cent. The rates now look much better to them."

Corr explains that interest rate swaps have been one method commonly used to achieve fixed rate options. In simple terms, an interest swap occurs when the financial institution buys from one company its obligation to make floating rate payments and sells to them a fixed rate payment obligation from another party, typically a European bank. It is a contract on the interest rate payments which both parties undertake that is separate from the underlying debt. Corr gives an example of the rate difference involved between fixed and floating rate debt for a five year period: "Let's say a company was looking at a loan priced at 1 per cent over 30 days Libor which may be somewhere around 9.38 per cent. If you add 30 basis points for reserve, the loan may be made at around 9.70 per cent on a floating rate basis. If they desired to fix the obligation for five years by a rate swap, the rate would be somewhere in the mid 12 per cent range if they entered the swap transaction."

Corr observes that swaps are giving way somewhat to new products or methods to achieve fixed rates. One is a ceiling rate product where a company pays a one time up front fee. For that fee, the bank guarantees the company that some reference rate will not exceed a certain percentage during the contractual period. If the reference rate, for example prime or 90 Libor, should exceed the agreed upon percentage, the bank will rebate the difference.

Corr says, "The advantage of this type of loan is that if a company feels rates

"The risk of a floating rate is an unacceptable one to a cable operator. Many of the woes of the industry can be traced to the franchising frenzy of 1980–81 combined with floating rate debt."

Julian Brodsky
Senior vice president
Comcast Corp.

"Many companies look quite favorably on the bank's ability to fix five to seven year loans in the low to mid 12 per cent range for a good quality credit. Many companies consider this to be a good rate."

Gary Corr
Vice president
Citibank

will decline and basically wants to insure itself against any short or long term increase in rate levels, this product will serve it well. It allows it to take advantage of a fairly good spread between the short and long term rates. This is an example of a more exotic or sophisticated product available today that companies are finding more interesting than a straight swap product. They have more flexibility. You can, for example do one of these insurance type products for an individual system. You can then sell the system and move the interest rate protection to another project. They are assignable. They do, however, involve large up front fees which customers are somewhat reluctant to pay."

Protection afforded

John Long, vice president at Communications Equity Associates, agrees that it makes sense for cable operators to eliminate interest rates as a variable. He says, "There's no reason at this point in time for a cable operator to be caught because of an interest rate cycle. He simply has the opportunity to protect himself through all the various forms of fixed rate financing.

Long acknowledges that today's relatively low rates are tempting but also points out that things can change rapidly. "In today's environment," he observes, "you have a prime plus 1 percentage point option or a Libor plus two deal. That means I can borrow at 11½ per cent at prime plus one or at about 10½ per cent at Libor plus two. You then compare that against a five year fixed rate quote of 13½–14 per cent for comparable credit. That's a difference of 300 basis points. The operator has an immediate reaction of not wanting to give up 300 basis points. Nevertheless, if you look back six or nine months ago, prime itself was about 13 per cent."

Long adds, "When rates are down, people tend to have a shortsighted view. In that circumstance, the question is whether or not they have a mechanism set up to fix the rate if rates turn around and start to move up."

Long describes a deal where the banks actually required a certain amount of the debt to be fixed at the closing. The remaining portion of the debt was at the option of the borrower. He notes, "It was a pretty highly leveraged transaction, and the banks weren't willing to take any interest rate risk. The banks felt that the company could handle rates at 13⅓–14 per cent today, but they did not feel comfortable that the operator could handle any significant upward movement beyond that level. The banks did not want to take the chance that if rates started to turn, the company would be asking to fix at 15–16 per cent.

Henry Morneault, Chemical Bank's vice president, says, "I'm very much in favor of having a company use a mix of fixed and floating debt. It reduces the volatility of your expenses." Morneault explains that his clients regularly take advantage of three main fixed rate products—match funds, swaps and rate caps. "The larger dollar volume has been in interest rate swaps," he reports. Morneault finds that rate cap deals have been popular of late.

The bank executive says, "Most companies do sensitivity analysis in their projections. They know at what point interest rates will break their income statement and will make the deal not possible. They want to hedge themselves against interest rates getting to that level."

Does Morneault think there are any arguments against fixed rate financing at current levels? "Aside from the fact that the fixed rates may be considered too high," he says, "the only argument that may be offered against it is that you're prohibited from taking advantage of declining rates. The fixed rate cap deals, however, have no floors and now meet that possible objection."

Achievable cash flow

John Alchin, assistant general manager at Toronto Dominion Bank, says, "Since the early 1980s and the era of the 20 per cent interest rates we've strongly encouraged our clients to follow the philosophy of fixing a portion of their outstandings. Many of their systems are fairly finely tuned and their projected cash flow seems achievable provided they are able to control things like interest rates."

Like its competitors, Toronto Dominion Bank, offers a variety of fixed rate products. Alchin says, "By the time you get out to seven years, it's a fairly thin market, but we have on occasion been able to offer that term." Alchin reports that there's been considerable interest in fixed rate financing for the past year.

Alchin emphasizes the point that making a fixed rate loan for the medium two to five year period or more implies confidence on behalf of the bank in the company's long term viability. □

"When rates go down, people tend to have a shortsighted view. In that circumstance, the question is whether or not they have a mechanism set up to fix the rate if rates turn around and start to move up."

John Long
Vice president
Communications Equity Associates

Corporate, public data communications, teleconferencing among major projects

Telephone bypass, I-nets at systems advance cautiously

BY EDMOND M. ROSENTHAL

While cable operators aren't exactly jumping onto the telephone bypass and institutional network (I-net) bandwagon with both feet, those becoming involved are finding good prospects for expansion into additional services, and some can envision as much as 10 per cent of their future revenue coming from these sources. At the moment, a handful of two-way interactive systems are offering such services as data communications between corporate and public facilities in the same market, teleconferencing, facsimile transmission and long-haul links with MCI.

With these cable operators able to provide greater bandwidth than the local telephone company's twisted pair, they are able to offer heavy users of specialized communications services a significant price advantage, typically 10–20 per cent lower. Some cable operators see an opportunity to expand their services into the homes of professionals and major investors with personal computers.

With operators making additional investments as high as $20 million or so to operate these services, much of the initial impetus came from franchise agreements that included provisions for institutional I-nets. Those who were able to approach bypass as strictly a business proposition report significantly lower investments that are primarily on a pay-as-you go basis.

Probably no MSO is more bullish on the outlook for this business than Warner Amex Cable, which has gone beyond its own undertakings to offer consulting and turnkey services involving the use of fiber optic facilities in conjunction with long-haul carriers.

Cable's low profile

The investment firm of L. F. Rothschild, Unterberg, Towbin, in a recent analysis of bypass opportunities, chides the cable industry for moving too slowly into telephone bypass. It observes that bypass could become a $10 billion industry.

The firm asserts, "Cable TV operators are a natural source of bypass. Systems have been or will be installed in most urban areas, the right of way problem is nonexistent and most potential users have access to the cable. In addition, most of the newer systems have excess capacity and the incremental cost of adding the bypass service would be modest. In spite of the obvious advantages enjoyed by the CATV industry, it does not appear eager to exploit the opportunity and, at least at this point, seems to be a relatively minor participant."

The report indicates surveys have

Media General in Fairfax County, Va. provides a local company with digitized T-1 circuitry from its conference room to a Satellite Business systems uplink.

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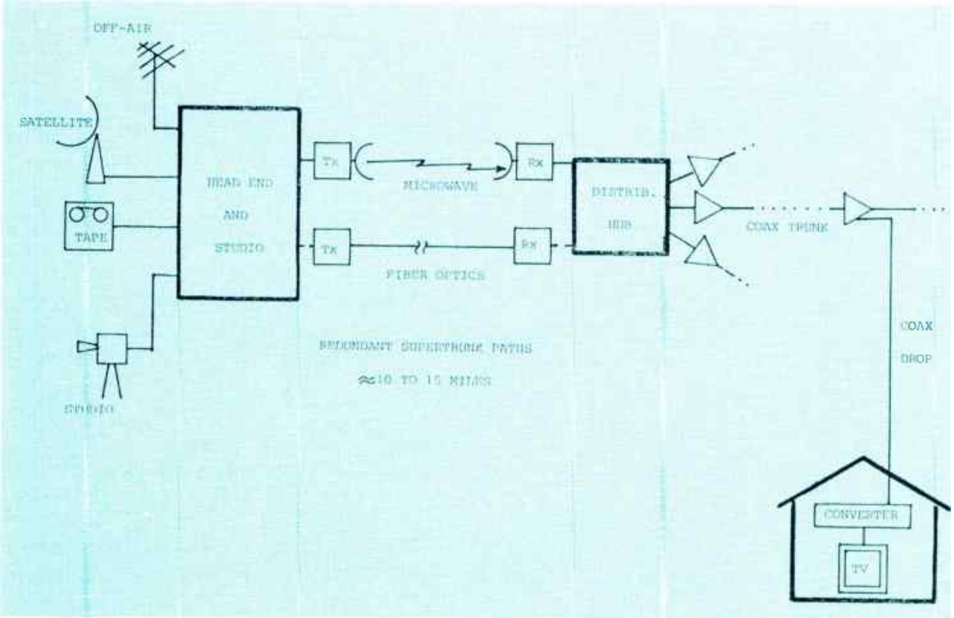

Warner Amex Dallas network configuration

concluded that end users will seek alternatives to the public switched network if they can get at least a 10 per cent savings in price/performance for comparable services. Cable operators and other companies offering bypass services, though, could be affected by state regulation. The question is whether state regulators will allow local telephone companies to offer equivalent services.

Rothschild explains, "If the telcos are permitted to develop bypass alternatives to the existing public switched networks, private companies will be much less inclined to establish their own systems. While the value added special network operators and long distance companies would still install some bypass systems, the amount would likely be less if the telcos are aggressive in offering a reasonable alternative. In our opinion, the telcos could charge a premium to the cost of bypass, perhaps 5–10 per cent, and still capture a big part of the potential bypass market.

Operators interviewed by CABLEAGE indicate they see no real competition coming from local telcos in the areas they have staked out, but the Rothschild report projects the cable industry's share of the business looks like 10 per cent if the telcos are not allowed to compete and only 2–3 per cent if they are (see table, page C19).

Regulatory barriers

Cable operators, themselves, have had to face potential regulatory barriers in their respective states. One example is given by Chip Sartorius, institutional network manager for American Cablevision of Kansas City, an American Television and Communications system. He notes his system was temporarily delayed from providing switched services on a shared tenant basis within a single building—as opposed to going between two buildings owned by a single client.

"We had written proposals for the city, the public library, the Kansas City school district and a couple private businesses," Sartorius reports, "but the local Bell company requested a hearing of the Missouri Public Service Commission, claiming that we would have to be classified as a common carrier to provide this kind of service." But the operator received clearance and is now going back to these prospective clients.

The ATC system's first activities in this area began two years ago. It connected, for its own use, its customer service terminals in its main building to its sales office for transmission of customer service and billing information over its I-Net. Additionally, it connected two Blue Cross/Blue Shield buildings for digitized voice communications and carries data communications for the Park Hill school district.

Sartorius reports the system is about to do its first teleconference from its studio—for the U.S. Department of Education. It will carry the signal to NBC-TV affiliate WDAF-TV, which will uplink it to the satellite, which will deliver it to more than 100 viewing sites. Sartorius sees expanding teleconferencing activities to existing customers.

He says that, to date, American Cablevision has spent over $1 million to operate its I-net, with most of this cost in plant and construction and only 5–10 per cent in electronics and administration. The institutional network is a mid-split system with upstream channels from 5 to 108 MHz and downstream channels from 174–300 MHz. The subscriber system is a sub-split system with 5–30 MHz upstream and the rest of the 300 MHz capacity downstream.

Warner Amex activity

For Warner Amex, its major bypass—or "alternate access," as it calls it—activity is in Dallas, although there were some operations in the Pittsburgh system recently sold to Tele-Communications, Inc. and is some groundwork being laid in Houston. Art Simon, director of commercial services, reports that the Dallas and Houston systems most recently are entering into bids and negotiations with specialized common carriers and PBX manufacturers for coproposals for private fiber interconnect networks for private companies and public agencies.

As for existing activities in Dallas, the system is providing services on two separate alternate access networks via its coaxial cable. It is providing data cable services for MCI and a number of its existing customers. This is defined as DS-1 service and can be used for data or voice.

"We provide for many of our customers end terminal equipment and full service maintenance," Simon notes. The Dallas system also provides specialized video services to hotels and businesses, including informational services and teleconferencing. He says he is working with a number of uplinking and downlinking facilities in Dallas.

Another activity is a single mode fiber optic cable network. The one major user is *The Dallas Morning News*. One thing it is provided with is high speed digital laser facsimile transmission at T-2 rates (6.312 megabits per second). Also included are lower speed data and digital voice services operating at T-1 (1.544 megabits per second).

Simon adds, "We're negotiating with other private users for private fiber optic transmission services. We have two distinct networks capable of interacting with each other in a hybrid configuration if we so desire."

Warner Amex's consulting activities, he reports, involve project management, engineering design and overseeing and installation of fiber optic facilities for long haul carriers and private companies. For one thing, he reports, his company has done the design, engineering, equipment specifications and recommendations for the first leg of private carrier Digi-Net's system linking Chicago and Milwaukee by single mode fiber optics. This 90-mile fiber optic link runs along the Chicago Northwest Railroad's right of way.

The MSO also offers turnkey design and engineering for other cable companies wishing to set up point to point networks: "We train them and walk away, and they operate it." Simon says he can't disclose the names of the few cable operators being worked with because of nondisclosure agreements.

He says that in some of the cities where I-nets are being set up, the plant investments have already been made and additional construction is being done only where there is already an agreement with a customer: "We do everything on a cost-base analysis where we're sure of a fair return."

In its own systems, nothing is being done strictly to satisfy franchise requirements, Simon notes. In Dallas the franchise currently requires the MSO to provide services only where they are commercially viable. No commitments have been made yet in Houston, he adds, and additional building will only be on the basis of commercial viability.

All of the MSO's activities in this area are moneymaking, Simon notes, "but not a lot at this point."

Public service aspect

Profitability can be more elusive for operators that established I-nets for public service as part of their franchise commitments. A case in point is the situation of Media General in Fairfax County, Va. Ralph Lee Smith, director of the operator's Medianet, estimates the I-net is costing the operator an additional $21 million and involves 200–250 miles of plant.

Smith notes, "We're just getting commercial contracts, but we'll be lucky if they'll offset the cost of serving the county." He says an I-net would have been considered without the franchise requirement, "but we would have proceeded differently. There would have been much less geographical coverage."

He explains potential commercial service is pretty well centralized in the Tyson's Corner-McLean area, where there are a large number of high technology businesses. Meanwhile, the public service aspect embraces a large geographical area where all public schools and police and fire stations are interconnected.

The system is still being built, with 40,000 current subscribers and 100,000 expected by year-end. The all-450 MHz system has two dual cable facilities. The main use contemplated for the two-way interactive capability on the subscriber service end is pay-per-view.

As for commercial service, Smith sees more interest in video services among the business community than originally anticipated. Businesses are beginning to pay to receive courses from George Washington University. In this instance, Medianet is carrying all courses from the university that lead to a master's degree in electrical engineering. The courses are delivered from the classroom to an antenna site in Washington, D.C. and then by microwave to the system's headend.

While these courses now only go to business firms for on-site training, Smith envisions ultimately delivering courses into the home as well. Currently the companies form classes to view the electrical engineering courses.

Delivering these courses also gives Media General an entry into these business establishments for other services—those delivered by the subscriber network—so, while paying $100 a month for the courses, they are typically subscribing to basic services in about five locations in order to receive services like Financial News Network, The Weather Channel, Dow-Jones and County Board of Supervisors meetings on a public access channel. Some are also receiving the FM service for lunchrooms and the like. Smith says, "We've abandoned the sharp delineation between subscriber service and the I-net."

The system is also getting into teleconferencing, providing one company with digitized T-1 circuitry from its conference room to a Satellite Business Systems uplink several miles away. From there, the conference is delivered to several remote locations.

Smith reports his system has also signed a contract with MCI "to try their conception of Cablephone. We're the local tail of their long-haul service." Additionally, he reports, negotiations are underway with data and video services that can be integrated into the I-net.

He is not particularly concerned with potential telephone company competition: "They have an interest in high speed data communications, but we have a better capability." He notes Chesapeake & Potomac Telephone Co. is tariffed to provide T-1 service "and nearly any other kind of service."

Some right of way problems have been experienced in the I-net. Smith reports. In addition to the problems in crossing private property, the system has had to face the problem of most of the roads being state roads—"and we have no franchise with the state." Rights have been obtained, he notes, but not easily.

As with other I-net operations interviewed, Media General hasn't had to invest heavily in staffing. "The entire staff is myself and a data communications engineer," Smith notes.

Deeply entrenched

Rogers Cablesystems already is well along in offering commercial bypass services. It has been providing them in Portland, Ore. since February 1982 and has plans for them in Minneapolis, where a two-way interactive system is still being built, and in San Antonio, where the system has just been converted to two-way interactive.

John Rivenburgh, corporate product manager, says the early clients in Portland began with 90-day free demonstration projects and are now all paying customers. Among the clients are some large banks, a number of city and county agencies and hospitals—the latter primarily for teleconferencing. The system has a contract with Reuters to provide

Projected 1990 Market Share by Type of Operator

Operator	Telco Restricted	Telco Permitted
Large Users	20%	12–13%
Long Distance Operators	45	15
Value Added Special Networks	20	15
CATV	10	2–3
Telcos	5	55
	100%	100%

Source: L.F. Rothschild, Unterberg, Towbin its quotation and news service to some 30 brokerage houses on a 6 MHz channel. The firms can preprogram their terminals for a certain number of stocks. Riverburgh comments, "Phone lines would be too costly, and they wouldn't provide the full service."

Rogers is providing two major banks and their approximately 45 branches with teller and account activity service and administrative networks. They're hooked up in a 9,600 byt per second configuration.

Meanwhile, Rivenburgh reports, some prototype work is being done with C-Cor Electronics on a packet-switched modem, called C-LAN by C-Cor, that will allow hookup with personal computers in the home. Rogers is calling the service Cable Pac. Rivenburgh reports the service is currently being field tested for a planned summer offering.

In the three markets where Rogers plans such services, Rivenburgh estimates there are about 53,000 personal computers. He says the company will focus on primary user groups. For example, doctors at home could access medical records and hospital files as well as the national Poison Control Center and American Medical Association services. For attorneys, the idea is to focus on specific types, such as trial attorneys who would access local court schedules, for example.

A final application, utilizing the fully two-way residential network, would allow PC owners to access such services as Dow-Jones stock information, engineering databases and bibliographic sources—the latter especially for use in the educational community.

The Portland system, with 950 miles of plant, hopes to offer T-1 digitized voice service, allowing corporate clients connecting with a remote computer or telephone switch to make intracompany calls—long distance or local—without going through the local telephone exchange. Under the current state law, the system would be considered a public utility if it offered this service, but a change is soon expected, with legislation having been introduced that "would narrow the definition of what a telecommunications service is."

Rivenburgh notes the local Bell operating company has built a fiber optics network that can offer any of the same services, having been deregulated by the state since June 1984, although these activities cannot be cross-subsidized. He adds, "They can provide T-1 service and leased data services, but it would be too expensive for them to provide high speed Reuters service or videoconferencing.

Meanwhile, the economies are working well for Rogers, he notes, with revenue running about three times the annual operating cost. But these operations represent less than 5 per cent of gross revenues.

Rogers Cablesystems is doing some prototype work with C-Cor on a packet-switched modem that is expected to allow hookup with personal computers in the home.

"It was cheaper to put up a second cable for the business network," he adds, "because we did it in the initial build. We can purchase modems and additional headend gear as we need them and only make expenditures as additional revenue comes in. Cable modems are very stable equipment. We currently have a stable revenue stream, and Cable Pac and T-1 have become really active for significant growth. We've had no bad debt and no churn experience in over three years."

Staffing consists of Rivenburgh, who handles all marketing and developmental work, and two technicians. Maintenance technicians and dispatching services are shared, but service calls only average about one a month.

In the other two markets, he reports, large corporations, banks and city and county services are being approached, with the idea of offering a range of data services, water bills, police circuits and monitoring of traffic lights.

Legal battle

A bumpier ride is being experienced by Cox Cable in Omaha, which has had a two-year confrontation with the Nebraska Public Service Commission. The commission wants to classify the services it offers as "alternative local distribution," which would require these operations to come under its regulation, according to Bob Patrick, the MSO's director of business communications services.

"I'm not sure they'd then allow us to exist," he notes. "We'd have to file a certificate of public convenience and necessity." But the system is continuing with its current services on the basis of a suit that it filed against the PSC in Federal Court. The court, in remanding the matter back to the PSC with findings "favorable to us," essentially allows continued operation until the issue is decided. Cox is also awaiting action on a petition to the Federal Communications Commission requesting deregulation of two-way cable service.

Among current activities of Cox's Commline service are data transfer and operation with "long haul carriers like MCI who want connections between points of presence and customer locations." Video transmission services are also provided within the city for hospitals and universities. The Omaha system has also participated in delivering events like boxing from within the city or from satellite to auditoriums and the like.

Declining to comment on costs and profitability, Patrick says it's still too early to determine profitability of operations.

For American Cablesystems, some trial operations are in progress in two-way interactive systems. Reports Ken Krushel, director of new services, in Milton, Mass., the mainframe computer at town hall has been connected with seven buildings of the school department using Sytek equipment. This point to multipoint service handles budgeting, class scheduling, attendance and messaging. He says there will be amplified services after there is more operating experience.

The system's franchise agreement calls for a three-year trial period where the school department pays for its own hardware and is charged only for installation and maintenance. After this, Krushel notes, American will charge rates competitive with those of the telephone company, which he expects to be 10–20 per cent lower.

In Rawley, Mass., a marketing trial is underway with the Rawley Electric Department for water and electric meter reading, which would eliminate the need for sending out meter readers. There is no charge for the service yet, he notes, and future pricing has not been determined.

Additionally, there are several potential accounts in Florida and Massachusetts for point to multipoint data transmission up to T-1 level. Krushel states that a number of towns are not opting for data services because they choose to remain analog at 300 baud, continuing to use telephone circuits. While American could deliver a minimum of 4,800 baud capacity, he notes, they can't yet afford the hardware for faster transmission service.

As for the regulatory climate, Krushel asserts, "It's unclear, but I think it will work out favorably." He adds that the company declined one town's invitation to explore voice communications because of the particularly unclear situation there. □

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Wall Street Analysis

Moody's downgrades Oak

Moody's Investors Service has lowered the senior debt rating of Oak Industries from B3 to Caa and the subordinated debt rating from Caa to Ca. The downgrade reflects the erosion of shareholders' equity to a negative $23 million and impaired liquidity resulting from continuing heavy operating losses and extraordinary charges incurred in recent years, Moody's says.

"With severely reduced financial flexibility and inadequate cash flow generation expected near term, the ongoing viability of the company cannot be assured," Moody's notes. The bond rating service suggests the company gain increased flexibility. "The company needs a high percentage of debtholders to accept a recently proposed debt restructuring through an exchange offer, which would reduce the approximately $30 million in current annual interest costs," Moody's explains.

The revision affects $185 million of the company's 10.5 per cent convertible subordinated debentures due 2002 and 13.65 per cent senior debentures due 2001. Moody's is analyzing what effect a recently announced exchange offer of new debt securities for $230 million of Oak's currently outstanding debentures will have on the company's credit quality. The rating agency is also assessing the financial impact of $80 million in charges and losses taken in the fourth quarter of 1984, which has produced a negative stockholders' equity of $23 million.

Moody's is also evaluating Oak's ability to finance ongoing operations and capital requirements following its announced intentions to sell or liquidate its problem subscription television business. The Rancho Bernardo-based company has additionally been hurt by reliability and delivery problems with its first offering of addressable converters to the cable industry.

MTV profit

MTV Networks Inc. reports revenues of $34.5 million and net income of $4.5 million, or 29 cents per share, for the fourth quarter and revenues of $109 million and net income of $11.9 million, or 78 cents per share, for the year ending Dec. 31. Fourth quarter revenues increased 108 per cent over the comparable quarter in 1983, and 12 month revenues were up 120 per cent over those of a year ago.

In the fourth quarter, MTV Networks reported pre-tax profit of $7.8 million, compared to pre-tax loss of $1.4 million in the fourth quarter of 1983. For the year ending Dec. 31, income before taxes of $22.8 million were reported, compared to a pre-tax loss of $12.2 million for the prior year.

Commenting on the results, David H. Horowitz, president and chief executive officer of MTV Networks Inc., says "The fourth quarter and full year results demonstrate the vitality of our existing networks, our ability to create new programming and our capacity to respond effectively to market challenges. MTV's record results placed it first in advertising sales among all cable originated program networks in 1984. Nickelodeon's new programming lineup and on-air look helped the channel become a significant advertising vehicle last year. And on Jan. 1, VH-1, our newest basic cable network, was launched on schedule on budget."

Nickelodeon had fourth quarter revenues of $8.7 million and operating income of $1.8 million compared to revenues of $4.7 million and an operating loss of $821,000 in the fourth quarter of 1983. Nickelodeon's subscriber base reached 24.2 million, an increase of 36 per cent over last year. The video music segment, which increased MTV and VH-1, had fourth quarter revenues of $23.4 million and operating income, including the prelaunch expense of VH-1, of $5.9 million compared to revenues of $10.1 million and operating income of $954,000 in the fourth quarter of 1983. MTV now reaches 25.4 million cable households, an increase of 37 per cent over last year.

Multimedia slides

Multimedia Inc. announced 1984 earnings of $33.6 million and earnings per share of $2.02. These figures are lower than the $35.1 million earned in 1983 and the $2.15 per share it reported during that year. Total revenues, however, were up 13 per cent to $304 million. Cable television revenues were up from $53.1 million to $66 million.

Walter E. Bartlett, president and chief executive officer, says that Sports Time, the midwestern cable sports network, in which the company is a partner, accounted for the decline in earnings. During 1984, the company lost $6 million, after tax, or 36 cents per

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For the fourth quarter, Sports Time losses were $2.3 million or 14 cents per share. For the company as a whole, the fourth quarter showed net earnings of $9.4 million, compared with $11 million during the comparable period of 1983. Revenue for the three months was $83.8 million, versus $74 million, a 13 per cent increase. Earnings per share were 56 cents versus 67 cents for the quarter.

Meanwhile, the company's board of directors voted to increase the quarterly dividend from 15 to 16.5 cents per share, payable Feb. 15 to shareholders of record Feb. 1.

The company is currently entertaining a proposal from top executives to buy the company in a private transaction. The investors include Bartlett; Wilson C. Wearn, chairman of the board; Donald J. Barhyte, chief financial officer and treasurer; members of the Peace, Jolley, Sisk and Furman families which founded the company; and a group of private investors to be organized by Goldman, Sachs & Co., which is acting as financial advisor to the investor group. The proposal is for a package of $37 cash and $25 principal amount of subordinated discount debentures for each of the approximately 16.6 million outstanding shares. The debentures are proposed to be for a term of 20 years, will bear no interest for approximately five years, and will bear interest of 15 per cent per year and benefit from a sinking fund commencing in 1996.

The senior management of the company would have an increased equity position and, together with members of the founding families, would hold about 40 per cent of the outstanding shares of Multimedia common stock, with management options to acquire additional shares. The transaction is subject to approval by the company's board of directors and the Federal Communications Commission and is being reviewed by an independent committee of the company's board.

Cable TV Industries status

Cable TV Industries says that its common stock will be included in the next expansion of the NASDAQ National Market System. "Cable TV Industries' entry into the National Market System provides investors with the best of both worlds—the continuous transaction data of the exchanges and the vigorous competition among multiple market makers that is the hallmark of NASDAQ's National Market System," explains Mark A. Engler, Cable TV Industries president. "In addition, more newspapers and publications carry the National Market Systems List stock table than did our previous NASDAQ listing.

"Consequently, we're hopeful that our new status will assist the investment community—stockholders, stockbrokers, security analysts, the financial media and other groups—in following and evaluating our company. Also we anticipate increased liquidity in the trading of our common stock and, ultimately, improved access to equity capital."

With Cable TV Industries' inclusion on the National Market System, stockbrokers will be able to provide to their customers last sale prices and up to the second volume information on the company's common stock. The National Market List newspaper table shows high, low and closing prices for the most prominent and active NASDAQ securities. About 1,000 of NASDAQ's companies trade on the National Market Systems. NASDAQ is doubling the number of companies on the National Market System in the new expansion by adding 1,000 companies from the remaining 3,700. One hundred of these will be added immediately, including Cable TV Industries, while others will be added at the rate of 200 per month until the expansion is completed by the end of June.

Engler notes that an additional advantage to company stock being traded on NASDAQ is the existence of multiple market makers competing with each other to execute customer orders, as opposed to a single specialist on the floor of a stock exchange. Currently, there are 11 firms making a market in Cable TV Industries stock.

In the company's recent third quarter, the three months ending October 31, the company reported sales of $9.4 million compared to $7.6 million in the comparable period during the previous year and net income of $297,000 or 10 cents per share, compared to $177,000 or six cents per share last year.

TCI adjusts warrants

Tele-Communications Inc. has declared a dividend to its stockholders of record Jan. 14 of all the shares held by the company of the stock of Republic Pictures, a subsidiary of the company. The dividend was distributed on the basis of one share of Republic's Class A common stock, one cent par value per share, for every 13 shares of the company's class A common stock, $1 par value per share and one share of Republic's Class B common stock, 1 cent par value per share, for every 13 shares of the company's Class B common Stock, $1 par value.

Rollins reports

Rollins Communications revenues increased 21 per cent to a record $25.6 million for the second quarter compared with $21.2 million for the prior year. Net income for the quarter of $3.3 million, or 23 cent per share, is up 17 per cent from the prior year's $2.8 million, or 20 cents per share. Cash flow improved 21 per cent to $6.7 million.

Cable television revenues increased 23 per cents as a result of newly activated systems and penetration increases in existing systems, according to Rollins executives. Operating profit was up 43 per cent. However, after excluding the franchise development expenses charged against earnings in the prior year quarter, operating profit increased 16 per cent.

Corporate Profile

Long-term debt dominates scene at Rogers Cable

Rogers Cablesystems Inc. is characterized by three salient features. One is the relatively large size of the company. A second is the relative dominance of long-term debt. The third is the deficit operations since fiscal year 1982 through the first quarter of fiscal year 1985. Recent financial statements permit the opinion that the company is significantly dependent upon continuing advances of credit.

An informed source says the present strategy of the company includes the following:
1. Concentration on operation and ownership of large-scale urban cable TV systems.
2. Striving for a large U.S. exposure.
3. Acquisitions in Canada.
4. Acquisitions and franchising in the United States.
5. Maintainence of a balance between U.S. and Canadian operations.
6. Divestiture of operations outside areas of concentration.
7. Confinement of operations to the United States and Canada.

A five year plan reportedly was put together in 1980. It includes attaining about 30 per cent of the Canadian market, with the main focus on Toronto, Vancouver and Calgary. The U.S. part is to have selected franchising to attain 750,000 homes. An objective is to have uniform management throughout the company. Another objective is to improve the rate of return particularly as the U.S. operations come out of the construction phase.

The company is a Canadian corporation, so all financial data in this article are stated in Canadian dollars. The company reports financial data according to business segments, and there are four of them: Canada, United States, Ireland (discontinued), and corporate and eliminations.

The available data permits an attempt at making an estimate of the return on assets for the segments individually and for the company as a whole. This is done by allocating the interest expense among the segments according to their use of assets, with net income allocated among the segments according to their contribution to operating income. For each segment the interest and the net income are added together and the sum is divided by the assets used by each segment. The result is an estimate of the rate of return on the assets of each segment. To obtain an estimate of the return on equity, the net income share of each segment is divided by the segment share of the equity, which is determined by allocation according to segment use of assets.

When all the segments have made a positive contribution to operating income, this method of allocating net income among the segments is equitable. In this instance each segment had made a positive contribution to operating income during the fiscal years under consideration, but for each of those fiscal years there was a net loss figure in place of a net income figure. This method, then, has the effect of allocating to the best contributor to operating income the stigma of a proportional share of the deficit.

To ameliorate this without going to excess by putting too much additional stigma on the lesser contributors to operating income, a procedure consisting of the following steps was utilized: (1) For each segment, subtract from 100 per cent the segment's share of the total operating income; (2) for each segment, multiply the segment's share of operating income by the figures obtained in step one; (3) total figures of all the segments obtained in step two; (4) for each segment divide the figure obtained in step two by the total figure obtained in step three; (5) for each segment, multiply the net loss figure for the company as a whole by the corresponding figure obtained in step four.

When the above procedure is applied to the method of estimating return on assets the following data can be attained.

With the company's fiscal years ending August 31, for fiscal year 1984 the estimated return on assets for the company as a whole was 5 per cent; for the Canada segment, 3.4 per cent; for the United States segment, 5.8 per cent; and for the corporate and eliminations segment, 7.3 per cent. There is no figure for the Ireland

Rogers Financial Statistics for Continuing Operations by Region

	Canada	United States	Other	Total
Revenue ($000)	$164,059	$125,983	$4,737	$294,779
Per Subscriber per Month	$11.12	$26.39		
Revenue, Net of Purchased Programming ($000)	148,789	94,413	4,737	247,939
Per Subscriber per Month	$10.08	$19.78		
Operating Costs ($000)	91,946	59,551	2,606	154,103
Operating Income ($000)	56,843	34,862	2,131	93,836
Per Subscriber per Month	$3.85	$7.30		
Percent of net revenue	38.2%	36.9%		
Capital Expenditures ($000)	57,187	70,337		127,524

Rogers Subscriber Position

	Homes in Licensed or Franchised Areas (est.)	Homes Passed by Cable	Basic Cable Subscribers (penetration of homes passed)	Pay TV Units (pay to basic cable penetration)
Canada	1,596,000	1,575,000	1,336,000 (84.8%)	150,000 (11.2%)
United States	995,000	850,000	454,000 (53.4%)	598,000 (131.7%)
Sub-total	2,591,000	2,425,000	1,790,000 (73.8%)	748,000 (41.8%)
Discontinued Operations	314,000	277,000	122,000	188,000
Total	2,905,000	2,702,000	1,912,000	936,000

segment as no assets were attributed to that segment in fiscal 1984.

For fiscal 1984 the estimated return on equity was −23.6 per cent for the company as a whole, −36 per cent for the Canada segment, −17.7 per cent for the U.S. segment and −5 per cent for the corporate and eliminations segment.

For fiscal 1983 there are two versions. One is based on data presented in the annual report for fiscal 1984 and another based on data presented in the annual report for fiscal year 1983. On the basis of the fiscal 1984 annual report data the return on assets for the whole company was 5.6 per cent; for Canada, 4.9 per cent; for the U.S., 6 per cent; for Ireland, 2.3 per cent; and for the corporate and eliminations segment, 7 per cent.

Return on equity

The estimated return on equity was −9.8 per cent for the company as a whole, −14.1 per cent for Canada, −7.7 per cent for the U.S. segment, −29.4 per cent for Ireland, and −2.1 per cent for the corporate and eliminations segment.

For fiscal year 1983, on the basis of data presented in the annual report for fiscal year 1983, the following estimates were obtained. For the company as a whole, −7.1 per cent; Canada, −6.4 per cent; the U.S., 7.4 per cent; Ireland, 5.6 per cent; and for corporate and eliminations, 8.6 per cent.

The estimated return on equity for the company as a whole was −9.8 per cent; for Canada, −14 per cent; the U.S., −8 per cent; Ireland, −18.8 per cent; and for corporate and eliminations, −1.4 per cent.

For fiscal year 1982 the estimated rate of return for the company as a whole was 6.4 per cent; for Canada, 5.9 per cent; the U.S., 6.6 per cent; Ireland, 6 per cent; and for corporate and eliminations, 6.9 per cent.

The estimated return on equity was −4.2 per cent for the whole company, −7.1 per cent for Canada, −3.1 per cent for the United States, −6.6 per cent for Ireland and −1.7 per cent for corporate and eliminations.

For fiscal year 1984 total revenues were $294.8 million, to which Canada contributed $164.1 million, or 55.7 per cent; the U.S. added $126 million, or 42.7 per cent; and Ireland 1.6 per cent. For fiscal 1984 operating revenue was $98.3 million, to which Canada contributed $56.8 million, or 60.6 per cent; the U.S. $34.9 million, or 37.2 per cent; and Ireland 1.7 per cent.

Operating income as a proportion of revenues in fiscal year 1984 was 31.8 per cent for the company as a whole, 34.7 per cent for Canada, 27.7 per cent for the U.S. and 34.2 per cent for Ireland.

Assets and liabilities

The balance sheet as of November 30, 1984 showed total assets and liabilities and equity as being $933.5 million. The leading asset category was fixed assets at $548.7 million, or 58.8 per cent. Next was subscribers and goodwill at $224 million, or 24 per cent. After that was investments at 6.1 per cent. On the liability and equity side the dominant and potentially overwhelming item is long-term debt at $719.3 million, or 77.1 per cent. The next largest item is equity at $122.6 million, or 13.1 per cent. Third in order of size is accounts payable and accrued expenses at $59.7 million, or 6.4 per cent. Should the subscribers and goodwill item be removed there would not be sufficient assets to equal the liabilities.

The sources and uses of funds for fiscal year 1984 as presented in the annual report have a total of $172.7 million. When the items are arranged so all the source items are together the total is $203.8 million. On the basis of this larger total figure the leading source was increase in long-term debt at $86.4 million, or 42.4 per cent. The next leading source was depreciation and amortization at $50.7 million, or 24.9 per cent. The third ranking source was decrease in funds at $34.9 million, or 17.1 per cent. The leading use item was additions to fixed assets at $159.8 million, or 78.4 per cent. The second largest item was loss from continuing operations at $16.3 million, or 8 per cent.

Sources and uses of funds for the three months ended November 30, 1984 in the report for that quarter showed a total of $46.9 million, but when restated to group all source items together the total is $59 million.—**Basil Shanahan**

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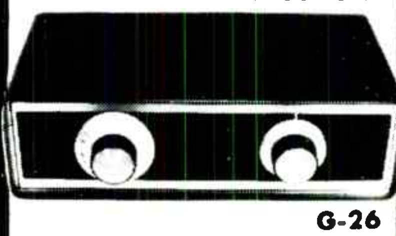

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Appointments

Joseph F. Bradway, Jr., chairman and chief executive officer, RMS Electronics Inc., 50 Antin Place, Bronx, NY 10462. *From: Chairman and CEO, Guaranteed Bank Corp.*

Arthur A. Fink, vice chairman, RMS Electronics Inc., 50 Antin Place, Bronx, NY 10462. *From. Chairman and CEO.*

Roger R. Turner, president and chief operating officer, Cablevision Industries, Inc., Box 311, Six Wierk Avenue, Liberty, NY 12754. *From: President and COO, Colony Communications.*

Ronald N. Beck, president and chief executive officer, Premiere International, c/o Home Box Office International, 10 Dover Street, London W1X 3PH England. *From: Vice president and executive director, Home Box Office International.*

Dr. C. J. Waylan, president, GTE Spacenet, 1700 Old Meadow Road, McLean, VA 22102. *From: Executive vice president and general manager.*

Que Spaulding, president, Playboy Programming Distribution Co., 8560 Sunset Boulevard, Los Angeles, CA 90069. *From: Senior vice president of sales, Rainbow Programming Services.*

Dwight Tierney, senior vice president, administration, MTV Networks Inc., 75 Rockefeller Plaza, New York, NY 10019. *From: Senior vice president, Warner Amex Satellite Entertainment.*

Margaret Bynoe, vice president, human resources operations, MTV Networks Inc., 75 Rockefeller Plaza, New York, NY 10019. *From: Same capacity, MTV and Warner Amex Cable Communications Inc.*

Michele Vonfeld, vice president, program standards and public responsibility, MTV Networks Inc., 75 Rockefeller Plaza, New York, NY 10019. *From: Executive assistant to the president.*

Victor L. Arrington, vice president of marketing, Cox Cable San Diego Inc., 51-59 Federal Boulevard, San Diego, CA 92105. *From: Director of operations support.*

Roger Bottazzi, vice president of sales and marketing, Cable Services Division, First Data Resources Inc., 7301 Pacific Street, Omaha, NE 68114. *From: Director of national accounts.*

Robert Linekin, vice president of sales, CableTV Guide Network, The Crosby Vandenburgh Group, 332 Congress Street, Boston, MA 02210. *From: Ad sales executive, Fortune Magazine.*

C. Dean Taylor, vice president, telecommunications, Integral Corp., 1424 Berry Street, Dallas, TX 75223-0269. *From: Vice president of sales, Phoenix Division, Scientific Atlanta.*

Craig Robin, vice president, traffic, Wold Communications, 10880 Wilshire Boulevard, Suite 2204, Los Angeles, CA 90024. *From: Director of sales administration.*

Gary B. MacGregor, vice president, marketing, Tribune Cable Communications Inc., 1000 Wyckoff Avenue, Mahwah, NJ 07430. *From: Director of marketing.*

James H. Feeney III, senior vice president, operations, Tribune Cable Communications Inc., 1000 Wyckoff Avenue, Mahwah, NJ 07430. *From: Director of operations.*

Bill Aber, vice president, Home Team Sports, 1111 Eighteenth Street, N.W., Suite 200, Washington, DC 20036. *From: General manager (retains position).*

Richard J. Busciglio, senior account executive, CBN Cable Network, CBN Center, Virginia Beach, VA 23463. *From: Senior vice president of national broadcast, McCann-Erickson.*

Bill Zaccheo, Eastern area director, affiliate marketing, ESPN Inc., ESPN Plaza, Bristol, CT 06010. *From: Regional manager, HBO Inc.*

Bill Lamb, director, technical plant operations, ESPN Inc., ESPN Plaza, Bristol, CT 06010. *From: Manager, technical plant operations.*

Jackie Bracco, technical operations and engineering administration supervisor, ESPN Inc., ESPN Plaza, Bristol, CT 06010. *From: Technical operations and engineering administrator.*

Carolyn J. McCrory, central regional director, affiliate relations, USA

(Continued on next page)

Roger Turner

Ronald N. Beck

Victor L. Arrington

Robert Linekin

James H. Feeney

Appointments

Network, 208 Harristown Road, Glen Rock, NJ. *From: Regional director, Showtime/The Movie Channel.*

Susan A. Heath, director, marketing programs, Arts & Entertainment Network, 555 Fifth Avenue, New York, NY 10017. *From: Manager of affiliate relations, HBO Inc.*

Rex Lardner, director of TBS Sports, Superstation WTBS, Turner Broadcasting System, 1050 Techwood Drive, N.W., Atlanta, GA. *From: Director of programming, Sports Time Network.*

Shellie Rosser, director, national accounts, Pioneer Communications of America Inc., 2200 Dividend Drive, Columbus, OH 43228. *From: Northeastern regional manager.*

Bonnie Sullivan, national sales coordinator, Seeburg Music Satellite Network, 5706 New Chapel Hill Road, Raleigh, NC 27607. *From: Traffic director, Capitol Radio Network.*

James R. Whelan, managing director of CBN News, The Christian Broadcasting Network Inc., Virginia Beach, VA 23463. *From: Founding editor and publisher, The Washington Times.*

Phyllis Clark, assistant treasurer, Heritage Communications Inc., 2195 Ingersoll Avenue, Des Moines, IA 50312. *From: Director of financial analysis (retains position).*

Wayne Kern, vice president, Heritage Communications Inc., 2195 Ingersoll Avenue, Des Moines, IA 50312. *From: Secretary and general counsel (retains position).*

Kip Moorecroft, director of marketing and sales, EventTeleVision, 7800 East Union Avenue, Suite 700, Denver, CO 80237. *From: Director of U.S. programming, Rogers Cablesystems.*

Terry Planell, program director, Madison Square Garden Network, Four Penn Plaza, New York, NY 10001. *From: Director of programming, WOR-TV New York.*

Kim D. Allen, general manager, Comcast Cablevision of Montgomery County Inc., One Belmont Avenue, Bala-Cynwyd, PA 19004. *From: General manager, Times Mirror Cable of Philadelphia.*

Jim Kubat, manager, communications services, Hughes Television Network, Four Penn Plaza, New York, NY 10001. *From: Assistant manager.*

Eugene Joyce, assistant manager, communications services, Hughes Television Network, Four Penn Plaza, New York, NY 10001. *From: Senior coordinator.*

Norm Dominguez, marketing services manager for Mobile Communications, Daniels & Associates Inc., 2930 East Third Avenue, Denver, CO 80206. *From: Head of the ND Group.*

Lana Miller Ritzel, president, Ritzel Communications Inc., 8158 East Phillips Avenue, Englewood, CO 80112. *From: Vice president, Daniels & Associates.*

Perry Shelman, New York sales manager, Group W Satellite Communications, 41 Harbor Plaza Drive, P.O. Box 10210, Stamford, CT 06904. *From: National sales manager at KYW-TV Philadelphia.*

Jeffrey A. Manoff, New York Group Sales Manager, MTV: Music Television and VH-1, MTV Networks Inc., 75 Rockefeller Plaza, New York, NY 10019. *From: Account Manager.*

Marie Skelly, account manager, MTV: Music Television and VH-1, MTV Networks Inc., 75 Rockefeller Plaza, New York, NY 10019. *From: Vice president, McCann Erickson.*

Frances Payne, director, information systems, Tribune Cable Communications Inc., 1000 Wyckoff Avenue, Mahwah, NJ 07430. *From: Information systems manager.*

Mary Nehls-Frumkin, director, special services, ELRA Group, P.O. Box 15610, San Francisco, CA 94115. *From: Manager, consulting services.*

Chris James, director, Urban Contemporary Channel, Studioline Cable Stereo, 11490 Commerce Park Drive, Reston, VA 22091. *From: Radio personality, WDJY-FM Washington.*

William Emery, Midwestern sales manager, Regency Cable Products, East Syracuse, NY 13057. *From: Account executive, Jerrold.*

Glenn Consor, advertising sales manager, Home Team Sports, 111 Eighteenth Street, N.W. Suite 200, Washington, DC 20036. *From: Regional sales and marketing manager, Edward Weck & Co.*


Gary B. MacGregor


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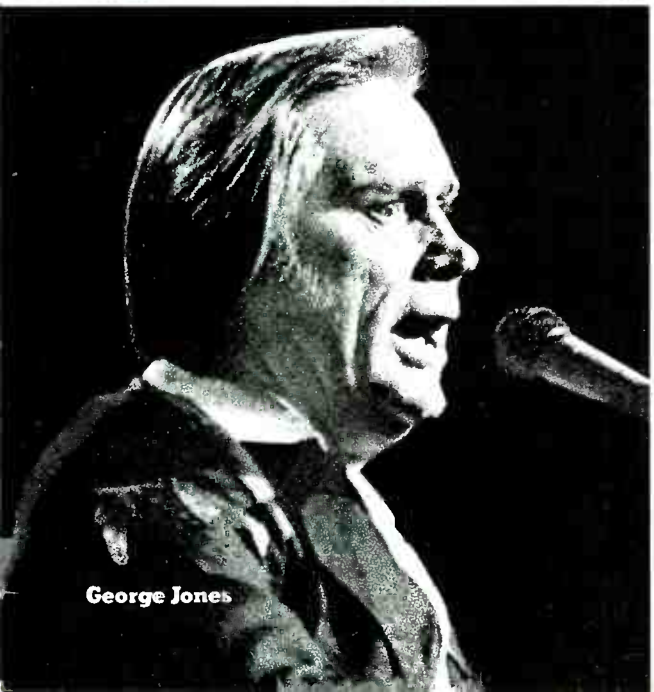

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Wall Street Report

DL&J recommends Taft stock purchase following Gulf acquisition agreement

Donaldson, Lufkin & Jenrette is recommending purchase of Taft Broadcasting shares because the brokerage firm believes the stock's price declined more than it should have as a result of the company's agreement to acquire the television and radio stations of Gulf Broadcasting.

Dennis H. Leibowitz, broadcasting/cable TV analyst, in a recent report, said: "Like many pioneers, Taft has received the proverbial arrows in its back, suffering a stock price plunge despite a booming stock market when it announced its purchase. The stock has recovered most of the initial loss, but it still trades below the pre-announcement price (as of February 12, 1985).

Belo's D&B buy cited

Leibowitz has a precedent for his observations. He points out that A.H. Belo's acquisition of Dun & Bradstreet's television stations "caused a similar cathartic effect—about $1 per share in dilution on $2.30 per share in first-year earnings. Today, Belo sells at more than 16 times the generally expected $3 per share bottom line report for 1985. That is a higher premium than it probably would warrant ordinarily, indicating that the market has partially, if not entirely, 'normalized' for Belo's paper write offs."

DL&J projects that Taft's earnings-per-share for the year ended March 31, 1986, will be $5.70, a 21 per cent gain, which is "higher than the Street expects before considering the acquisition. The projected increase reflects a turn in the broadcast business, financial leverage from lower debt and fewer shares on a 13 per cent forecasted operating gain. In 1986 (fiscal 1987), Taft might earn $6.70 per share or more, aided by a spurt in syndication income from its entertainment group."

Taft Broadcasting (*Excluding Gulf acquisition*)

Estimated operating income breakdown FY 1984-FY 1986; year ended March 31

(*Dollars in thousands*)

	1984A	*1985E*	*Per cent change*	*1986E*	*Per cent change*
Broadcast	$58,068	$64,500	+11%	$71,500	+11%
Entertainment	24,903	30,000	+20	33,000	+10
Attractions	17,423	7,000	−60	8,000	+14
Cable	(3,410)	(1,900)	—	—	—
Corporate	(8,720)	(10,100)	+16	(11,000)	+9
Total net income	37,916	48,475	+28	52,800	+9
Shares	9,413	9,300	−1	9,277	—
EPS total	4.03	5.21	+29	5.69	+9
From operations	4.03	4.73	+17	5.69	+20

"The reason," he continues, is, "dilution, not disaffection with the properties. Since the value of a television station lies in its earning power, not its transmitters, the overwhelming portion of any acquisition price has to be allocated to intangibles and written off over 40 years. Such good will amortization is not tax deductible. Initially it appeared that the dilution could exceed $2.50 per share, a thought-provoking figure viewed against the background of Taft's March, 1985, fiscal year net, which we estimated at $4.70 per share."

DLJ does not consider this an insurmountable detriment. "We believe, that asset sales, and the time lag before closing will whittle the dilution for next year down to below $2 per share. More important," he continued, "we believe that the market will face similar situations at other companies because of the FCC rule changes. We foresee the development of a new measure of value—a price/earnings ratio of pre-amortization earnings—as a parallel yardstick to conventional analysis of earnings multiples and returns."

Syndication growth foreseen

Throughout the report, Leibowitz singled out Taft's syndication arm as a source of earnings growth. "Principally through Worldvision on the distribution side and Hanna-Barbera on the production side," he said, "Taft has shown better than 30 per cent compound growth in profits annually in its entertainment group during the past decade and the past five years. Only limited new product is expected this year, but two major offerings are probable next year—an unreleased 100 episodes of *The Love Boat* that could gross $80 million and the first off-network syndication of *The Smurfs*, the Number 1 animated network show. We project that the syndication industry will continue to grow at a 20 per cent compound rate for the rest of the decade."

Leibowitz pointed out that the Gulf acquisition creates some common ownership situations which will force some divestitures: "The overlaps," he pointed out, "will have to be undone, and we believe, in all cases, the radio stations will have to be sold.

Sales *(from page 41)*

and an affiliate. The stations have been disguised, but the buyer responses are taken from actual survey data.

WON and WTO

WON and WTO are both UHF independents in a top-20 market. At the time of our survey, WTO was leading WON by two household share points, Sunday–Saturday sign-on to sign-off. But the buyers we interviewed showed a clear preference for WON. Eighty per cent named WON as one of the stations they dealt with most often, compared to 67 per cent who named WTO. When we asked which station they would call first in order to get a schedule on air tomorrow, 43 per cent more named WON than mentioned WTO. Seventy per cent more called WON a must-buy. From this data and other information we had about the market, it was clear that WON was taking the larger share of local business.

While WTO's programming had the edge with viewers, WON had done a better job of selling its programming to buyers: 61 per cent of buyers said WON was well-programmed, while only 29 per cent said the same of WTO. Our interviews also revealed that WON's sales effort was clearly superior to WTO's. WON's salespeople outperformed WTO's on every sales performance measure and showed a particularly strong lead in knowledge of the station and market, service and promptness, and professionalism. When we asked buyers to identify the best salespeople in the market, WON salespeople were mentioned 90 per cent more often than WTO's. Thirty-six per cent of buyers said that WON's sales operations had improved noticeably in the past year, compared to only 7 per cent who said the same of WTO.

As a buyer told us, "Professional sales staff, good programming, flexibility—a class act." A combination of excellent programming and excellent selling had earned WON a clear lead over its competitor WTO, despite its slightly lower position in the ratings.

KHI and KLO

KHI is a UHF independent, and KLO is a UHF affiliate in a medium-sized market. Both were pulling a 16 per cent Sunday–Saturday total household share at the time of our survey. When we asked buyers which stations in the market they dealt with most, 18 per cent more named KHI than named KLO. Fifty per cent more said they would call KHI first to get a schedule on the air tomorrow, and 35 per cent more said KHI was a must-buy.

The independent's edge over the affiliate, our interviews indicated, was based on an excellent sales team. KHI's salespeople outscored KLO's by an average of 65 per cent across our six sales force performance issues, with a particularly large lead in creativity and understanding buyer and client needs. One buyer said, "KHI is more hungry, more aggressive, provides better research and service, and just works hard." KHI salespeople were mentioned as all-stars 60 per cent more often than KLO salespeople. Buyers indicated that KLO management kept a tighter rein on salespeople, giving them less authority to negotiate and close a deal than KHI salespeople.

KHI led the market in research quality, with three-quarters of the buyers interviewed saying the station had particularly strong ratings research. Only 10 per cent said the same of KLO. The one area in which KHI trailed the other stations in the market was in rate flexibility (in contrast to the ability of KHI salespeople to close a deal at the buyer's desk). About half of the buyers interviewed said KHI was inflexible, and the same proportion called the station overpriced. But the strength of KHI's sales effort was apparently strong enough to overcome buyer concerns about high prices.

Excellent selling had positioned the independent KHI as the the second station in the market, trailing only the leading affiliate, which had substantially higher ratings and a sales force as highly rated as KHI's.

One buyer summed up the reasons for KHI's achievement: "Access 6–8 is fantastic, salespeople are the best in the market. Top indie in the state, perhaps the U.S. Well-managed, respected, great organization, highly profitable."

Clearly WON and KHI have something their competitors lack. We call that something "sales excellence." From the hundreds of interviews we've conducted with media buyers, and the thousands of questions we've asked, some broad characteristics of sales excellence begin to emerge.

In order to organize our thinking about what constitutes sales excellence, we turned to Peters' and Waterman's *In Search of Excellence*, which looked at the broader issue of corporate excellence. We found some parallels and identified other elements of excellence that belong more specifically to the task of selling. The result was six traits that excellent broadcast sales operations share.

'Clearly, the most basic step in sales management is hiring the best people that can be found and then making them better . . . It is important to ensure that salespeople are selling to buyers that appreciate them.'

Reliance on people

First and foremost, sales excellence is based on excellent people. Our data show that good salespeople are the heart of any successful sales effort. When we ask buyers what they like most about stations, seven in every 10 comments are about salespeople; when we ask what they like least, five in 10.

Outstanding sales force performance we have found, can overcome many liabilities—high preemption rates, billing problems, inventory problems, high rates, management inflexibility—even to some extent, lower ratings. Buyer comments about a major market independent with preemption and billing problems make the point: "The sales staff tries to keep everyone abreast of changes. I think everyone would like to blow up the station if it weren't for the salespeople." "Excellent rep, despite how messed up with billing and contracts." Only strong programming and ratings can overcome a weak sales force, and even in those cases, revenue performance probably lags its potential.

Clearly, the most basic step in sales management is hiring the best people that can be found and then making them better. And because salespeople play such a critical role in shaping a buyer's perceptions of the station, it is important to ensure that salespeople are selling to buyers that appreciate them. One buyer told us, "When George left WHI to go to WLO, Jim Barnes started calling on us. He did a good job, but then WHI changed reps. The new person just cares about getting good rates for management and doesn't work hard enough for the buyer." Although our data cannot measure a change in this buyer's buying behavior, it is unlikely that being matched with this new salesperson will

increase her inclination to buy WHI. Mismatches like this need to be identified, and the salesperson switched out to other buyers.

'Get it done' attitude

Excellent sales operations emphasize action; they have a "get it done" attitude. One question we ask buyers is which stations they would call first for avails if they needed to get on the air tomorrow.

We have found this question works; buyers see differences among stations based on quickness of response, promptness, and availability. And these differences affect buying behavior. When they need quick turnaround on avails requests, buyers to go the stations they know will deliver.

Occasionally we encounter a market where a lack of responsiveness is a general problem that cuts across stations.

'One measure of how close a station is to its customers is how much contact sales management has with buyers . . . Managers who are out talking to buyers are getting constant feedback.'

When this happens, our interviewers hear about it long and loud: "The basic gripe of buyers here—myself and others I know—is lousy service from all stations.

"You call, and two days later your call is returned. You never hear from them; you have to call them—as though they were selling part time and had other interests."

The importance of a "get it done" attitude shows up in other ways. When we ask buyers what they like most about stations, "willing to work hard," "prompt," and "available" show up at the top of the list. Slow response from a station and encounters with bureaucratic organization provoke strong reactions.

One buyer, referring to her market's leading O&O, said, "Why call them first, when every buy has to go through five layers of approval?" When we ask buyers to compare affiliate and independent sales efforts, much of the praise they have for independents is due to a more steamlined—and thus more responsive—sales operation.

Close to the customer

Sales excellence means staying close to the customer. This includes being available, returning calls, and keeping buyers informed; but the heart of the issue is understanding the needs of buyers and their clients. It means, at bottom, making the customers' business your business. "I want a strong retail orientation," said one buyer, "people who know my client's needs and know my business as well as, if not better than, their own."

One measure of how close a station is to its customer is how much contact sales management has with buyers. Seven times out of 10, the managers buyers say they see most often are the managers who run the top-rated sales force in the market.

This is the case, we believe, for at least two reasons. First, if managers are consistently on the street talking to buyers, AEs, clients, and others, then the odds are they expect and get the same from their salespeople. Second, managers who are out talking to buyers are getting constant feedback on how well their salespeople are meeting customer needs, feedback they can use to produce a better sales effort.

A disturbing trend we found in the data is that sales managers at stations with a clearly dominant ratings position are, by and large, not out meeting with buyers. The low visibility of their managers may explain why these same stations are more often called "arrogant" by buyers.

Tight and loose

Excellent sales operations are based on an organizational structure which is simultaneously centralized and decentralized—where the reins are both tight and loose.

Management tracks closely what needs to be tracked and controls what needs to be controlled, while at the same time giving salespeople the freedom to work effectively. Sales excellence requires tight control over the details of sales—billing, traffic, research, preemptions, etc.—and continuous monitoring of sales performance. But, at the same time, excellence requires salespeople with the freedom to deal authoritatively, creatively, and responsibly with their customers.

In recent interviews, we have asked buyers which stations allow salespeople the latitude to negotiate and close a deal at the buyer's desk. Sixty per cent of buyers report that one or more stations in their market does so. But there is a great deal of variation across markets and across stations. In one top-20 market we looked at, 80 per cent of the buyers we interviewed told us that every station in the market kept a tight rein on its salespeople. But in most markets, freedom to negotiate varies substantially from station to station.

'Excellent sales operations are based on an organizational structure which is simultaneously centralized and decentralized.'

Buyers' open-ended comments to this question tell us that most buyers want to close deals with the salesperson—it allows both to spend less time on any given buy.

"Management is autocratic; salespeople are professionals," said one buyer of his market's top affiliate. "The result is that salespeople have their hands tied." However, many buyers say they don't want to close deals with salespeople only to have them reversed by sales management.

Our interviews indicate that stations will benefit from giving their salespeople the freedom to negotiate and close deals with buyers, i.e., from decentralizing the negotiating process. But this decentralization will work only if salespeople make deals that will stick. This suggests two things to us. Management should be selective in granting the authority to close deals, giving it only to those salespeople with the experience to exercise it well.

And those salespeople who are given the authority to close buys must be given the information they need to negotiate a deal management can accept. In other words, management must in a centralized way track and control both who can make deals and the kind of deals they can make. This centralized/decentralized approach creates sales professionals, not order-takers.

Creative approach

Sales excellence requires a creative approach. In market after market, we

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'Stations which emerge as sales leaders are leaders across the board. Their salespeople score at or near the top of the market on each of our performance measures.'

find that the best sales operations—the stations that score highest in knowledge, service, understanding, credibility, and professionalism—score equally well on creativity. But among the other stations, creativity drops dramatically.

The nature of creativity varies from market to market and from salesperson to salesperson. Some buyers mention packaging ideas; others mention vendor programs; and still others mention research, promotions, or commercial ideas. What clearly applies in all cases is that a creative approach to sales sets salespeople apart from their competition. It testifies to their investment and involvement in their clients' business. It makes them more interesting to deal with, and, most important of all, it adds value to their product.

While the data does not lend itself to determining which sales qualities are more or less important, it is impossible to read through the hundreds of interviews without sensing that creativity is the icing which makes a good sales effort great.

Consistent quality

Sales excellence means consistent quality. The stations which emerge as sales leaders in our interviews are leaders across the board. Their salespeople score at or near the top of the market on each of our performance measures. They have more star salespeople. Their sales managers are the most visible in the market. Their preemption rates are low. They have strong research and don't resort to overprojection. They are flexible, and thus aren't seen as overpriced. They are involved in the community, well-programmed and look good on air.

When buyers tell us about an excellent station, they touch all the bases:

- "Good relationship with the station. Strong programming. Excellent sales staff and management. Salespeople handle only a few clients each and can service them well."
- "Salespeople know the book. Work well with clients. Service accounts well."
- "Well-programmed. Class station. News is good. Very well-coordinated sales staff."

Consistent performance is what separates leaders from the rest of the pack. Other stations may score as well or better on a given issue, but fall behind on the rest. Consistency is critical not only across issues but throughout the sales force as well. The high scores of the sales leader on each issue are based on consistent service across accounts, and thus across the salespeople serving them.

We believe these six broad elements of excellence are applicable across all markets and stations. But they are, by design, generalizations. We could add a seventh: "keeping your ear to the ground." Our interviews confirm what common sense already told us: Every market represents a different competitive environment, and, therefore, demands a unique response. The broad outline of what makes for sales excellence is the same in Nashville as in New York or Albuquerque. But achieving excellence requires fleshing out that outline with specific initiatives. Success depends on knowing thoroughly the competitive environment, and acting on that knowledge.

Stations can use an accurate reading of the competitive situation to redefine excellence in the market—and gain an edge on the competition. In one major market, we found an affiliate which had begun to supplement its already strong ratings research with equally strong market research—data on consumption patterns, population and demographic shifts, consumer attitudes toward various retail outlets, sources of consumer buying information, etc. Before making the move, the station placed a clear second behind the oldest station, which had an edge in the ratings and a solid reputation as a community institution. Its market research won the challenger a franchise with buyers—one called the station "our market information service." The other stations were forced to provide similar research; but, because of the time lag before they realized their disadvantage, the leading station's edge in the competition for buyers' attention was overcome. By reading the competitive situation accurately, spotting the opportunity, and acting on it, the challenger had redefined excellence and gained a competitive edge.

Ultimately, there are many paths to sales excellence. They can lead through training, discipline, leadership, control, recruitment, research, and a dozen other management areas. But all begin in the same place—understanding what the buyer needs and how well those needs are being served—and they all end at the same place—the buyer's desk. We hope the data presented in this series is useful in identifying some of the questions that must be asked and suggesting a few of the directions which can be pursued. □

Newsroom *(from page 39)*

more than $1 million, for starters, and calls for, in its completed phase, a 600-terminal operation.

Some idea of its worldwide scope can be gotten from the CNN computerized system, considered state of the art, and currently numbering 150 terminals, though according to CNN's Barnes, the number of devices will be doubled this December.

NewStar Explained

Basys's most vigorous competitor is ColorGraphics, having signed CBS Radio and Television to use its system. ColorGraphics has completed the radio newsroom, and is currently working on the radio affiliates. The small training system has been inserted into the CBS-TV newsroom, and according to news director David Buksbaum, "so far, so good."

ColorGraphics was founded a decade ago. Its original products were electronic graphics characterizing the weather. The company currently services 350 stations with these materials. (ColorGraphics is poised to launch a paintbox system to compete with Quantel.)

In this capital intensive business, funding often can be a problem. ColorGraphics has solved this by being one of nearly 40 companies that is under the corporate umbrella of Dynatech Corp. of Burlington, Me.

NewStar is the trade name for its electronic newsroom service, with MiniStar, a smaller version designed to serve one to seven terminals with two wire service ingests and a printer.

Phillip O. Keirstead *of the University of Florida expected the electronic newsroom "to be a hot item long before this," but "stations have been slow to buy."*

CNN has run an electronic newsroom since it opened its doors in 1980. "The computer helps you do your job better," says the web's Robert Barnes.

MiniStar is fully expandable to NewStar.

ColorGraphic's Kelly says the guiding philosophy behind its system is "a thinking computer at every station. Our computers work in series. There is no central computer, so if one computer does go down it doesn't affect the whole system."

Having said that, Kelly introduces the industry wide buzz expression—'totally redundant.' "We have at least two of everything.

Possible shakeout

Last year "was a terrible year for everyone in this business," Kelly says. "There was a general dearth of orders. As a result I think you're going to see some shakeout. We are now profitable in the electronic newsroom area," Kelly concedes. "We turned the corner late last year. It was then that we began to see a volume of orders. This came after three years and a $1 million R&D investment."

NewStar, ColorGraphics' top-of-the-line computer system, claims more capacity (160 megabytes) than any other system.

It can accommodate up to 200 terminals, allow unlimited wire service connections, unlimited printers, provide full networking and features disk and computer redundancy.

StarMaster is the moniker for NewStar's monitoring system which "calls the computer once a day to give it a clean bill of health."

Simply put, the NewStar system is programmed to call StarMaster automatically if any trouble should develop, so CG claims it will know about any difficulty even before the reporter who is operating the computer.

ColorGraphics maintains, however, that the system of total redundancy, providing two "hard disks" of mirror image copy, that make duplicate records of all data, insure against break-down. "If a problem develops with either disk," CG claims, "NewStar automatically switches to the other disk."

The ColorGraphics system provides a comparable list of services to that of other systems, cataloging of assignments, accommodation of wire services, helps in editing and writing features, including split screen, and a wide range of production features, including teleprompting.

The archive and system storage features of NewStar, are purported to be faster and more flexible than that of its competition.

'Bookvalue' vs. 'savings'

ColorGraphics' approach to costs is to post a "book value" for a typical system at $100,000, and match this against "savings" that the electronic newsroom will bring about in such areas as depreciation, investment tax credits, leasing charges for teletype machines, typewriter maintenance and replacement, Xerox savings and other supplies.

Over a five-year period, ColorGraphics claims it will recover the cost of the system in the savings it brings about.

The stations and the networks courageous enough to be the pioneers in plugging in the electronic newsroom to their organization, are both quite vocal and positive in the results these systems have brought about.

Mark Gardner, managing editor of KIRO-TV, Seattle-Tacoma, says. "The NewStar is reliable. The software was designed by people who understand the TV newsroom."

Gus Bailey, vice president and general

Larry Cooper *of CBS' RadioRadio says computerization "means getting things done faster . . . It eliminates all the time we used to spend making copies."*

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David Lyon *of Basys says the heart of his system is its simplicity. "We don't use computer terminology," he adds. "Beginners can pick the system up in a couple of minutes."*

manager of WJXT-TV Jacksonville says, "We've looked at the choices and decided NewStar meets our specifications for speed of operation, flexibility of software and overall capacity."

CBS' Cooper, who put the ColorGraphics system in the network newsroom, characterizes the ColorGraphics system as "concise. I'm generally satisfied," he continues. "The system puts a lot more information at the fingertips of people, and it does it faster. As soon as the news comes over the wire it pops up on the terminal."

Election test

The users of Basys are just as enthusiastic. The system got its trial by fire at NBC during the last presidential election. Tom Wolzien, vice president, news production for NBC, comments:

"We didn't leap into this thing. We took a very careful approach. We evaluated all the systems, and decided that for our purposes, Basys is the system of choice.

"Initially we plan to put in a 250-terminal system, which is four times that of CBS. Our intent is to fully computerize our worldwide network before 1988." (The number of terminals at that time, according to Basys's Lyon will be 600).

"We want everyone who needs one to have a terminal. Computers never cost jobs, they just change them. We didn't enter into this agreement with the idea of saving on staff. The idea is to help in production," he concludes.

The Cable News Network has run an electronic newsroom since it opened its doors in 1980. "We continually debate the subject of just who was first," CNN's Barnes says," KCBS in San Francisco or us."

Nevertheless CNN has had a 150-terminal operation in place for several years now, and Barnes is not shy about mentioning the fact. "NBC just about rented a copy of our system for the election. Basys has the best talent," Barnes says unequivocally. "They know how to put in a system.

"For our part, we understand television. I worked with the news director, and the copy editor to set this system up. We've upgraded it every six months for the last four years.

"All our bureaus are hooked up to our home base in Atlanta, and they can exchange scripts, schedules, assignments in real time.

"Once a week I do the janitor bit," Barnes continues," cleaning up the computer, removing unwanted data.

"The computer helps you to do your job better," Barnes says, "but it won't improve ratings. The expense," Barnes says, declining to give figures," is substantial, but it is not prohibitive."

CNN plans to kick up its terminal count to 300 this December. Whether or not CNN, or the other networks, for that matter, will be influenced by NBC's resolve to build "the world's best computerized communications system," and be drawn into a terminal numbers game is another matter.

Competitive advantages

One benefit or advantage of the electronic newsroom is implied by its users, but definitely soft pedaled.

Does the computerized newsroom give the station that has one an advantage over its non-computerized competitors?

WPOC's Cheche says, "the computer helps in the delivery of the news. The staff that prepares the product doesn't change."

CBS reported its decision to computerize with much fanfare last December and hopes to have its O&O AM stations automated sometime this year.

Terry Kelly *of ColorGraphics feels the guiding philosophy behind his system is, "a thinking computer at every station . . . If one computer does go down it doesn't affect the whole system."*

But if the staff gets the news faster, doesn't it report the news quicker than the competition?

"In a local situation," Cheche replies, "I'm more concerned about making sure the material is reliable and accurate."

CNN's Barnes was forthcoming. "Getting leads on fast breaking stories sometimes enables us to get our television crews on the porch a little faster than the competition, and perhaps gives us an advance on the story."

The ability to "hook-in" from bureaus throughout the world would also seem to favor the station or network with a computerized operation.

But news directors have been reticent about making promises about faster (than the uncomputerized competition) product delivery to their management.

Networks' influence

The implication of faster product delivery, however, hasn't been lost on the networks, and observers believe it will do much to speed up acceptance by O&O's affiliates and independents alike during the next two years.

CBS reported its decision to computerize its radio and television operation in December with much fanfare, and is moving with deliberate speed, under the supervision of O&O executive news director Michael Ludlum, to have its owned and operated AM radio stations automated this year.

The CBS AM O&O's include WBBM Chicago, KNX Los Angeles, WCBS New York, WCAU Philadelphia, KMOX St.

Louis and KCBS San Francisco, already on line.

If the activity in the field of computerized systems continues to heat up, ColorGraphics and Basys, at this juncture, look to be the chief beneficiaries.

A glance at their respective client lists (see page 39) show ColorGraphics to have the advantage among U.S. stations, while Basys clearly is making more headway in installing the bigger systems with the networks both here and abroad.

ColorGraphics is also very active in a competition that is expected to be waged between (at least) the two companies for the balance of the American outlets over the next three to four years. By 1988 it is expected that the bulk of the stations will be on line with electronic newsroom, or committed to installation. Then the advantage of beating the competition to the story through electronic sleight of hand will be lost or neglible.

Security a concern

Finally, there is the question of security of propriatory information.

Basys currently has installed or is in the process of installing systems at three major networks, RAI, CNN and NBC. Though Basys' Lyon dismisses the possibility of a freakish malfunction missending information from one network to the other, he did concede that "security of information" is a concern that not only networks, but major stations address with regularity, and one that must be dealt with by system manufacturers to the mutual satisfaction of both suppliers and vendors.

"So far, so good," says CBS' Buksbaum. During the next few years as network and station systems come on line, the mettle of these electronic newsrooms, with regard to speed, durability and flexibility will be severely tested.

'Distress' service

The ability of the suppliers to respond effectively to distress calls will determine their ability to thrive in the market, and perhaps also influence whether other competitors in the manufacture of the electronic newsroom will become a viable factor.

There is the disparaging comparison made between the speed with which the print media, particularly newspapers, modified their newroom operation to utilize the technology of the electronic age, to the slowness of the broadcast media.

ColorGraphics' Kelly offers an explanation.

"It's easier for newspapers to computerize. Their requirement for total redundancy is not as pressing. If a system foul-up occurs, the 6 p.m. evening edition can come out at 8 that night and its' no big deal.

"In broadcast if something goes wrong and you inadvertently dump the 6 p.m. newscast, you can't make up the time." It is just this kind of distressing eventuality broadcasters will envision when they evaluate the competing systems.

Reliability of operation, known in computer jargon, as total redundancy, may out rank, speed, flexibility or even simplicity of operation as the primary criterion for purchase. □

Talent investment

Ed McMahon, host of "Star Search," introducing Al Masini, president and general manager of TeleRep, who holds eight cashier checks for $100,000 apiece awarded to best new stars of 1985 in eight performing categories.

Top 25 national advertisers on independent TV stations

January–December, 1984

	Company	Independent expenditures ($000)	Independent share of spot TV dollars (%)
1.	Procter & Gamble	$160,350	67
2.	General Mills	71,910	79
3.	General Foods	59,937	62
4.	Anheuser-Busch	45,063	84
5.	Hasbro Bradley	40,375	94
6.	Pepsico	33,994	40
7.	Warner-Lambert	33,554	82
8.	Mars, Inc.	31,229	73
9.	Coca-Cola	30,923	51
10.	Toyota Motor Sales	30,335	52
11.	Kellogg Co.	26,417	65
12.	Lever Bros.	24,831	42
13.	Dart & Kraft	21,661	41
14.	Philip Morris	19,716	44
15.	Nabisco Brands	17,962	59
16.	Time, Inc.	17,477	58
17.	A. H. Robins	16,165	58
18.	American Home Products	15,228	52
19.	Beatrice Cos.	14,037	25
20.	Reynolds Metals	13,719	63
21.	Nestle S.A.	13,613	35
22.	Mattel, Inc.	13,561	95
23.	Nissan Motor Co.	13,537	33
24.	Colgate-Palmolive	12,266	57
25.	MCI Communications	12,147	37
	TOP 25	$790,007	58%

Source: BAR, January–December 1984; Barcume for total spot TV expenditures; BAR 15-market tabulation for Independent shares. Independent expenditures estimated by multiplying Independent shares by total spot TV expenditures.

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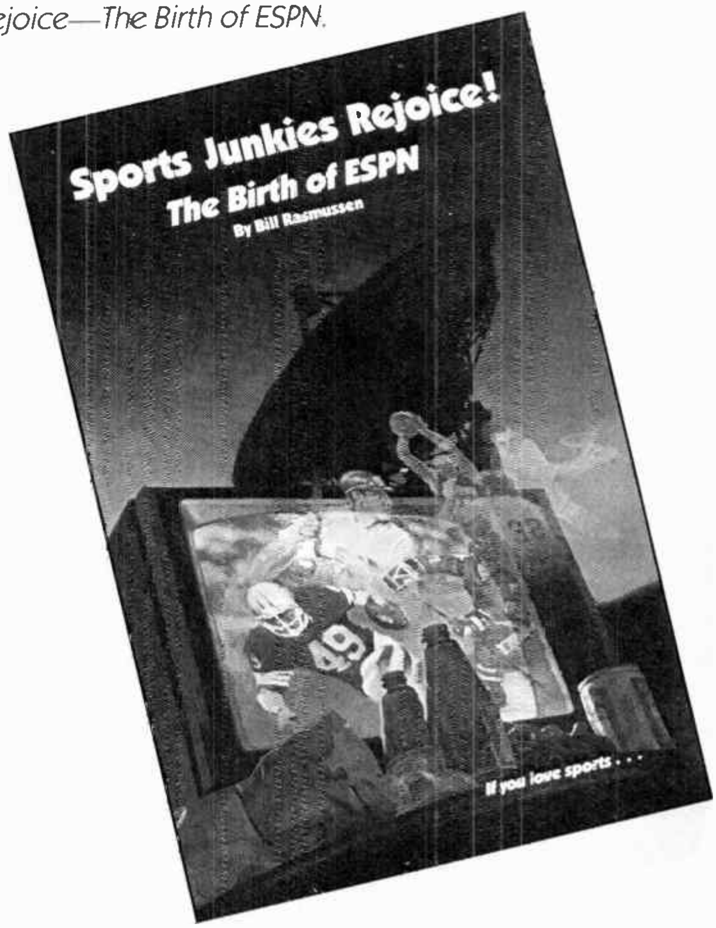

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Botway-Libov *(from page 43)*

zations, but Libov was selected on the strength of its combination of people and systems."

The job they did, he adds was to "provide a high level of flexibility to react to shifts in political opinion, by region, as reflected by the continuing and ongoing opinion polls conducted across the country for the campaign's managers."

"And just as we did for the Tuesday Team during the campaign, adds Butensky, "we can put a terminal just like this one in our client's office, so that he can see the same thing we see here, just by punching up whatever he wants to see, just like I'm doing. And his schedules are not only updated here in New York, but we're interconnected to Los Angeles and Chicago, so the buys they make for him there are also input as they're made, just as ours are."

per cent or better as time progressed.

Looking at syndication as a whole, Botway sees no sign yet that its growth is starting to level off, though he assumes that "eventually it will have to, because, mechanically, there is a finite limit to the time available."

Indie strength

However, he adds, the industry's syndicated volume appears to have doubled every year in recent years, "because as independent stations become stronger they earn the dollars to make deals for better programming product.

"At this point it looks like it will continue to grow so long as it continues to work well enough for advertisers so that they continue to support it as one practical answer to helping keep TV inflation under control."

Meanwhile, Botway reports that for-

If a syndicated program clears 70 per cent or more of the country, Botway then considers it "a national buy that comes out of network, and we'll handle it." However, he sees no sign yet that syndication's growth is starting to level off, though eventually it will have to because there is a finite limit to the time available."

On the network side, Botway says his audience performance estimates for new shows are based on the track records of similar program types, which are stored in his IBM System 34: "Give us the name of a new program, a one paragraph synopsis of the story line, and tell me which network is going to run it Tuesday night at 8:30, which tells us what it's competition will be, and the system can predict the audience, by demographic, usually within 5 per cent. It's been very consistent in being able to do this."

Asked where client syndication dollars come from, Botway says it depends on definition, but that if a syndicated program clears 70 per cent or more of the country, "it's considered a national buy that comes out of the network budget and we'll handle it."

However there have been exceptions. He explains that Botway handled a syndicated program that started out in markets adding up to only 55 per cent of the U.S. because his people would be working to expand that coverage to 70

mation of Botway/Libov has already boosted billings: "The effective date of our move was January 1," he says. "Now only 45 days later, BLA has already been signed to place local advertising for three of our network clients."

A contributing factor to his low client turnover, says Botway, is that, "A media service is also like the accounting business in that the basics don't change as much over the years as they do for agencies.

"Agencies are up against the never-ending change in creative fads and tastes—in what's considered fashionable in looks, in design, in music, even in the way we use the language and talk to each other. These things constantly change from one year to the next—even from one season to the next. Tastes change constantly and the agencies' creative people are stuck with having to keep up, and shift their approach with these changes. We don't have that problem, Broadcasting's programmers do it for us." □

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To: *Television Radio Age*
1270 Avenue of the Americas
New York, New York 10020

Please insert the following copy beginning (date)________ in The Marketplace section at the_____ X rate. Enclosed is

☐ Check ☐ Money Order

☐ Additional copy enclosed.

*Name*________
*Company*________
*Address*________
*Signature*________

CPRP *(from page 46)*

bought in each market, the check will come to $661,650 a week, as pointed up earlier.

Likewise, the CPRP for 100 markets is $11,139 and the same type of buy will cost $835,425. For all 211 markets, the CPRP in the *Guide* comes to $13,809 and five spots with a 15 average rating will cost $1,035,675 a week.

One of the facts of life pointed up by the *Guide* are the differences in CPRPs in different dayparts. In the case of household CPRPs, this is a reflection in part of the differences in the number of viewers-per-set during the various dayparts.

For example, there are more viewers-per-set in primetime than during daytime hours. In the top 10 markets, the household cost-per-point during the day is $892. In primetime, it is $2,619, almost three times as much.

Daypart differences

But there are also wide daypart differences in cost-per-point within a particular demographic. A dramatic example exists in the case of teens. Cost-per-point in the top 10 markets is five time greater in primetime than during early fringe (non-news), according to the *Guide*. Yet there are not five times as many teen viewers-per-set in primetime than in early fringe.

One explanation for the gap is that there is more demand for primetime than for early fringe announcements—for many demographics—and primetime inventory per hour is less than during non-primetime.

But the differences also exist for broader demographics. Among adult women (18-plus), the difference in daytime and primetime CPRPs in all 211 markets is 2.7 times—from $5,047 to $13,787.

The *Guide*'s figures also shed light on the question of how much more efficient are buys in the large vs. small markets. The answer: It depends.

Example: The top 10 markets account for 31.2 per cent of all TV households. For the first quarter of 1985 the estimated primetime household CPRP for the top 10 markets comes to 30.4 per cent of the primetime household CPRP for all 211 markets ($2,619 vs. $8,627). The comparable figure for the late news period is 33.4 per cent ($2,240 vs. $6,707).

However, other dayparts are lower. indicating more than average demand for primetime and late news time in the major markets. The lowest ratio is that of early fringe where the household CPRP in the top 10 markets is only 24.3 per cent of the figure for all 211 markets ($901 vs. $3,705). For daytime and early news, the ratio for each is 27.4 per cent.

Each issue of the *Guide* carries cost-per-point data for the current quarter and the following quarter. The seasonal advance in CPRPs during the second quarter will be sizeable, but not out of line with past performance. Of the six dayparts for which the Guide makes household CPRP estimates, four—daytime, early fringe, early news and primetime—were between 22 and 23 per cent up. The forecast for late news predicts a cost-per-point rise of 19.4 per cent and that for late night (11 p.m.-to-1 a.m. non news) indicates a 25.9 per cent increase.

Some of the CPRPs get pretty cheap as the markets get smaller. The first quarter estimates show four markets with household CPRPs below $3 in various dayparts. The four markets are Presque Isle, Ottumwa-Kirksville, Alpena and Glendive and the CPRPs are either $2.50 or $2.75.

There are half a dozen markets with household CPRPs between $3 and $4. The biggest of these markets is San Angelo, which is ranked the 193rd ADI and the 194th DMA. Its household CPRP in early fringe is $3.25.

Costs-per-rating-point have a direct relationship with the market size, of course, but that does not mean that such a relationship is consistent. For example, in the first quarter, both New York and Los Angeles are shown with identical household CPRPs in early fringe. The same is true for late night. Yet New York's share of TV households is 50 per cent greater than that of Los Angeles. But in the early and late news periods the New York costs-per-point were well above that of Los Angeles. □

Top 25 spot TV advertisers: independent station usage

January–December, 1984

Company	Total spot TV expenditures ($000)	Independent share of spot TV dollars (%)	Independent expenditure ($000)
1. Procter & Gamble	$239,329	67	$160,350
2. General Foods	96,673	62	59,937
3. General Mills	91,025	79	71,910
4. Pepsico	84,984	40	33,994
5. Coca-Cola	60,633	51	30,923
6. Lever Bros.	59,122	42	24,831
7. Toyota Motor Sales	58,337	52	30,335
8. Beatrice Cos.	56,146	25	14,037
9. Anheuser-Busch	53,647	84	45,063
10. Dart & Kraft	52,832	41	21,661
11. Philip Morris	44,809	44	19,716
12. Hasbro Bradley	42,952	94	40,375
13. Mars, Inc.	42,780	73	31,229
14. Nissan Motor Co.	41,022	33	13,537
15. Warner-Lambert	40,920	82	33,554
16. Kellogg Co.	40,641	65	26,417
17. Ford Motor Co.	40,598	27	10,961
18. Nestle S.A.	38,893	35	13,613
19. General Motors	38,358	28	10,740
20. Ralston Purina	35,451	25	8,863
21. MCI Communications	32,829	37	12,147
22. Nabisco Brands	30,444	59	17,962
23. Time, Inc.	30,133	58	17,477
24. Chrysler Corp.	30,098	33	9,932
25. American Home Products	29,285	52	15,228
TOP 25	$1,411,941	55%	$774,792

Source: BAR, January–December 1984; Barcume for total spot TV expenditures; BAR 15-market tabulation for Independent shares. Independent expenditures estimated by multiplying Independent shares by total spot TV expenditures.

In the Picture

Monica Shaffer

New media director of a brand new media department at Biederman & Co. describes what's involved in building that department from ground zero. She also has her own ideas on the outlook for split 30s and on how some advertisers are easing the pain of television rate inflation.

New senior VP has mandate to build media department from scratch

Monica Shaffer is the new senior vice president, media director of the "new" Biederman & Co., with a mandate to build a media department from scratch, now that the agency wants to evolve from what started primarily as a corporate image advertising arm of Needham Harper Worldwide, to an agency cut loose from Needham last May, and now out to corral all the different kinds of packaged goods and high ticket appliances and services any other general agency lusts after, "including an automobile account if we can get it."

Shaffer leaves Benton & Bowles, where she climbed from assistant planner to vice president, associate media director in just six years, to take over the top media job at Biederman plus a seat on the agency's executive policy committee. And now that she's temporarily in the personnel business, she notes that whereas a planner with some two year's experience might expect to pull down \$16–\$18,000 at a major agency "with all its tremendous resources and support, we'll probably have to pay in the middle \$20s. We are relatively new, and expansion into all these new areas is a bit on the risky side," compared to the relatively secure kind of slot she's moving out of.

On the other hand, she observes, "One of my major sales points to the people I'll be interviewing will be the same thing that attracted me: getting in on the ground floor and branching out to become much more of a jack-of-all-marketing trades, broadening my experience with closer and much more frequent interaction with the marketing, research and creative people, and being part of our new business presentations."

Reliance on buying services

Before she adds negotiators to her new staff, Shaffer says Biederman will continue to rely on media buying services to execute the buys for the agency's main broadcast client, ITT, "until we do recruit our own staff buyers. We'll do that eventually," she says, "but my first job is to build our planning staff, starting with a supervisor with possibly four-to-six years experience." Most other current clients, she adds, "lean heavily to print, and our planners will also buy print. But of course once we add some packaged goods business, we'll be into broadcast in a much bigger way."

Network priority

She says that after her planning group is set up, the first broadcast negotiator she plans to bring in house will be a network buyer. "After our network buyer is settled in, then I'll start looking for local broadcast buyers."

But recruiting and hiring is only part of it, she adds. "I'm also going to have to decide which of the syndicated research services we're going to run with. For instance, I was brought up on MRI, but Needham Harper, which is what our current clients have been accustomed to, is a Simmons shop. We need one or the other, but not both. Again, should we go with Nielsen's full service, or Arbitron?

"But whichever we choose, the decision will be based on a requirement for the full range of information, covering not only television, but print, radio and cable, too. We'll now be approaching companies marketing every possible product and service category, and we'll need all available tools to document our recommendations, and defend them if necessary."

While there's long been talk about movement of client money to "alternative media" every time network pricing is cranked up another notch, is anybody doing anything about it? Shaffer says that some advertisers have been switching some dollars outside of television, "though it isn't too noticeable because most of the packaged goods majors remain with TV to insure the mass exposure they need."

New daypart strategies

What we're seeing more of instead, she adds, "is more movement of dollars *within* television. More clients have re-evaluated their daypart strategies. Some money has moved from primetime to other dayparts. Some has been shifted from national to local, concentrating dollars in those markets where the greatest sales potential lies. And money has been moving in larger amounts to syndication."

Adding to this latter movement, she adds, has been the fact that so many syndicated shows "like *Dance Fever*, *Entertainment Tonight*, *Solid Gold*, and more of the game shows are no longer limited to independent stations. We're seeing more and more network affiliates clearing time and making room for shows like these."

Shaffer does not necessarily agree with those who believe that the very near future will bring a flood of split 30s that will have viewers treading water in a rising sea of clutter. Says she: "My guess is that even five years down the road, 15 second messages won't add up to much more than possibly 20 per cent of the whole."

And she figures that they will be used primarily by two kinds of advertisers: the very large and the relatively small. She sees the smaller advertisers using "a mix of full minutes to explain all the product benefits, and then supplement these full 60-second versions with 15s for the repeat reminder messages that build frequency."

1

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DuMont alumni see old friends at reunion

Scores of people once associated with the erstwhile DuMont broadcast empire turned up at a reunion at The Museum of Broadcasting in New York on February 11. Here are some of those who showed up, all in the usual left to right order:

(1) Chris Witting, now a private investor, was managing director of the DuMont broadcast operation and later went on to run Westinghouse Broadcasting and the consumer products division of Westinghouse Electric; Ralph Baruch, chairman of Viacom International, was in the DuMont spot sales division; Otis Freeman, director of engineering for Tribune Broadcasting, worked as an engineer for DuMont in the pioneering days; Ted Bergmann, president of TTC Productions, which turned out *Three's Company* and now produces *Three's a Crowd*, followed Witting as managing director of DuMont.

(2) Producer-writer Sandy Becker was a fixture on DuMont's WABD(TV) and later WNEW-TV New York a la *The Sandy Becker Show;* Lee Polk, now executive producer of *Wonderworks*, was a program director at DuMont; Mel Goldberg, who has his own market research firm, was head of market research for DuMont.

(3) Movie producer Wilbur Stark (*The Cat People*, etc.) produced "at least" seven series for DuMont; Halsey Barrett, currently of Special Situations, Ltd., who was a DuMont salesman, claims to have sold the first daytime TV commercial in history; Ed Bleier, exec. v.p., Warner Bros. TV, wrote DuMont promotion copy during school vacations.

(4) Thomas T. Goldsmith, now retired, but still on the Metromedia board, was Allen DuMont's right hand man and director of research; Roylance Sharp, president, Vanda Communications, was in charge of station clearances and interconnection for DuMont.

Inside the FCC

Jack D. Smith

New general counsel of the Federal Communications Commission, who has replaced Bruce Fein.

New general counsel not expected to foster many policy-making initiatives

Whether one favors Jack D. Smith as general counsel of the Federal Communications Commission depends a lot upon the desire for a counsel who is involved in policy-making or one content to confine himself to providing nonpartisan legal advice to his colleagues and the commissioners.

Smith's background suggests he would want to be involved in policy-making matters. At the time he was named the new counsel last September by Chairman Mark Fowler, Smith was chief of the Common Carrier Bureau, one of the segments of the agency most involved in policy-making. And Smith was replacing Bruce Fein, who was so heavily involved in policy-making as general counsel that he got the commission into the questionable area of trying to decide whether it could amend or abolish the Fairness Doctrine on its own or was tightly bound, as most observers believed, by a specific congressional act.

In fact, however, observers should not expect any initiatives out of the general counsel's office under Smith's leadership and should expect a very low profile. Instead of moving from one policy-making job to another, Smith feels his policy-making days ended when he left Common Carrier. He experienced the interference from the general counsel's office in that position and does not wish to visit the same interference on today's bureau chiefs.

Focus on legal implications

He explains, "The bureaus are there to work out the policy ideas, we are there to make sure they are consistent with law and precedent and have everything they need to get through the courts. So I'm much more attuned to the legal implications of what we're doing now and I try not to get myself all that involved in policy decisions. That was my last job, policy."

Smith also is returning to his first love at the agency. He joined the FCC in the general counsel's office in 1974 after a stint in the Marines where he was a prosecutor. His interest in law school (George Washington University) was criminal law and evidence, and after following up on that aspect of law in the Marines, "I was attracted to the FCC by the idea of working for the litigation bureau here, getting appellate work, and thus becoming more rounded as a trial lawyer."

Eleven years later he is still at the FCC, back in the general counsel's office with no plans to leave. He displays the demeanor of a man quite content with his current station: "The commission is a really interesting place. At least, I've got a lot of variety. That's one of the good features about working here."

Smith has bounced about within the commission, learning its operation from several sides. After four years performing various tasks in the general counsel's office, he was detailed to the Common Carrier Bureau for 15 months, beginning in 1978. He then returned to the counsel's office, but two years later was again transferred to Common Carrier, serving as deputy for operations to Gary Epstein. Epstein left in mid-1983 and Smith was named his successor.

Smith was to serve during one of the thorniest periods of Common Carrier history, handling the FCC portion of the breakup of AT&T. Since Common Carrier has little to do with the broadcast industry, is Smith, like many of the general counsels who were from outside the commission, a stranger to broadcast issues? No, says Smith, and he ticks off some of the broadcast-related work he has done at the FCC. "You weren't able to do just common carrier cases," when he joined.

Played role in drafting PTAR

Smith, in fact, had a large part to play in writing the brief that led to the 1975 Prime Time Access Rule. He also cites the Cowles Broadcasting, Inc., case that he handled for the FCC. The case involved the license renewal for Cowles' WESH-TV in the Orlando-Daytona Beach market in 1977, which bounced around the courts for five years, placing great uncertainty on the FCC's comparative renewal process until it clarified its standards and won final court approval. The case sets the precedence for today's consideration of past broadcast experience at renewal time.

He cites other broadcast and cable cases he has handled for the FCC and then reluctantly adds that one he is not "especially proud of today is the brief I wrote in the Home Box Office case." Smith's brief set the groundwork for the FCC's decision to regulate pay-cable by establishing program content rules. HBO challenged the FCC, and in 1977 the court threw out the commission's action on grounds the agency failed to show there was a problem that required regulation in the first place. "The court pretty much took us apart in that case," Smith recalls.

Since taking over the general counsel's office last

October, Smith says, he's spending about 60 to 70 per cent of his time on mass media issues. He acknowledges, however, that much of that comes about because his office has the adjudication division responsible for reviewing licensing cases involving comparative issues.

DBS issue to get attention

Although he cites a background in broadcast issues sufficient to bring broadcast expertise to his new job, Smith also notes that when he took over the general counsel's job, one of his first acts was to clear his desk of "about a dozen" broadcast items he felt were policy-making matters and no longer belonged in the counsel's office.

"I had a meeting with Jim McKinney (Mass Media Bureau chief) and we agreed that he would take most of them back, like the character proceeding, the Fairness Doctrine, and a bunch of others," Smith recalls.

"It is consistent with my belief that the bureaus should be working on policy items. The general counsel should be providing legal support."

All that he wants his office to be involved in under his leadership, he says, are cases that "are obviously cross-bureau, they aren't peculiar to one."

That doesn't leave many broadcast items for Smith's office to worry with. One it will have to work on, he says, because it crosses bureau lines, is a recent court decision that says direct broadcast satellite services must adhere to certain FCC requirements. The requirements also would affect multipoint distribution systems, subscription television, and other services. "We're working on rulemaking now to figure out how to cope with the court's decision and how it would be applicable to different services," Smith says.

Women and lotteries

Another cross-bureau issue his office will work on this year is the question of whether to give women a preference in the lotteries the commission has come to rely on in order to speed its process of granting license applications. His office must decide whether women should be considered a minority under the lottery statute or whether that would dilute the minority preferences now given to blacks, Hispanics and others.

As to initiatives coming from his office, Smith concedes, "There shouldn't be too many. What that means is that we work more intensely with the bureaus instead of doing something by ourselves. We will do parts of an order or volunteer somebody to work on parts of an order.

"We are trying to work as a real support organization for the bureaus and a resource for them to use when they need it."

Most other items on his agenda will have to come through requests for help from the bureaus or the commissioners. Until then, Smith is content to stay out of policy. "Bureau chiefs don't feel they need any more people arguing with them about their policy recommendations." Since he was a bureau chief himself, he recognizes the sensitivity and won't encroach. "I just prefer that people know that there is one office that's reading the items very carefully for their legal sufficiency and that they know that the advice that's going to be coming from the general counsel's office is going to be impartial. And we're going to give a fair, legal analysis in giving all sides, so that the decision-makers can make the decisions themselves."

High marks on deregulation

Smith does make a policy statement, however, when the subject of deregulation comes up. He gives the current commission high marks for its work in that area. The dedication to deregulate reaches to the workers, he says, and, "they have a lot less patience with regulations that don't have real meaning, that are not translated into real meaningful benefits to the public."

Smith plans to have his office run a legal check on as many FCC issues as it can handle with a limited staff. 'We tried to identify all of the legal issues that we can," he says. "We are not able to check out every issue, so we do ones that we think are most significant." Smith's office also must be ready to handle a constant stream of queries from the offices of the five commissioners and from other departments within the FCC. That activity picks up just before the now semi-monthly FCC meetings when, Smith says, "It always gets really hot and heavy."

The number of queries he receives from the offices of commissioners is due in part to the fact they, "recognize our charter is the Communications Act, and they want to make sure that they're acting within the bounds of the act."

Smith expresses pride in his office, especially the litigations division, picking up on a phrase used by one of his predecessors in a speech: "The litigations division is the best communications law firm."

Smith continues, "I think that's still true," in even a city like Washington that is swamped with communications law firms.

Until Fowler changes his mind, or Fowler's successor decides he or she wants someone else as general counsel, Smith, who just turned 39, appears content to remain where he is for a long time. He admits to having no higher ambition, although he is well aware that the FCC, like other federal agencies in Washington, operates as a revolving door for young lawyers like himself who gain expertise and contacts in the government and can more than double their salaries in private law firms.

But Smith is supporting his wife, Mary, and two daughters, Amy Elizabeth, 5, and Amanda Marie, 2. It will be a long time before they reach college age and he needs the kind of money that will force him to leave the agency, if then, he feels.

Fundraising That Worked Out.

When WFYR-FM in Chicago teamed up with 1600 Jazzercise enthusiasts last October, their "Jazzercise for Leukemia" Marathon raised over $143,000 in the battle against one of the nation's most dreaded diseases.

Last year's marathon marked the second consecutive year that WFYR acted as sponsor for the fund-raising effort, which raised the largest amount of money of any event for the Leukemia Society of America, Illinois Chapter. The station promoted the marathon with 145 public service announcements, and radio host Bob Bateman joined the "Jazzercisers" for workouts at two locations on the event day. Funds to defray the printing costs of t-shirts were also donated by the station.

WFYR's support of the Jazzercise Marathon evidences a belief shared by all the stations in the RKO chain: when radio, with its enormous public reach, puts its influence behind a worthwhile cause, it has the capacity to make things happen.

We're what commitment sounds like.

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