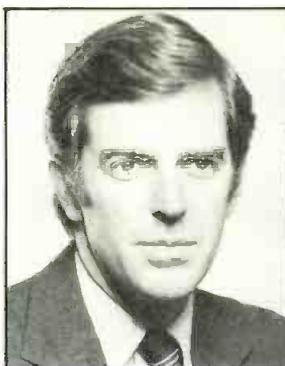




CBS's Thomas Wyman



Time's Dick Munro



HBO's Jim Heyworth



Coke's Roberto Golzueta



Columbia's Francis Vincent

lumbia President Francis T. Vincent Jr., announcing the new deal, said it "confirmed the validity" of the original act and "represents a major new commitment to filmed entertainment." HBO also gets limited exclusivity to a "substantial number" of Columbia films in return for increased license fees; licenses are both for HBO and Cinemax.

Insofar as the product produced and acquired by the new joint venture studio is concerned, HBO has "an arrangement comparable to the new Columbia-HBO arrangement," which was simultaneously announced.

The advantages to HBO presented in this new alliance are manifold—even aside from continuing the exclusivity provisions of its current arrangements with Columbia, which provide a significant marketing tool. HBO faces a future where its principal program suppliers are forging their own proprietary relationships with pay cable services, and where one of the producers' underlying motivations has been to push up the price HBO pays for their product. Increasing the supply of any commodity, even films, has to have a softening effect on prices. And this new relationship with Columbia and CBS is expected to lead to HBO's own entry into pay-per-view distribution. Such an eventuality has certainly been high on the priority list of Columbia's chairman—as Vincent told analysts two weeks ago (BROADCASTING, Nov. 29). At the time, it was widely assumed that his statement that Columbia would soon join with "other major entertainment companies" in a pay-per-view venture was indirect confirmation that Columbia was looking to buy into HBO's rival, Showtime, owned by Viacom. (Industry sources indicated that Columbia had shopped a venture of this sort around under the name "Nova Project" looking for partners.)

At the same time, this new arrangement casts doubts on just what the future holds for USA Network. That advertiser-supported cable network, owned equally by HBO parent Time Inc., and movie studios MCA (Universal) and Paramount had previously been touted as an eventual avenue for pay-per-view for those partners. With those two movie companies now also owning chunks of the third HBO rival, The Movie Channel, and HBO set up with Columbia and CBS, some changes in plans would surely seem indicated. However, HBO's official word last week was that "the USA Network pay-per-view venture... will proceed independently."

Presumably, this deal will have no effect on the other studio pact CBS has forged—the home video and production center arrange-

ments it has with 20th Century-Fox. That was the package into which CBS had at one time hoped to roll the ill-starred CBS Cable, and its losses, a burden from which Fox shrunk.

Columbia was seen by many as the principal beneficiary of last week's deal. While the announcement said the "new entity" (as yet unnamed) "will also control the distribution of all its feature films," Columbia will be providing "support services" on a fee basis—the presumption on Wall Street being that Columbia will in effect distribute the product. Thus, the studio is getting others to share the cost for what can be a lucrative business, the distribution of an independent producer's films.

CBS's accrued benefits are less directly applicable to its present businesses. Although CBS President Wyman, in explaining the move to employees, spoke of the importance of theatrical films to the mass entertainment market, including network television, contrary to early reports this arrangement does not give CBS a lock on films produced by the venture for broadcast use. The phrase "right of first refusal" is being used in some quarters, but CBS now says product from the company would "be available to all networks."

And one analyst suggests that from a business standpoint it would make more sense for CBS to let the films be sold to "another network at a higher price" than to make a transaction that would simply amount to internal transfer payments.

Still, Wyman has made it clear during his tenure with CBS that he sees participation in film production and profits as an essential element in CBS's future. His words to those inside the company were that this deal will put CBS "in a strong position to compete effectively in the increasingly interrelated entertainment marketplace."

As Dennis Leibowitz analyzes the situation "CBS sees the way the world is evolving, and they've been left out to this point." Here they see the chance to "be tied in now with the biggest pay network [HBO]."

Given the open ended nature of the broadcast licensing part of the deal, some were wondering last week just what HBO and Columbia needed from CBS to bring it into the package. The answer seems to boil down to cash. In the judicious phrasing of one analyst, "this doesn't necessarily deny the question, 'Do people use CBS to draw money from?'"

Just how CBS affiliates will react to this new alliance with what some station owners see as their greatest foe—pay cable, (not to mention the pay-per-view hopes of the partners), was

uncertain last week. Calls went out late Tuesday night to give them the word, but as of Thursday, CBS affiliate board chairman Guy Main of WCIA-TV Champaign, Ill., said stations still seemed to be taking a wait-and-see position. "Sure, affiliates are always concerned about any pay TV competition for audience or product," Main said, and he's sure they "will be looking carefully" at the deal over the next several weeks. □

CBS takes November

It wins sweeps with 18.7/30; ABC is second, NBC is third

Victory in the November Nielsen and Arbitron sweeps went decisively to CBS-TV, which finished the critical 28-day period with an average 18.7 rating and 30 share when results of both services are combined. It finished 7% ahead of second-ranked ABC (17.4/28) and 26% ahead of NBC (14.9/24). CBS, the only network to have scored ratings as high this November as those of a year ago, also predicted its affiliates will finish with the "best November book since the early 1970's."

Those results are based on the three networks' performances in metered homes during the sweep period. The figures could change after results from the more than 200 markets measured are available, sometime in the next few weeks.

CBS attributed its victory in part to less reliance on feature films, which have suffered lower ratings due to prior screenings on pay TV, and greater reliance on made-for-TV movies, of which CBS's *The Blue and the Gray* has been this season's highest ratings getter. In addition, CBS substantially increased its lead over ABC and NBC in ratings for the early evening news and, based on incomplete results, appears to have closed the gap considerably between itself and first-ranked ABC in daytime ratings.

Although CBS finished the sweeps with a combined rating as high as that it scored in the 1981 November sweeps (18.7), ABC's combined average of 17.4 was 9% below its average of last year (19.1). NBC's combined average also fell this year by 7%, from 16 in 1981 to 14.9.

Taken separately, final sweep averages from Nielsen for all programs were: CBS (18.9/30),