

trend is likely to be compounded by increasing automation and use of satellite-delivered programming, says consultant Jay Mitchell.

As for digital audio broadcasting, the National Association of Broadcasters hopes testing of in-band, on-channel DAB systems can begin by late 1993, perhaps allowing for market entry in time to head off satellite DAB in 1994-95. The Electronic Industries Association will start testing a variety of terrestrial and satellite DAB systems April 15 (see page 58). Cable programmers already deliver dozens of digital services to tens of thousands of subscribers nationally.

In marketing and sales, the industry will likely continue its trend toward more uniform training and techniques. But in some cases, predicts Stedding, stations will eventually concentrate solely on programming and attracting listeners, turning all sales and marketing functions over to multimedia rep firms that will bundle packages of air time and take them to advertisers.

BUSINESS

Hoping for the expected rebound

There are still doubts about how solid an economic recovery in 1993 will be, but most experts are relatively certain the U.S. economy will be on an upward path by 1995. The question is, will it translate into better times for broadcasting.

No one knows with great certainty where interest rates will be, but so far the betting line on Wall Street is that they will not be much higher than they are now, and possibly even lower. Lower rates on government securities would make it difficult for banks to earn money by investing, so they should be earning it instead by lending. While credit should be easy for cable operators, broadcasters may still find loans difficult to get, as more seasoned bankers still remember problem loans of only a few years earlier, some of which may still be on their books.

One reason broadcasters were able to substantially increase advertising prices in the last decade—inflation—may not be back. Although uncertainty about inflation is equal to uncertainty about interest rates, the

current signs suggest relatively low rates for the next few years.

TECHNOLOGY

Future tech: digital, step-by-step

Few doubt digital television transmission will become a reality in the U.S. by 1995. How much and in what forms remains debatable. But several experts believe high-definition TV will be part of the mix.

The digital video transmission age began last Friday, Jan. 1, when HBO and Showtime Networks began digital satellite feeds. By early 1994, DirecTV and Hubbard Broadcasting expect to launch all-digital, high-power direct broadcast satellite services to the home. And by 1995, cable operators, microwave TV and telephone companies will have deployed digital receivers in tens of thousands, if not millions, of homes.

But will broadcasters join the fray? "You'll definitely have some broadcasters up and running in 1995, probably more than anyone is predicting," says James McKinney, chairman of the Advanced Television Systems Committee. "Independents like Fox may lead the way, because they're always looking for ways to one-up the networks."

Because digital receivers will handle various data, "broadcasters will realize they are becoming common carriers for all manner of services, and they can make a buck at it," he says.

"You can't separate compression and HDTV," says one Washington policymaker. "The things driving one will drive the other."

Fox Inc. Senior Vice President Andrew Setos believes "the CD-ing of video broadcasting—delivering the same quality the producer heard and saw—is a material improvement, regardless of the number of lines."

Setos agrees the first HDTV transmitters "could be on the air in 1995, easy," assuming the FCC adopts rules by early 1994. "In my cloudy crystal ball, for, say, the 1994-95 season, you'll begin to see existing films transferred to the ATV standard; TV production will begin to migrate to the standard, and live sports will move as quickly as possible.

"I can guarantee you the Super Bowl will be done in full spatial and temporal resolution and local news will not." Whatever the timetable, he says: "I'm optimistic the industry will pick a technology that's good and that makes economic sense."

WASHINGTON

Government regulation

Communications-minded legislators and regulators circa 1995 will closely observe the emergence of the first advanced fiber-optic cable systems featuring up to 500 channels and expanding current cable service to include new digital applications: interactive TV, high-definition and seemingly limitless pay-per-view capacity and perhaps personal communications service. By that time the government and courts may be near decisions on how far to allow telco industry ownership of new super cable systems and video/information-services content in their local telephone service areas (see page 51).

Broadcasters will also have to adjust to the new digital world. Among several low-cost (probably under \$1) cable PPV services likely to be offered will be taped retransmission of broadcast network programs. Deciding who should be compensated for those programs—networks, affiliates, MSO's—"will raise a whole new series of problems for the broadcast industry," says John Abel, executive vice president, operations, National Association of Broadcasters.

The networks will finally be free of most, if not all, restrictions on their ownership and syndication of network programs. Despite Hollywood's best efforts to preserve the financial interest and syndication restrictions, the FCC and the courts continued to chip away at them. For the big studio and syndicators, it meant more competition; for the networks, another potential revenue stream.

Ever-present bills to ban beer and wine advertising on radio and TV, to limit or eliminate the deductibility of all advertising and to impose spectrum fees on broadcasters and other FCC licensees will be presented again in 1995 as medicine for social ills and the deficit.