

CBS set to open new Eye

Cable channel launches with 2 million subs, CBS News support



By Joe Schlosser

NEW YORK

CBS officials estimate it will take between five and eight years before the broadcaster breaks even on its new cable network, CBS Eye on People, which is set to launch today.

The network will start with 2 million subs, CBS says, adding an additional million each month and ending 1997 with 10 million. CBS Eye on People initially will be available in six markets, including certain regions of Los Angeles, Chicago, New Jersey and Long Island, N.Y.

Network officials would not specify how much they are spending on the cable network, but say it is in the hundreds of millions of dollars. "We are in this for the long run, and we understand how long it is going to take to make money off this," says Lloyd A. Werner, executive vice president for sales and marketing at CBS Cable. "If you are starting a cable network, it now takes five or six years just to stop losing money."

Billed as "real stories about real people," CBS Eye on People will launch with 14 original programs, including a live nightly talk show and a spin-off of the broadcast network's long-running hit *60 Minutes*. The network has begun a multimillion-dollar advertising campaign with cross-promotional ads appearing on the CBS television network.

"Virtually every major CBS News correspondent is involved with this," says Andrew Heyward, CBS News president. "We are putting our name on the line here. We're spending millions of dollars and we're even putting *60 Minutes*, our crown jewel, into the mix. That shows you how serious we are."

CBS News anchors Paula Zahn, Mark McEwen, Charles Kuralt, Dan Rather, Charles Osgood and others will host their own shows on the cable network. But CBS Eye on People will not be an outlet just for CBS News. Heyward says: "This is not a news channel. This is not a vehicle for crisis coverage. We are not going to be like MSNBC or Fox News Channel. We will never go live with news."

With the programming and finances apparently set, the question now facing the new channel is carriage. Two

weeks ago, the network announced it had a carriage deal with Time Warner Cable Systems. Neither CBS nor Time Warner would say how many of the operator's 12 million subs would eventually receive the network.

Werner says he is negotiating with DBS systems and expects carriage agreements in the coming months. Werner says CBS Eye on People will not pay cable operators upfront carriage fees, but it is using retransmission consent and other leverage tools to get operators' attention. "Retransmission is not a sword, it gets me to the table with operators," Werner says. "But we haven't yet said to anybody that if you don't do this, this will happen to you. I've tried to make [the negotiations] as friendly as possible."

Time Warner received retransmission consent, as have other systems that have signed on with CBS Eye on People, Werner says. The network also is offering temporary retransmission consent to

all operators until June 30. At that point, if operators have not cut off negotiations with the network and are "showing good faith," Werner says the consent deadline can be extended.

Getting carriage in Baltimore, Boston, Philadelphia, Pittsburgh and San Francisco may be more difficult for the network than in other major cities. Westinghouse, which purchased CBS three years ago, owns CBS affiliates in those five cities. But before Westinghouse owned CBS, it sold the retransmission rights through 1999 to NBC for its cable network MSNBC. "Will we get on in those cities? Sure we will, but it is just a matter of time," Werner says.

Werner says CBS Eye on People is likely to get carriage in New York in the fall on Time Warner, since the operator has said that it will add 12 channels in October. ■

Tribune uppa-uppa-uppa-uppa-ups WB stake

Invests \$21 million more in The WB; netlet serves up development plate to buyers

By Lynette Rice

Tribune Broadcasting Co. has invested another \$21 million in The WB, boosting its stake in the Time Warner netlet to nearly 22%.

Tribune, which first purchased a 12.5% interest in The WB in August 1995, has the option to increase its stake to 25% in 1998. Although 1996 losses totaled \$98 million for The WB—largely attributed to an expanded Kids' WB! lineup and its launch of a third night of programming—Tribune sees the fledgling network as a "great opportunity" to increase revenue and margins.

"We're very bullish on The WB," says Dennis J. FitzSimons, Tribune's executive vice president. "The network programming has increased our [stations'] shares in prime time dramatically in our biggest markets. The network

has built a strong Wednesday and Monday night lineup."

While The WB finished the February sweeps with a flat 2.7 Nielsen rating/4 share nationally, Tribune-owned affiliates in New York, Los Angeles and Chicago enjoyed 8 and 9 shares for the month. Tribune is the second-largest TV group in the nation, having just purchased Renaissance Communications Corp. for \$1.1 billion.

"In organizing our efforts to launch the fifth network, we partnered with the strongest studio in television software and the strongest unaffiliated broadcast group for distribution," said Jamie Kellner, The WB's CEO. "The latest investment by Tribune is added proof that our plan is right on track."

The announcement from Tribune couldn't have come at a better time for the netlet, which has just successfully launched its series *Buffy the Vampire*