

McGAVREN GUILD: 35 YEARS

# Television/RadioAge

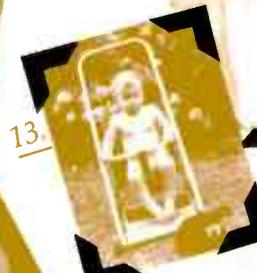
April, 1985

35 Years  
of growth  
and still  
growing!

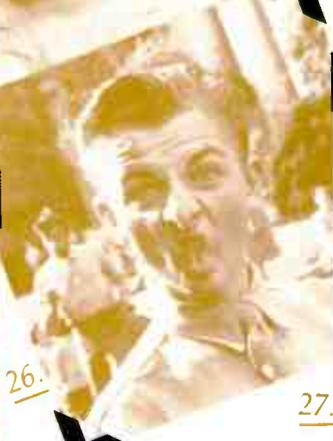


McGAVREN GUILD RADIO

# 35 Years Ago



17.





McGAVREN GUILD RADIO

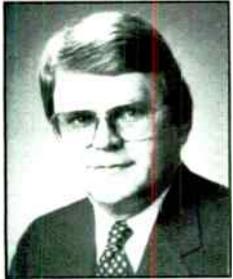
*And Today...*



Martha Harrington



John Bitting



Tom Dolliff



Ellen Heller



Les Goldberg



Dick Sharpe



Bob Lion



Tony Durpetti



Eddie Leeds



Georgia Hess



Vince Bellino



Marc Guild



Dennis Dalton



Ralph Guild



Gary Ahrens



Anne Pedersen



George Pine



Jeff Dashev



Peter Doyle



Valerie Tuttle



John Rykala



Tom Poulos



Ellen Hulleberg



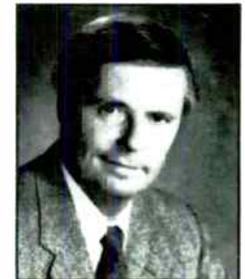
Anthony Maisano



Liz Alexander



George Perkins



Denton Holmes

It all started with the acquisition of Linc Dellar's Western Radio Sales

## From McGavren to Interep: A long and winding road

**T**oday's Interep is a four-company operation with 300 employees working for approximately 1,000 radio stations in 300 markets. But the acorn that grew to become McGavren Guild Radio, which in turn formed Interep, has had its downs, along with its ups along the way, much like radio itself since the advent of television.

The genesis of McGavren Guild goes back to 1946, when national spot radio was only an \$82.9 million industry, and when Linc Dellar opened Western Radio Sales and earned national commissions of \$5,000. (Last year, Interep says its commissions surpassed \$25 million, working what is estimated as a \$1.1 billion spot radio industry.)

Dellar, who had previously worked for CBS Spot Sales in the 1930s, owned three California radio stations in 1946, and formed Western Radio Sales, because, "I felt my national rep, headquartered in New York, wasn't giving them the attention they needed."

Western started as a one man office in San Francisco, headed by Jack Hall. Dellar knew that the new rep couldn't survive with a list of only his own three stations in Chico, Sacramento and Stockton, so he went to fellow station owners in other California markets and added station clients. Then, when Hall died in 1950, Dellar tapped Daren F. McGavren, then sales manager of one of Dellar's stations, to take over Western.

And since Dellar had never really wanted to be in the rep business, he offered McGavren the chance to buy the firm for 20 per cent of each year's commissions for five years. Besides buying the business, McGavren opened a Los Angeles office, recruited Dellar's Chico station manager, Don Quinn, and renamed the company McGavren-Quinn.

That was in 1954. Meanwhile, McGavren kept reinvesting profits back into the company. In a representation

*Linc Dellar formed Western Radio Sales because he felt his national rep wasn't giving his three stations enough attention.*

**Dellar in 1950**





**McGavren in 1950**

*Daren McGavren was given the chance to buy Western Radio Sales for 20 per cent of each year's commissions for five years.*

suit, McGavren won another \$75,000 as a legal settlement. That gave him the money to "go national" and open his own office in New York. The man McGavren picked to head New York was Ralph Guild, manager of Dellar's Sacramento station.

#### **The TV threat**

In 1958, merger with another rep firm, Burke Stuart, gave McGavren a Chicago and Detroit office, and in 1960 Quinn pulled out to throw in his lot with the new, fast-growing giant, television. The company's name was changed again, this time to become The Daren F. McGavren Co.

Quinn was far from alone in being drawn to television, of course. At the time many predicted that TV would kill radio off, and more and more radio reps expanded into the glamorous new growth industry, siphoning off much of their best sales and management talent in the process.

Guild looks back on the period as one in which radio's demise could easily have become a self-fulfilling prophecy. "at least in part because so much of its best sales talent switched to TV. If we had had the capital at the time, we probably would have added a TV division ourselves. But luckily we didn't, because our competitors' drain was creating a tremendous sales vacuum in radio that we were able to fill, and The Daren F. McGavren Co. increased its radio billings each year."

However, the company was growing so fast that its 30 employees in what were, in the early '60s, seven offices across the country, were running up costs and becoming difficult to manage. In the summer of 1964 Guild attended the National Association of Broadcasters' Seminar on Station Management at

the Harvard Business School, and came out of it determined to work for a more professionally-managed operation: "Managers had to be more analytical than we were," he recalls. "This was in sharp contrast to the rep business we knew, where business relationships were traditionally based mostly on friendships and entertainment."

Guild hired the chairman of the seminars, Harvard professor Sterling Livingston, as a consultant to study the rep business. The conclusions of this study were that the rep business should be run "like a professional business: not as an art form"; that a major thrust of advertising agencies for the next 10 to 15 years would be to regionalize their operations, and that the kind of people running radio stations would change. The new station managers would be communications and marketing experts who would demand the same levels of expertise and professionalism from their reps.

*Ralph Guild was picked by Daren McGavren to head Western's New York office.*

Following this map, the company, now McGavren Guild, reorganized during 1967 and '68 to correspond with the regionalization of buying by the major agencies. Instead of remaining as "mere satellites, reporting and feeding profits back to New York headquarters," the company's offices were now given relative autonomy and authorized to make their own decisions on most matters. Divisional managers were now, in effect, "in business for themselves," were also responsible for adding new station clients, and a larger share of profits were returned to the regions, giving their managers greater incentive to perform.

#### **Station investment**

Meanwhile, Guild had made a personal investment in some radio stations, though McGavren disagreed with the idea of borrowing the sums of money required to build a separate owned-and-operated stations division. And while the stations eventually had to be sold to pay off the loans, the resulting group station owner which Guild now controlled, Atlantic States Industries (ASI), at first looked like enough of a winner to attract the interest of Peters, Griffin, Woodward.

PGW was another of the original radio rep companies magnetized by the potential of television. When it decided to concentrate exclusively on TV representation, McGavren was able to negotiate acquisition of PGW's then extensive radio client list for ASI stock. That gave McGavren Guild—now McGavren Guild-PGW Radio, Inc.—both new clients and a healthy injection of cash flow from increased billings.

But that same year, 1965, disagreement between McGavren and Guild over going into radio station ownership came to a head. A closed door confron-



**Guild in 1950**

tation between the two resulted in Guild agreeing to a merger which left ASI Communications as owner of both the rep firm and its seven radio stations. Guild became president of ASI and McGavren got a five-year contract as president of the rep company.

### McGavren moves west

But even with addition of PGW's radio station list, the whole operation was still underfinanced in relation to the rate at which it was growing, and McGavren became dissatisfied with his new role. He and Guild continued to disagree on a growing number of matters, and in August, 1968, McGavren moved west with a plan to manage the company from California.

Although ad agencies had already started to decentralize, New York remained the center of the radio rep business, and after his five-year contract ended in 1973, McGavren left the presidency of the firm, but remained as a consultant, working on special assignments until 1981.

Today, McGavren lives in Newport Beach, Calif., and is president of Gilmac Sports Marketing, sales agents for play-by-play radio time for a number of NFL and USFL football teams and for some major league baseball teams. And he owns KAFY Bakersfield.

By the early '70s, things were looking up for radio, but that made things tougher for McGavren Guild. Radio was not going to wither away in television's shadow after all, and rival reps started after the company's clients "with renewed vengeance," says Guild. The competition was on the prowl and group broadcasters started opening their own rep companies. Employee morale turned down at McGavren Guild, and that led to high personnel turnover.

Following the company reorganiza-

tion based on the study of the industry by Guild's Harvard Business School consultants, the perception among the competition and many client stations was that each McGavren Guild regional office was in business solely for itself, with little control and less direction coming from top management in New York. With questions about "Where's the leadership?" rampant, some existing clients left and prospective clients avoided the company.

But Guild maintains that not only was there direction from headquarters, but that the company was also building a new young management team that thrived on the autonomy and responsibility delegated to them. Regionalization was designed to anticipate similar moves by the ad agencies and allow McGavren Guild to provide those agencies that did go regional more efficient service. The efficiency would stem, says Guild, from "elimination of the decision-making bottleneck that existed at the president's level in other companies."

### New team

By the end of 1975 all but one of the divisional managers and many of the regional managers had been replaced from within. Says Guild: "Our new management team wanted autonomy and they wanted to be measured by their own performance. When I look back on that period, I now realize that our organization had simply outgrown its earlier management style. Our new team understood the benefits of decentralization and wanted the responsibility."

So in 1975, to strengthen the company's regionally shared management, Guild formed an executive committee. This consisted of the firm's four divisional managers, a marketing communications officer, a financial officer and the president.

The original executive committee included Ralph Guild as chairman, Vince Bellino, Tony Durpetti, Les Goldberg, Ellen Hulleberg, Tony Maisano and Monte Lang, who was replaced by Dick Sharpe in 1979. The committee was responsible for advising the president on various aspects of the business, but its most important role, says Guild, was charting the company's future through one-year, three-year and five-year marketing plans.

By giving management responsibility to four divisional managers who are close to emerging local trends and who are experts on their sections of the country, Guild says that top management was provided "with far more cogent information with which to make decisions to satisfy our clients' needs. And it gave management the depth to maintain operations, should the chief executive officer be unable to do so."

When the executive committee was first formed, the company was in "disarray," and the rumors about its possible collapse were not too farfetched. So the first order of business for the committee was to stabilize each division, locking in the employees and settling them down. Divisional managers then met with each client to explain the changes at the company and to win support for the new team.

Guild says that until formation of the executive committee, McGavren Guild was seen "as the rep firm that had a lot of individual stars. The effect of the new executive committee was to transfer personal allegiances and confidence from individuals to McGavren Guild, the company. Yes, we had a lot of good people who were gone, but we hired good people to replace them. The committee communicated this idea to our clients and customers, so that McGavren Guild began to build a corporate identity for the first time."

**McGavren Guild team in 1957:** From l.: Ed Argow, Chicago manager; Ralph Connor, New York manager; Walter Lake, up, Los Angeles manager; Roland Horn, Detroit, manager; Daren McGavren; Ralph Guild; and Inez Aimee, up, promotions.





# *HELL'S BELLS*

## RALPH

35 years isn't such a long time.

We have been in business for 45 years and still going strong. . . But what we are proudest of, is that we were the very first client of McGAVREN GUILD 35 years ago.



We have grown with McGAVREN GUILD and have enjoyed a productive, pleasant relationship over the 35 years. . . and we look forward to many more years of progressive association.



in Akron WAKR • WONE-FM

in Dayton WONE-AM • WTUE

in Dallas KMEZ-AM/FM

in Denver KLZ • KAZY



**Guild and McGavren in the '60s**

**By 1965,**  
*disagreement  
 between Guild and  
 McGavren over  
 radio station  
 ownership had come  
 to a head.*

To confirm this, the committee commissioned a marketing study among clients, potential clients and ad agencies to learn how the firm was perceived within the industry.

Results of a similar, earlier survey had proved to be a slap in the face. It had revealed the company's weaknesses, perceived as well as real.

#### **Higher visibility**

Before formation of the executive committee, Guild had been an advocate of low profile management. But the committee came along and decided to raise the company's visibility through advertising and publicity. Guild's sole caveat was that all publicity should only reflect actual company performance; not be "a public relations snow job."

**"The executive committee,"** says *Ralph Guild, "is clearly a second generation of managers that has a third generation behind it. It is this depth that makes this company's future secure."*

Thus, in 1975, the company's own survey placed McGavren Guild in only seventh position among national reps. Only four years later, with four years of executive committee direction behind it, the company had been rejuvenated to the point that the second survey ranked McGavren Guild fourth, but it was

nearly tied for third.

With ASI's financial problems finally coming to an end, it sold McGavren Guild to its own employees through an Employee Stock Ownership Plan. After weathering the risks of the '60s and the shakedown and ultimate consolidation of the '70s, the company was finally strong financially, with young owner-managers ready for growth in the '80s. The young management team had matured, and many of the clients who had defected in the early '70s either returned to the fold (an unusual occurrence in the radio rep business) or were replaced by other valuable station clients.

In 1983 McGavren Guild formed an advisory board made up of representatives of the company's middle management.

This group meets four times a year, without top management present, to discuss its concerns and pass on the consensus to the executive committee. Chairman of this advisory board, Peter Doyle, is also a full member of the executive committee.

Guild notes that the members of the executive committee are only five years or so older than the company, and that many members of the advisory board are younger than the company itself. This, he says "means that the executive committee is clearly a second generation of managers that has a third generation behind it. It is this depth of management that makes this company's future secure." And last year, the employee ownership, or ESOP plan, was expanded to include all Interep personnel, giving every employee an interest in the company's success.

#### **Creation of Interep**

Meanwhile, with the tremendous increase in numbers of FM stations coming on the market in the '70s, the executive committee saw that there weren't enough radio reps to go around and that this could be turned into a major opportunity by offering to represent more than one station in each market. This practice had already begun at some

other firms and caused a storm among their competitors.

But the concept was accepted and that led to a second innovation, the development of Interep as a holding company, owning separately managed and competing rep firms. Guild looked on this as "the next logical step," adding that, "If we had not started it, somebody else would have. The door was wide open."

So between 1981 and the end of '83, Interep acquired Buckley Radio Sales, Bernard Howard & Co., Major Market Radio and PRO Time Sales. And through a series of mergers, three new rep companies were formed in addition to the flagship, McGavren Guild: Hillier, Newmark, Wechsler & Howard; Major Market Radio; and Weiss & Powell.

Result, says Guild, is that where McGavren Guild handled only 12 per cent of all spot radio billings in 1980, by 1984, Interep sold 25 per cent of industry billings, or some \$200 million.

#### **Keys to success**

Today, he says, Interep, with 300 employees and 47 offices in 16 major ad centers is the Number 1 radio rep in both billings and number of stations represented.

The company's success, stresses Guild, is "based on three key factors: knowledge of the marketplace and the changes in it; the entrepreneurial and innovative spirit to take advantage of all the opportunities that this constantly changing marketplace presents; and the management skills and calibre of personnel necessary to follow through and deliver quality service."

And the man who started it all? Today Dellar is "semi-retired" and living in Santa Barbara, Calif. Only, what he calls "semi-retired" includes running his own media brokerage and consulting firm, Lincoln Dellar & Co.

And he's still senior partner, owning most of KPRI and KDDB(FM) Paso Robles, Calif., though he recently sold KMEN and KGGI(FM) San Bernardino-Riverside. □



**BEFORE**

*This is me before I started listening to K FAC. Overweight, poor, unhappy and alone.*



**AFTER**

*This is I after 16 short years as a K FAC listener. Rich, trim and sexy.*

# How classical music changed my life.

The other day at Ma Maison, as I was waiting for the attendant to retrieve my chocolate brown 450 SLC, the Saudi prince I'd been noshing with said, "Say, Bill, how did an unassuming guy like yourself come to be so rich, so trim, so... sexy?"

My eyes grew misty. It always this way. Always this way.

My mind raced. I had time, because the attendant tip, the real way to get into Dindbough's office. I may as well I bought me a 50.

Once I was a lot like you.

Working at a nowheres job, in the singles bars, watching the comedies in my free time. My scales at a hefty 232, but my bank balance couldn't have tipped the boss boy at the Mad Night Mission.

Finally, I hit bottom... picked up by the state police for barreling my old hearse the wrong way over some parking lot spike.

My last friend in this lonely world, Hardy Gustafson, set me straight while he was driving me back to the office.

"But get hold of yourself. Start listening to K FAC."

Gosh, when they play classical music, I'm sure I could get that good a score."

I'd been in a couple of summers at Tangier Wood and Aspen, and one semester in Casals' Master Class...

I knew absolutely nothing about classical music.

"Bill, who would be wrong if you got better?"

Looking into his steely blue eyes, I

realized Hardy was right. I had to give K FAC a shot. It felt like a painful.

Listening to all those string groups was confusing—I was used to having the drums on the right and the bass on the left and the singer in the middle. Those symphonies and chamber music made me feel like a pinhead.

But I had to do it. I had to see the effect of classical music listening in just a short while.

In no time, I was using napkins with every meal. I switched from burrito to an unpretentious

achet. I became able to hear things even in my car window rolled up.

Soon, I was buying every book that K FAC had. I had a book, like *Quina's Theologica*.

I realized that some of the wealthiest, most famous people in the world listened to classical music—Napoleon, Bismarck, George Washington, Beethoven, and many others who are still here today.

Then I met her. The first girl who knew the music more to *Also Sprach Zarathustra* than the theme from *2001*. I was in love.

Today, I'm on top of the world with a wonderful wife, close friends in high places and a promising career in foreign currency manipulation.

Can classical music do for you what it did for me?

A few years back, scientific studies showed that when dairy cows are played classical music the quantity and quality of their milk dramatically

improves. Now if it can do that for old moo cows, what can it do for you!

You might use it to control your personal habits and make new trends and possibilities are endless!

Can you afford K FAC?

To answer that question, we've done marketing surveys. K FAC's audience is the most exclusive assemblage of nice people in Southern California, yes, you can afford K FAC!

Thanks to their Special Introductory Offer, you can listen FREE OF CHARGE for as many hours as you like without obligation!

Begin the K FAC habit today. Remember, the longest journey begins by getting dressed. Don't let this opportunity slip through your fingers. Tune to K FAC right NOW, while you're thinking about it.

And get ready for a spectacular improvement in your life.

Warn your family and friends that you may start dressing for dinner.

You may lose your taste for beer nuts.

And the next time you're on the freeway thinking about playing with your nose, you'll find yourself asking:

"Really. Would a K FAC listener do this?"



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**GANNETT**  
RADIO DIVISION

*Congratulates*

**McGAVREN GUILD**

**35**

**SUCCESSFUL  
YEARS**



Ralph Guild, President  
McGavren Guild Radio

# WGCI<sup>AM</sup>/<sub>FM</sub> CHICAGO

"Congratulations to Ralph Guild on achieving 35 years of fantastic radio station representation. Keep up the good work!" **Marv Dyson, President/General Manager, WGCI-AM/FM, Chicago**



# CLEVELAND WWWE/WDOK<sup>FM</sup>

"During the time that I have worked with McGavren Guild, I have become more and more impressed with the quality of people and the direction in which the company is heading." **John Gutbrod, Vice-President/General Manager, WWWE/WDOK-FM, Cleveland**



# KIIS<sup>AM</sup>/<sub>FM</sub> LOS ANGELES

"You are the best." **Wally Clark, President/General Manager, KIIS-AM/FM, Los Angeles**



# ST. LOUIS KUSA/KSD<sup>FM</sup>

"McGavren Guild is terrific! They've shown us that they can be responsive to our needs as well as the needs of the advertising agencies. We toast Ralph Guild and all the McGavren Guild personnel in this, their 35th year." **Merrell Hansen, President/General Manager, KUSA/KS-94, St. Louis**



# WDAE/WIQI<sup>FM</sup> TAMPA

"McGavren Guild is the difference. We had a 97.6% increase in national business, First Quarter '85 versus First Quarter '84... Thanks, Ralph!" **Jay Cook, President/General Manager, WDAE/WIQI-FM, Tampa**



"We are proud to be so closely associated with Ralph Guild and the rest of the McGavren Guild team. Ralph is truly one of the most innovative individuals in our industry. Our congratulations on McGavren Guild's 35th year." **Joe Dorton, President, Gannett Radio Division, St. Louis**

A handwritten signature in cursive that reads "Joe Dorton".



Transformation was result of longterm pressures and Ralph Guild's aggressive strategy

## Creation of Interep set a precedent for entire industry

**T**he transformation of the radio representation firm of McGavren Guild Radio into the congeneric, Interep, with four autonomous rep companies, while it took place within the space of two years, was the result of long-term pressures building up in the industry. But it was also an aggressive strategy on the part of president Ralph Guild to remove a rigid cap to growth—much as Marion Harper, in an effort to get around the client conflict barrier, set in motion what became The Interpublic Group of Cos. in the ad agency field.

The result is that Interep is the biggest radio rep firm in the business with about 1,000 represented stations and billings of about \$200 million in 1984. That's approximately 25 per cent of commissionable spot radio billings.

The resonance between the names Interep and Interpublic is no accident. Guild had Harper's philosophy very much in mind and is even talking nowadays of multi-media representation. In the meantime, Interep's expansion has been followed by radio rep acquisitions on the part of Katz, Blair

and Selcom. And the end result is that the face of radio repdom is being changed substantially.

A further indication of which way the wind is blowing is the current proceeding before the Federal Communications Commission to remove or modify regulations which forbid combination sales of non-commonly-owned stations in the same market, a consummation devoutly wished by Guild. This could open the way to joint selling practices limited essentially by anti-trust laws. However, it is worth noting that Interep companies already represent, for example, no less than 16 stations in the Los Angeles market alone. Just a few years ago, this would have been inconceivable.

### Corporate umbrella

Interep is a spreading corporate umbrella covering the following: McGavren-Guild Radio; Hillier, Newmark, Wechsler & Howard; Major Market Radio and Weiss & Powell. Also attached to the parent are corporate services consisting of the following divisions: finance, marketing communica-

tions, radio marketing, Internet and research. Internet, the unwired network operation, is of particular interest because of its pioneering demographic overlays—pioneering, that is, in the unwired web field—but some significant developments in “national account selling” are also taking place under the aegis of the radio marketing division.

Guild is a student of management theory and an omnivorous reader of books on the subject. He is a strong believer in forward planning and insists on management meetings twice a year with an outside planning advisor. “This forces people to go through the strategic planning process and to review changes in the environment,” explains the Interep president.

Guild's first regular consultant was Frank Masten of F.R. Masten Associates, Steamboat Springs, Colo., and it was a McGavren Guild management meeting with Masten in 1980 that planted the seed for the multi-company structure and philosophy represented by Interep.

The idea of a multi-rep firm under one corporate parent, while seriously discussed at that time, was actually shelved for a variety of reasons. But the FCC's repeal in 1981 of the “Golden West Rule,” which banned a station owner from representing an outlet owned by another company in his market, seemed to open the door to new possibilities. Guild did not tarry.

Hillier, Newmark & Wechsler (later Hillier, Newmark, Wechsler & Howard with the acquisition of Bernard Howard & Co.) was started in 1981. Shortly thereafter, Guild purchased Major Market Radio and about two years ago, Weiss & Powell was spun off from the remaining Bernard Howard & Co. stations that were not folded into the other Interep family of companies.

### Consolidation philosophy

Guild's analysis and rationale for the consolidations represented by Interep, Katz, Blair and Selcom were spelled out in a speech he delivered last year at the first Radio Convention and Programming Conference, jointly sponsored by the National Association of Broadcasters and National Radio Broadcasters Association, and repeated at the Radio Advertising Bureau's Managing Sales Conference early this year.

The consolidations of the '80s had their roots in the '60s when a number of the major group owners set up house reps and tried to expand by representing other stations, too, said Guild: “It seemed to be a way of having their own national sales force paid for, in part, with commissions from outside client stations.” But spot radio didn't do that

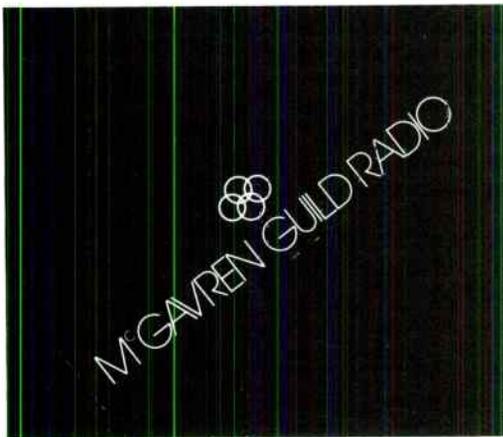
### Guild



*Ralph Guild is a student of management theory and an omnivorous reader of books on the subject.*

KFQD/KWHL Presents Radio Trivia

# What was happening in radio 35 years ago?



*Radio Daily* announced its awards for 1950: Jack Benny was Man of the Year. Eve Arden won Woman of the Year. Best Drama Show went to the Lux Radio Theater. Benny's show was named Best Comedy.

McGavren Guild Radio began then, too. Believing in radio and its future

growth.

In 1985, radio is stronger than ever. So is McGavren Guild. They have grown together.

So a hearty, happy birthday to McGavren Guild Radio, from KFQD/KWHL, Anchorage—the stations that deliver more Alaskans\* than any other single station or combo.

\*1984 Fall Arbitron Mon-Sun 6am-mid AQH and Cume

## KFQD/KWHL

Anchorage, Alaska

Represented nationally by McGavren Guild Radio



**This year's executive and planning committees,** McGavren Guild Radio, l. to r., Anthony Maisano, exec. v.p., southern div.; Erica Farber, v.p., Interep Marketing Systems; Peter Doyle, v.p., regional manager; Ralph Guild, president (also of Interep); Ellen Hulleberg, exec. v.p., marketing & communications, Interep; Dick Sharpe, exec. v.p., eastern div.; Les Goldberg, exec. v.p., western div.; Tony Durpetti, exec. v.p., central div.

## KAYE SMITH Radio

KXL AM/FM—Portland, OR

KISW FM—Seattle, WA

KJRB-KEZE—FM—Spokane, WA

Pacific Northwest

**#1** Radio Group

Represented by



**McGAVREN GUILD RADIO**

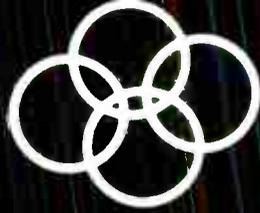
well in the '70s and the large group owners closed their rep companies, Guild related, thus putting "their highly-rated stations back into the remaining independent pool." As Guild explained it, this, in turn, "forced reps to drop good, but not top-rated, stations. The result, he said, was that there were "high-rated" stations in the top 10 markets "that could not find acceptable representation."

It was at this point—in 1980—that the executive committee of what later became Interep made the decision to expand. To Guild it was also an opportunity to establish a sales development arm. As he expressed it in his RCPC/ MSC speeches: "We decided it was time for the development of a stronger, healthier, national spot radio marketplace. . . . We saw the need for a proactive national radio sales organization that would aggressively sell radio as a primary medium as well as continue to service the media departments of advertising agencies. . . . Therefore, we decided to embark on a plan to start and/or acquire rep companies to build our market share until it was large enough to support a full-scale marketing program for radio." Guild also drapes that mantle across Internet—i.e., serving as a source of funds for longterm business development, as well as providing scholarship money for communication students.

### **Shakeout delayed**

The shakeout among radio rep companies should have happened in the '70s, Guild said in his speech, but it was "held back" by major firms which represented TV as well as radio stations. "The top management's fear of repercussions from powerful TV clients kept the radio divisions in a traditional radio rep mode." Some effort was made by others in the 70s toward "multi-station radio representation" but these companies "were understandably intimidated by their large radio and TV clients from going all the way."

But by plunging into the sea of ac-



# M<sup>c</sup>GAVREN GUILD RADIO

On The Right Wave Length  
For 35 Years.  
Congratulations.



quisition and setting up new entities. Interep has more than doubled its share of spot radio business since the beginning of the decade. And, while making a nice profit, said Interep's chief, the company has more than tripled its sales development and support team during the same period.

Will consolidations continue? Is there much left to consolidate? There are, by most accounts, and putting aside the CBS rep operation, only two major, single-entity, independent radio representation firms left—Eastman and Masla. Smaller firms may come to the fore and expand, of course. Guild sees consolidation continuing in some form and, in any case, is convinced that the radio rep business will not look the same in 1990 as it does today.

For one thing, Interep, says Guild, has begun recommending radio in combination with other media and "we believe multimedia representation by a single company is around the corner."

He is sure "dual representation" is here to stay because it makes radio "easier and more profitable for the customer to buy." But he feels it won't become a standard for the industry "until this generation of station and rep management passes."

Guild's exposure to business theory and, presumably, his own inclinations, have brought him to a strong belief in what has become the classic marketing concept—that the seller must be customer-driven, not product-driven. He reverses the conventional lexicon, viz., "The (true) customer of the rep is agency/advertiser. The station is the client."

This point of view is carried out by the use of Simmons, Scarborough, Arbitron AID, ZIP code clusters and other research about audience demographics and marketing behavior, but it is particularly expressed via Interep's unwired network, Internet, with affiliates comprised of stations from all four companies. The means to do this are "target networks,"

*Interep, says Ralph Guild, has begun recommending radio in combination with other media and "we believe multimedia representation by a single company is around the corner." He is sure "dual representation" is here to stay because it makes radio "easier and more profitable for the customer to buy."*

which offer the advertiser station line-ups that match, or come close to matching, his marketing needs. Specifics include format networks, such as black stations and those carrying the Music of Your Life sound. But there are also product- and demo-oriented webs.

The idea, of course, is not new: ABC launched demographic radio networks back in the '70s and now has a half dozen. But Internet is the only fully-developed pool of demographic networks in the rep industry. Interep is able to lay this on the agencies because of its large station lists.

Guild is not only president of the parent Interep, but also has the chief executive's job at the company that started it all—McGavren Guild. Joining him at the top echelon of both entities—the Excom (Executive Committee)—is Ellen Hulleberg.

Hulleberg, who is executive vice president, marketing communications, is the only executive beside Guild who serves on both Excoms. Her responsibilities are broad, having to do essentially with communicating to clients, employees and the industry the thrust of McGavren Guild and the overall company. This covers advertising, pro-

motion and publicity, but involves her in the company studies that are so close to Guild's heart and in the decision-making. She also has responsibility for the research division.

**Annual studies**

The company does about three major studies a year and every other year this calls for studying the company itself. This year the Ted Bolton research firm conducted the study via a sample of 500 stations and agency people. She is also supervising, with consultant Stephen X. Doyle, a basic study of how media and buying decisions are made by advertisers and agencies. In addition, Interep does studies helpful to stations and to the industry, such as those on program trends and AM stereo.

Hulleberg's involvement with industry matters is indicated by her membership on the Arbitron Radio Advisory Council and the boards of the Electronic Media Research Council and Country Radio Broadcasters.

McGavren Guild, Hulleberg's "other" basic responsibility, is the largest of Interep's four operating units. A recent count of its list came to nearly 400. In the top 10 markets, it has four stations in New York and Los Angeles, three in Chicago, Detroit and Boston, two in San Francisco, Philadelphia and Dallas-Ft. Worth and one in Houston and Washington. It's the very model, says Guild, of a big, full-service rep house. But while the other three rep firms perform basically the same function as McGavren Guild, there are differences.

McGavren Guild, for instance, is the only one of the four which sports split lists, with separate salespeople for each. These are set up in New York, Chicago and Los Angeles, among its 15 offices, on a geographic basis. Despite MG's large station list, Guild is not sure the split list sales structure is really effective in radio and he is re-evaluating it.

Some of the differences among the



**John Kreiger — client for 20 of 35.  
KSEL-AM/FM, Lubbock, Texas**

# *How do you say thank you to a special friend?*

Dear Ralph,

How do you thank someone for a fabulous working relationship that has lasted twenty years and is still growing strong?

How do you thank someone for the incredible part they played in your success?

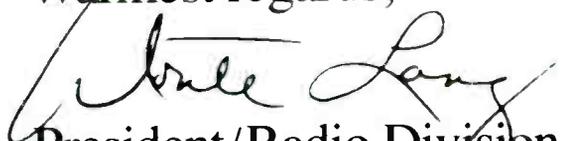
How do you thank someone who has been your teacher, your very close friend, such a meaningful part of your life that you are 'family'?

How do you thank someone?

Maybe by saying loud and clear, **HAPPY 35TH ANNIVERSARY TO MCGAVREN GUILD RADIO.**

Joe Amaturio and the entire Amaturio Group, Inc., join me in wishing you continued success and all the happiness you richly deserve.

Warmest regards,

  
President/Radio Division  
Amaturio Group, Inc.



**Ellen Hulleberg** is the only executive beside Guild who serves on both Excoms. Her responsibilities are broad, having to do essentially with communicating the thrust of McGavren Guild and the overall company.

Interep companies have to do with services, size of market, size of station billing, etc. There are no "specialty reps" in Interep. Although there are successful specialty reps in the business, such as those in the ethnic and classical music areas, Guild is not so sure the specialty rep offers viable alternatives for his company. He took note, however, of specialty reps of the past: Christal, when it represented a small number of powerhouse stations and Adam Young, which at one time represented mainly top 40 stations.

One of the most important questions in a multi-company rep operation is that of competition among the parts. Do the companies, or should they, compete for business in the same market? Do they or should they compete for station representation?

By and large, all hands agree that all four companies compete for their stations' share of business in a market just as if they were not commonly owned. It must be assumed that they do this in a civil manner, but Interep executives insist the sales effort vis-a-vis sister companies is aggressive, nevertheless.

As for competing for stations to represent, that's another ballgame. Company policy sometimes enters into the

picture. In any case, there is "coordination" and there is a "coordinator," Dick Sharpe. "Stealing" a station from a sister rep firm is a no-no, but Guild insists there have been occasional cases when a station moved from one of the four to another.

Coordinator Dick Sharpe is executive vice president and eastern divisional manager of McGavren Guild. This covers three top markets, New York, Philadelphia and Boston and gives him prime responsibility for sales, solicitation and "client maintenance" in the Northeast Corridor. (The four divisional managers are, in effect, the solicitation team for McGavren Guild.) Until recently, he was also responsible for Internet, but that got to be too much and the responsibility was given to Erica Farber, vice president for radio marketing at the corporate level, who was (and is) often involved in selling the unwired webs.

#### **Tracking solicitations**

Sharpe's coordination includes keeping track of what each of the four operating units are doing in the way of soliciting stations. Meetings are held twice a month, not only to keep track of solicitations but to see whether one rep company could help another by virtue of its knowledge of the market or station.

If two Interep companies are going after a non-Interep station—and that often happens, says Sharpe—it's "may the best man win." As for a station moving from one Interep company to another, that will only happen when the station terminates its relationship with the first company.

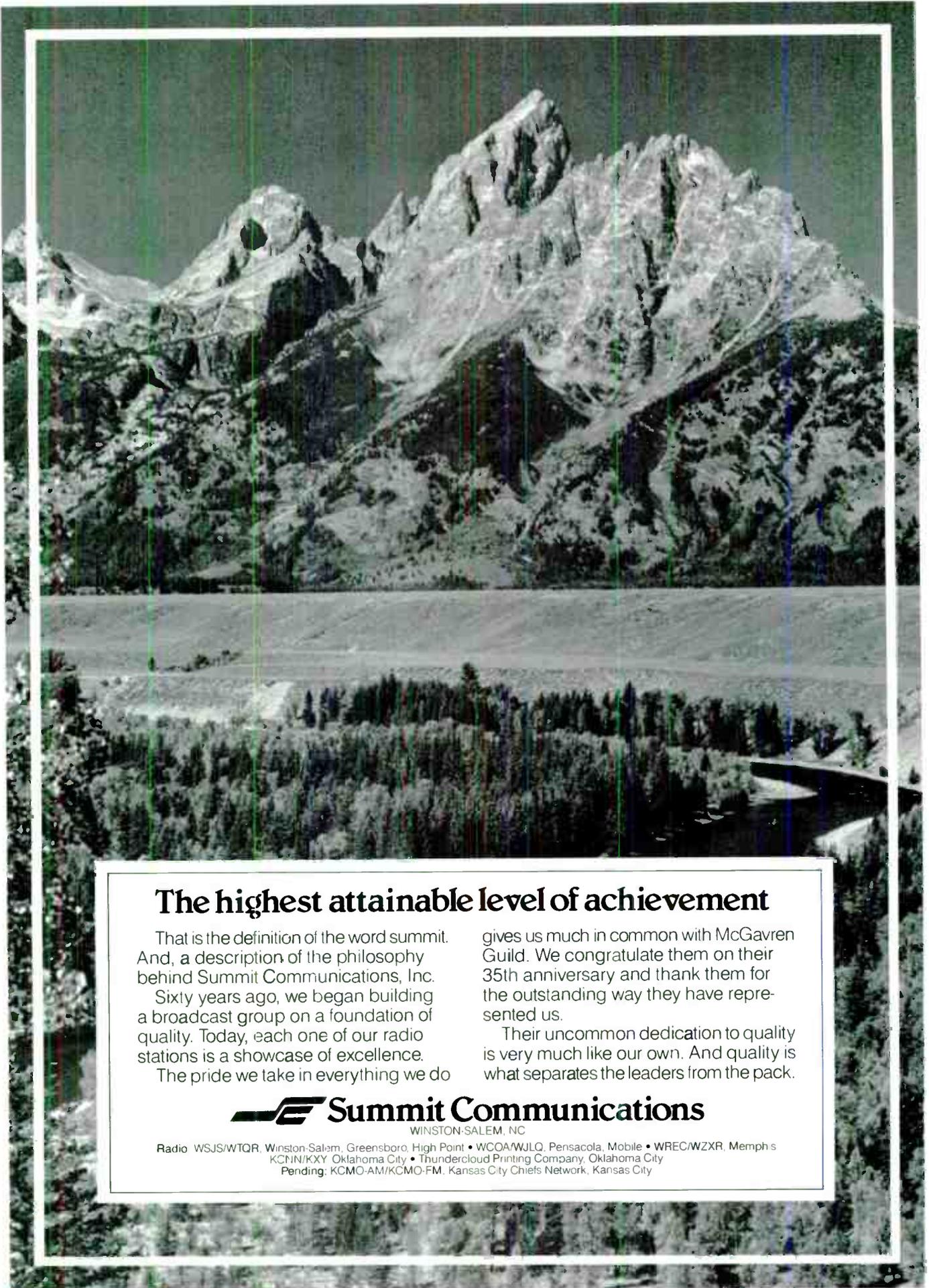
Another McGavren Guild regional executive, Tony Durpetti, executive vice president and manager of the central division, is responsible for in-house training. In-house training is in addition to training programs available at the Harvard Business School, the University of Pennsylvania Wharton School of Management, the American Management Association and others.

Durpetti is chairman of the Personnel Development Committee, which consists of nine others—all "trainers"—three each at various offices of McGavren Guild, Hillier, Newmark, Wechsler & Howard and Major Market Radio. His Number 2 is George Pine out of McGavren Guild New York.

The in-house, audio-visual sales training programs come out of Xerox Learning Systems and consist of "Professional Selling Skills III" and "Account Development Strategies." There is also a management training program, the "Organizational Improvement Workshop," developed by the Human Resources Institute.

# Congratulations On Your 35th Anniversary.

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gives us much in common with McGavren Guild. We congratulate them on their 35th anniversary and thank them for the outstanding way they have represented us.

Their uncommon dedication to quality is very much like our own. And quality is what separates the leaders from the pack.

 **Summit Communications**

WINSTON-SALEM, NC

Radio: WSJS/WTQR, Winston-Salem, Greensboro, High Point • WCOA/WJLQ, Pensacola, Mobile • WREC/WZXR, Memphis  
KCNN/KXY, Oklahoma City • Thundercloud Printing Company, Oklahoma City  
Pending: KCMO-AM/KCMO-FM, Kansas City Chiefs Network, Kansas City

## Hungry, entrepreneurial spirit called key to establishment of HNW&H

The specifications for the setting up of Hillier, Newmark & Wechsler, Ralph Guild's first major expansion move, called for a young, eager, hungry, entrepreneurial spirit. Said Guild. "I wanted people who would like to be in business for themselves finding satisfaction in a business owned by others."

The trio who formed the company in 1981 consisted of Phil Newmark, who

was 35, and is president and chief operating officer; Chuck Hillier, who was 32, executive vice president and central division manager, and Ira Wechsler, 36 at the time, executive vice president and western division manager.

Newmark had had five years at Blair Radio, followed by two years at WMC Nashville, where he was general sales manager and where he absorbed many of the concepts and strategies he now

*Bernie Howard,  
Phil Newmark  
at signing that  
created HNW&H*



Howard



Newmark

### The Great SCOTT Stations . . .

WTRY-WPYX	Albany, NY
WMBO-WPCX	Auburn, NY
WJWL-WSEA	Georgetown, DE
WTTM	Trenton, NJ
WHGB	Harrisburg, PA
WKST	New Castle, PA
WFEM	Ellwood City, PA
WCHR	Yardley, PA
WPAZ	Pattstown, PA

**CONGRATULATE  
McGAVREN GUILD  
ON ITS 35th  
ANNIVERSARY**

applies.

Hillier had been selling time for two years at a small radio station when he joined H-R Stone in Chicago in 1977. He became the top biller in that office, was moved to Atlanta to head up southeast sales and then was returned to Chicago where he oversaw that office plus the Detroit, St. Louis and Minneapolis regions. H-R Stone, not so incidentally, had repped WNBC and WYNY(FM) New York, the NBC flagships and the first two clients of HN&W. They're still on the roster.

Wechsler, the only one of the trio to come from inside, had worked at McGavren Guild for 10 years, nine of those years in Los Angeles.

"We didn't inherit anything," says Newmark. "We put together the best without the shortcomings." Explaining why he feels HNW&H is an innovative company, he points to the firm's hiring policy. "The majority of our sales people are from stations, not agencies or other reps. When a salesperson from a rep is hired, he is usually someone with two to three years experience, rather than, say, six or seven. We don't want people with too many fixed ideas.

"Station reps are really not in the radio business. They're like manufacturer's reps. Station people bring in more than just the ability to manipulate numbers and we hope they'll sell more creative packages."

One of the ideas Newmark carried along with him when he came over from WMC was "pricing by demo and inventory rather than rate card." HNW&H is one of the most aggressive in this approach, Newmark says. "If a station has a big audience in 18-34s, we try to maximize rates in that key demo. That means you have to probe the needs of advertisers in demographics. The key is to satisfy the needs of advertisers.

"In radio, advertisers budget by cost-per-point. Suppose the cost-per-point for men, women and adults 25-54 is the same on a station. If your men's audience is bigger than your women's audience, you're probably underpricing men.

"We do more packaging than other reps. We sell more like local is sold—across dayparts. We use more qualitative information—Scarborough, the national Simmons. The agencies nowadays look for more than the numbers."

The youth of HN&W's founding echelon may have something to do with its early growth. "When we started," says Newmark, "AOR was still hot and CHR was just coming on. We saw a void and went after the young adult stations." As the company grew, however, it went where the money was—in short, it went after the big billers. But it still tends to avoid outlets with Music Of Your Life and beautiful music formats, which skew toward 50-plus audiences, Newmark explains.

It is interesting to note that HNW&H represents six stations in the Los Angeles market, three of which call themselves adult contemporary outlets. How do you sell three stations with similar formats in the same market?

"They may call themselves adult contemporary but they're really different in their sound, one in particular," says Newmark. Also, he adds, one of the stations is geographically off in a corner of the market.

#### Rising costs

In the short time HNW&H has been in business, they have seen the costs of doing business as a rep rise uncomfortably. "The cost of doing business is fantastic," says Newmark. "To open a company like ours today, you would need \$40 to \$45 million in billings to break even, unless you had central services like Interep. We're putting more emphasis on research, which is expensive." Newmark figures his company will bill \$60 million this year, up from \$50 million last year.

Another factor that makes it expensive for radio reps to compete, argues Newmark, is the growing number of offices required. "Five or six years ago, these were maybe two or three branch

# PARTNERSHIP FOR GROWTH

Partnership is a commitment to work together to guarantee future success. Weiss & Powell — the industry's fastest growing national representative — has made this commitment to its client stations, to insure both their growth and ours.

Weiss & Powell offers "alternative" representation for quality growing radio stations who demand but do not receive priority treatment and services . . . radio stations that are neither properly matched nor suited to their present representative.

At Weiss & Powell, national representation goes beyond selling by the numbers. We engage in

creative sales efforts, capitalizing on marketing and positioning strategies *developed together* to get our stations their fair market share.

Weiss & Powell has a young, aggressive sales team managed by involved, seasoned professionals with all the necessary support services. This includes Internet, the industry's No. 1 unwired network and Interep's new Business Development Department which additionally helps insure our efforts on your behalf.

If your goals are not being achieved, let's discuss a partnership for the future.

## STATIONS GROW WITH US

---

**WPP** **WEISS & POWELL, INC.**  
An Interep Company RADIO SALES

277 Park Avenue, New York, NY 10172 (212) 421-4900

NEW YORK BOSTON CHICAGO DETROIT ATLANTA DALLAS ST. LOUIS MINNEAPOLIS LOS ANGELES SAN FRANCISCO

offices in Minneapolis. Now that we're in there, that about winds it up among the majors, except for Masla. All the majors are in Philly. Now Charlotte's becoming a factor. Both McGavren Guild and us opened offices there last year. You've got to figure that with one man and a secretary in an office, you need \$1 million in billings to break even."

The reason why research becomes expensive, maintains Newmark, is that the more you show of it, the more agencies feel comfortable about buying radio. "You need more information on 'who.' Of course, everybody listens, but how do they listen? What do they buy? What's their lifestyle, their income?"

Also, radio must be made easier to buy, Newmark argues. "There are more signals and that makes it more expensive to buy." Therefore, says Newmark, the rep has to bear the expense of making radio easier to buy.

While Newmark watches over the action as chief operating officer, Bernard Howard, chairman, minds the store as chief executive officer. The latter's own firm, Bernard Howard & Co., was acquired by Guild about two years ago and not long afterward many of its stations were merged with HN&W, while others went to make up the new Interep entity, Weiss & Powell. About a half year before the Howard acquisition, Guild took over Rick Buckley's Buckley Radio Sales, whose stations were divided between McGavren Guild and HN&W, sometimes called "McGavren Guild, Jr."

So NHW&H grew in part by accretion. Nevertheless, Howard calls the firm "the fastest growing rep company in the past 20 years. After all, it grew from nothing to \$50 million in three and a half years." Howard goes Newmark one better in projecting 1985 billings at \$65 million.

Howard's been in the rep business for 40 years. He started right after World War II in the New York office of W.S. Grant Co., a West Coast-based operation representing small market stations. In 1949, he joined Forjoe, Inc., a major rep at the time, four of whose principals sported names beginning with "Joe." In 1953, he helped form the rep, Stars National, with E.D. Rivers, Jr., a group owner and on May 1, 1959, he set up Bernard Howard & Co.

At one point, the Howard company was known primarily as a rep for black format stations, but by the time of the acquisition by Guild about 40 per cent of the stations were in the black category. Guild himself feels there's marketing logic in a rep specializing in black stations, but he points out the stations themselves don't like the idea of a "rep ghetto." □



*Ralph Guild, l., Rick Buckley, c., and Phil Newmark at the creation of Hillier, Newmark & Wechsler in 1981, first major expansion move for McGavren Guild, which later led to umbrella parent, Interep*

## **Big markets give some muscle to Major Market Radio's smaller station list**

**M**ajor Market Radio has the smallest list among the Interep quartet, but by no means the smallest billing—the reason indicated by the name of the company. The latest count was 90 stations (counting AMs and FMs separately) in 57 markets. J. Warner Rush, president of the company, put last year's billings at around \$50 million, just about the same amount as Hillier, Newmark, Wechsler & Howard, which has about three times as many stations.

Still, MMR is not *only* a major market rep. It has almost 30 outlets in markets smaller than the top 50 metros and eight stations below the top 100. But it has 21 stations in the top 10 markets and eight of them are in the top 10 stations in the market by 12-plus metro shares, according to Arbitron.

### **Some smaller markets**

While the company is major-market oriented, explains Rush, he'll take stations in smaller markets that are part of a group represented in the larger markets, or will go after a smaller-market station that's an audience leader.

How does MMR differ from its sister

companies? The descriptive terms that are used most often by Rush and others in the Interep organization are "close relationship with the clients."

One reflection of this is the MMR "Fly-In," an annual seminar and workshop with outside speakers, spouses invited and a "family atmosphere." The sixth annual Fly-In was held during January in Phoenix and featured as speakers *Megatrends* author John Naisbitt, Dr. Joyce Brothers and broadcaster Dwight Case.

### **'Warm feeling'**

Next year's Fly-In will be in Key Biscayne, Fla., and already Thomas J. Peters, author of *In Search of Excellence*, has been looked. Rush says the seminars bring about 250 people together, generate a "warm feeling," cost about \$120,000 and are well worth it.

Major Market Radio came out of AM Radio Sales, a rep organization originally put together in a partnership between Westinghouse Broadcasting under the late Don McGannon and Golden West Broadcasting under Gene Autry, Rush recalls. McGannon even-

tually pulled his stations out and they were replaced by Storer, leading to the formation of Major Market Radio in 1973.

A reorganization in 1979 led to an expansion beyond the O&O lists, Rush remembers, but the promulgation of the "Golden West Rule" forced another reorganization. Guild acquired MMR a little over two years ago.

"We're a multi-format rep and have complete autonomy," Rush explains. "We have AOR stations, easy listening stations, Latino stations." Like HNW&H and Weiss & Powell, MMR does not break its list into sales teams, even in New York.

The MMR president says that his company's relatively small list permits it to position its stations with care and attention. "We have more time at the buyer's desk." Tools include psychographics and ZIP code clusters in addi-

**"We're a multi-format rep and have complete autonomy," says MMR president J. Warner Rush. "We have AOR stations, easy listening stations, Latino stations." The rep's relatively small list, he adds, permits it to position its stations with care and attention.**

tion to a complete Simmons library, Scarborough reports and Arbitron data via AID.

In addition, there's a three-person research staff led by Jeff Wakefield, vice president and director of research (see separate story on Interep research personnel and facilities).

MMR brought along with it into the Interep family a Station Advisory Board. Originally set up five years ago, the board consists of eight members and



"Out of respect and admiration, we named them both Ralph..."

Classical Music for Contemporary Listeners.

**WQXR** 96.3 FM  
The Stereo Stations of The New York Times or 1560AM

*The best deserves the best*  
**THANK YOU**  
**McGavren-Guild Radio**

THE Best COUNTRY  
**WQDR**  
94.7

**WPTF**  
680 AM  
STEREO

*Raleigh, North Carolina*

*How does MMR differ from its sister companies? Descriptive term used most often is "close relationship with the clients."*



**Ralph Guild, I., and J. Warner Rush**

its current chairman is John T. Lynch, CEO of the Noble Broadcast Group, San Diego.

The board gets into everything, says Rush. "It takes the company apart" at its quarterly meetings, which are held in various cities. Two members are replaced at each Fly-In, which is one of the facets of MMR in which the board is involved. "They give us advice and counsel on the seminar. They help select the format and the speakers," Rush explains.

**Network receivables**

Among the subjects the board has gotten into are the concerns that existed at one point with network receivables, hiring policies at the company and training programs for salespeople.

Rush sees the radio industry in a highly competitive phase currently and feels that most of the major reps are loaded for bear and in a good position for competitive struggles. He foresees some discounting in station solicitation but adds that "the strong reps will not cave in."

**Weiss & Powell aim: growth-oriented quality stations**

**W**eiss & Powell is a little over two years old, having been created out of the acquisition and breakup of Bernard Howard & Co. There were about 65 stations from the latter that ended up under the Weiss & Powell banner and they billed a little under \$5 million.

The latest tally shows close to 250 stations and Bob Weiss, president of the company, is projecting 1985 billings of around \$20 million. He thinks that's pretty good and is contending with Bernie Howard over which of the two companies is the fastest growing rep in the business.

The W&P chief obviously doesn't have the biggest stations around (though Weiss says he's got a few up around \$1 million), so that positioning the company has been a major project of his (Dennis Powell left the company).

What he's looking for, explains Weiss, are "quality stations with a growth potential. I'm looking for \$500,000 stations. That may not be every rep's priority, but that's my priority."



**Bob Weiss**

*W&P markets stations "by positioning, by exclusive formatting. We draw on SMRB format cume data quite abit."*

Still, you have to draw the line somewhere, Weiss emphasizes. "Take Aberdeen, S.D. It had \$175,000 in billings in 1980 (the last year the FCC required stations to report their financial situation).

"So maybe now it's up to \$250,000. There are five stations there. How much can I get out of one station?" However, sometimes, Weiss points out, a station in a small or medium-sized market may have a sizeable audience. "The thing is market share."

A recent brochure outlines the W&P solicitation pitch. Its direction is indicated by: "You're on your way. But somehow, for one reason or another, your present representative keeps having a little trouble fitting you into his

*"We owe our success," says Bob Weiss, "to the priority treatment we give our stations. We market stations by positioning, by exclusive formatting and by conceptual selling.*

schedule. Or, even worse, not getting the orders that give you your fair share of the business. Nothing personal. It's just that the biggest billers usually get the majority of attention."

At Weiss & Powell, the brochure goes on, "there are no second class citizens." When W&P looks at a station, "we see a personality. A personality with a unique set of characteristics and features that, with proper planning, can effectively distinguish itself from competitors."

This is more than just a promise, insists Weiss, citing the firm's growth. "We owe our success to the priority treatment we give our stations. We market stations by positioning, by exclusive formatting—we draw on SMRB format cume data quite a bit—and by conceptual selling. We do a lot of pre-selling. We don't always play the numbers game."

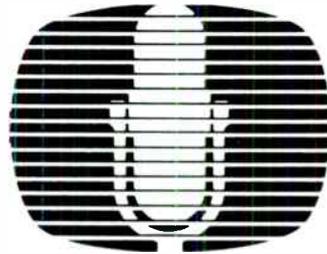
While W&P cannot provide as many services as, say Major Market Radio, it can and does draw on the resources of

Interop and "a system of computerized information second to none," as the brochure puts it. Besides Simmons data, information available to Arbitron and Birch subscribers is on-line at W&P offices (there are 10 of them, including New York). Also, W&P can provide customized market profiles, local market advertiser profiles plus services that measure consumer values and behavior—Monitor and Consumer Trac Reports.

W&P stations are also part of Inter-net, of course, though this is not as great

a factor for Weiss' stations as it is for the other three Interep companies. "As we upgrade, we'll close the gap," says Weiss confidently. He notes, for example, that he recently signed up a Chicago outlet.

Weiss' role in taking over some of Howard's stations was not a chance encounter. He worked for Howard for 12 years. Before joining Howard's company, he worked for WPIX(FM) New York, where he started his broadcast career. When he left the New York station five years later, he was general sales manager. □



## METROPLEX COMMUNICATIONS

Congratulations to the brilliant men and women of McGavren-Guild as they mark their 35th Anniversary. Metroplex salutes their innovative market-oriented approach which benefits the entire radio industry.

WHYI-Ft Lauderdale, Miami •  
WJYO-Orlando •  
WORL-Orlando •  
WMGG-Clearwater-Tampa-  
St. Petersburg  
WFYV-Jacksonville  
WPKX-AM/FM-Washington, D.C.

Proud to be repped by McGavren Guild

Major commitment was made five years ago to go after new-to-radio money

## Sales development key marketing aim

**T**wo important, not to say dynamic, functions at Interep converge in the radio marketing division of the company—the unwired network, Internet, and major account selling, another way of describing sales development, that is, bringing new accounts into radio or, more commonly, convincing half-hearted clients to boost their radio budgets.

The latter, alternatively dubbed national account selling, is in the process of vigorous expansion, driven by some very ambitious goals. But the prospects of luring big fish into a new pond had been on Ralph Guild's mind for years.

Dr. George Litwin of the Harvard Business School urged him to get into it as far back as 1970. Guild installed major account selling on a limited basis during the '70s but found he couldn't afford it and it was tabled. However, by 1980 he felt the time was ripe.

"He made a commitment five years ago," explains vice president Erica Farber, who runs the marketing division. Farber, who had been general manager of WXLO, RKO's FM outlet in New York (now WRKS), was brought in at that time to head up the effort to bring new money into radio.

She makes clear that the major account selling drive is more than an effort to drum up enthusiasm for radio. Interep is after the bucks.

"There are two criteria that go into selecting a target account," she explains.

"One, it has to represent a potentially large amount of billings. Two, there has to be a 60 per cent probability of getting an order within 18 months. And the salesperson selects the account himself."

Interep now has 30 salespeople engaged in major account selling, each with one target account. Six of these work fulltime on major account selling, while the others are a cross-section of Interep people, from sales management to those selling on the street. The ultimate intention is to have every one of the 150 Interep sales people zeroing in on one account each. "That could happen in a year," says Farber.

### Sales catalyst

The drive to bring in new business received a major shove after Guild read an article in the *Harvard Business Review* entitled "Make the Sales Task Clear." One of the authors was Stephen X. Doyle, a partner in the consulting firm of SXD Associates, Inc., Great Neck, N.Y.

Doyle knew nothing about the radio business when he was contacted by Guild about a year and a half ago. But he had worked with about 70 sales organizations—since getting his doctorate in business administration at Harvard in 1976—on organizing and stimulating their efforts.

"I'm a catalyst," says Doyle. "I help

clarify issues." He was asked by Guild to set up a training program that would not only help sales personnel to work effectively on developing new major accounts but help direct those involved in soliciting stations. The latter operation is under the direction of Dick Sharpe.

A two-day seminar was held last November with two goals. Explains Doyle: "The first was how to select target accounts that presented a good chance of a large payoff. The second was how to develop an account plan, how to position the sales effort and how to put it in writing." Doyle developed a form to put the latter aspects on paper and this is in the process of being computerized for the purpose of follow-up.

"You don't train people unless you're



**Erica Farber, who heads Interep's marketing division, says a target account "has to represent a potentially large amount of billings" and "there has to be a 60 per cent probability of getting an order within 18 months."**

going to follow them up," Doyle emphasizes. This involves (1) coaching sales people, (2) the setting up of recognition and rewards and (3) feedback. The latter is what's being computerized; the system would store the account plan and monitor progress by the sales person.

Doyle finds that requiring salespeople to articulate a plan and spell out progress frightens them. But he recognizes that the rigidity of formal planning must be balanced by the freedom of intuition and spontaneity. The issue of rewards, or compensation, is a difficult one, considering the uncertainties of major account selling, which Doyle contrasts with "transactional" selling, in which

Represented by



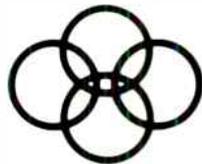
... AND PROUD OF IT!

**WALE** Fall River,  
Massachusetts

# **Television/Radio Age**

*for the past 32 years*

*and*



## **M<sup>c</sup>GAVREN GUILD RADIO**

*for the past 35 years*

*have one common objective . . .*

*Both are dedicated to the  
continued growth of the  
radio business.*



**One of the Interep symposiums, held in Newport, R.I., covered studies of AM. Among those attending: Richard Rosenbloom, Harvard Business School; Les Goldberg, exec. vp, McGavren Guild; Michael Bader, Haley Bader & Potts; Ellen Hulleberg, exec. vp, Interep; Peter Doyle, vp, McGavren Guild; Ted Bolton, Bolton Research Corp.**

there is a more direct connection between income for the salesperson and the effort he makes.

The consultant feels that too much emphasis can be placed on compensation. "Incentive is overblown. High-need achievers always perform, no matter what the compensation." Based on his experience and research, Doyle has found that two factors are more effective in motivating salespeople.

These are, first, the clarity of the sales task (the subject of Doyle's *Harvard*

*Business Review* article) and quick feedback so that the salesperson can know the results of his effort promptly and, second, the opportunity for learning and for responsibility.

Guild has been wrestling with the compensation issue vis-a-vis major account selling, one of the favored methods being team commissions.

Another aspect is how the sale credit is divided among the salesperson, her office, her company and other Interep companies whose stations got part of the

business.

As for the fulltime market development people, they are paid according to "effort," says Farber. Also factored into the compensation equation is the level at which the sale was made and who uncovered the lead. Farber noted that the rules of national account selling require that non-Interep stations be recommended when indicated and that that is, indeed, done.

Among the accounts whose radio investments have been boosted by this Interep effort are Shearson/American Express, Thomas's English Muffins, Jaccar (athletic footwear) and Chi Chi's Restaurants, a regional Mexican food chain.

While Farber is much involved with the expansion of major account selling, her division is also much involved in local market support programs for ad-

**Consultant Stephen Doyle feels too much emphasis can be placed on compensation. "Incentive," he says, "is overblown. High-need achievers always perform."**

vertisers. "Local market support," says an Interep sales piece, "doesn't only mean selling a product. It also can be used to satisfy the needs of your field representatives. Whether it be local tagging, sales incentive contest or direct communication with your key retailers, our programs can provide the opportunity to check results on an ongoing basis."

Some of the support programs are quite extensive. As one example, in a four-week drive for Colgate Ultra Brite toothpaste in 52 markets, the division ran a sweepstakes promotion. This required Farber's people to (1) arrange for a postoffice box, (2) prepare contest rules with Colgate's legal department, (3) assist with the writing of the promotional copy, (4) oversee the prize drawing, (5) oversee all prizes given away and (6) oversee the handling of all necessary release forms for winners.

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Individual companies act as clearing houses for data on formats, demos

## Research operations largely autonomous

Like most of Interep's other operations, the research departments of its four radio rep companies, McGavren Guild Radio; Hillier, Newmark, Wechsler & Howard; Major Market Radio, and Weiss & Powell, are largely autonomous. Frank O'Neill, Interep vice president/research, says that each company has its own way of doing things, "based mostly on the kind of information their own client stations are accustomed to getting and using."

A research project will often be generated, he explains, when a station comes up with a particular type of request. In many cases, that request will reflect a problem common to other stations in other markets with similar formats. "Between us," he says "the research teams of our four companies are in a central position to act as a clearing house for new information pertaining to each format, demographic or product category."

Jeff Wakefield, vice president/research, for Major Market Radio, says that being part of Interep "gives each of our four companies access to the big,

national, syndicated research sources like Simmons, that some of us couldn't afford by ourselves, and frees up research staff time to let us take better care of our stations when they need us. Most of what we do for our stations is tailored to their specific needs."

Wakefield reports that much of what MMR's research unit does involves projects for represented stations who subscribe to Arbitron's AID, for instance to spotlight how well those stations that do, do do in attracting listeners in the upscale ZIP codes." This, he points out, can be particularly important "to a whole range" of radio categories, from airlines and financial services to travel and tourism advertisers and computer marketers.

At Hillier, Newmark, besides handling station requests, Elaine Pappas, vice president/director of research, has prepared extensive reports on listener characteristics for each format, based on 1984 Simmons data.

There's a separate report from each format, from country music to urban contemporary, and from adult contem-

porary to beautiful music.

Pappas says the salespeople of all four companies use reports like these, "and every other kind of documentation we can supply them with, every chance they get. When they can show a buyer or prospect proof of what our stations deliver in terms of listener buying power, it does two things for us. It serves as a door opener, giving our salespeople an opportunity to showcase a lot of our other stations, and proving the value of our stations' audiences helps keep our rate structure growing in the face of the cost per point problem the sales force is up against."

In addition to the usual listener breakouts by age and sex, each Hillier, Newmark report describes its format's listeners in terms of such characteristics as income, education, employment status, family size, home ownership and "buying style." Latter includes indices for such consumer attributes as brand loyalty, tendency to believe commercials and experiment with new products, and style consciousness.

### Media comparison reports

Similarly, the Interep-McGavren Guild research team has prepared media comparison reports, also based on Simmons national data.

There's one on radio vs. television, and another pitting radio against both television and newspapers.

O'Neill says he expects to have his next report, this one on demographic format preferences by region, ready by late April. And Jane Sobel, research manager/computer services for McGavren Guild and acting research manager for Weiss & Powell (until a permanent research head is hired), is working on an update of Interep's report on format trends by region, expected to be completed later this summer.

If there's any charge to stations for such reports, O'Neill says it depends on what it costs Interep for printing production costs of the piece. For instance, there's a \$10 charge for Interep's *Radio Research Primer* to help offset production costs.

Similarly, the charge, if any, for meeting specific station requests depends on what it costs the company. O'Neill says his people access AID for between 10 and 20 markets a month. A common procedure is for O'Neill's people to enter the station's pass code so that Arbitron bills the station directly. But there's no charge by Interep.

Similarly, there's no charge for a Marketron or Market-Buy-Market ranker of one demographic, that may require only a minute or two of computer time.

But there is a charge when Interep's research people use 15 minutes or more

**From l.: Alan Gates, McGavren Guild research manager; Frank O'Neill, Interep vp of research; and Jane Sobel, MG asst. dir. of research**



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**Jeff Wakefield, Major Market Radio vp, research**

of computer time a month for a station.

Meanwhile, O'Neill also notes that more stations have been equipping themselves with microcomputers capable of accessing Arbitron directly for services like ClusterPlus. And MMR's Wakefield reports that more of the stations represented by Major Market Radio also have their own computers, plus software like TapScan and Strata. In this regard, Wakefield says he spends a good deal of time advising stations on what hardware and software to invest in, and how to make the most of it when they get it. Wakefield says that about half the stations Major Market sells for already have their own micros, and that "Every one of them has been more than happy with the additional sales support capability it's given them. Especially the graphics."

**Bar charts**

At the local level, he explains, a retailer can understand a bar chart much easier than a rating book, "and even at the agencies, where they understand the numbers, if eight other stations are attacking a busy buyer with two or three pounds of computer print outs, and we walk in with bar charts on two pieces of paper instead, the advantage is all ours—or at least it used to be until some of our competitors started coming in with graphics themselves.

O'Neill adds that some of the McGavren Guild represented stations with their own micros run their own rankers, "but that's as far as what most of their own people have been trained to do. We can go far deeper and pick out the highlights fast from the latest book. We also have Simmons, and we're also physically close to all the resources of the Radio Advertising Bureau."

Besides Sobel, other members of the McGavren Guild research team are Alan Gates, research manager, and two research assistants, Madeline Mascia and

Debbie Pascale.

Pappas' staff at Hillier, Newmark includes Ned Howard, assistant research director, and research assistant Sue Krepil. And Donna Gibbs is research manager reporting to Wakefield at Major Market Radio.

O'Neill also coordinates research operations for the Interep unwired network, Internet. And Kathryn Greene, an outside freelance artist, works with Interep's research operation to add to the graphics capability of the computer software. O'Neill says he's found that artwork and typesetting "can really enhance presentation of data. It helps get readers to notice the information that we want them to see."

Services available to stations from Interep Research include pieces available on request from Arbitron or Birch to stations who subscribe to these services, information on the various computer services available and market profiles for all measured markets, as well as data on various format, rep or network affiliation configurations.

**Access to Simmons**

Simmons data available includes computer cross-tabulations (governed by survey limitations), access to copies of 1984 Simmons data, with discount purchasing of the 1984 study or parts of it available through Interep. And special product or service or format studies will be undertaken upon request.

Also available from Interep are access to such computer services as Marketron, Market-Buy-Market, IMS and Arbitron AID. AID reports available include ethnic and geographic rankings and frequency, reach and frequency and ranking reports for customized dayparts, duplication analyses and ZIP-code clustering.

Marketron computer runs available include six reach and frequency variations, 12 kinds of audience profiles, and 15 variations of ranking reports. □

**Elaine Pappas, HNW&H research director**



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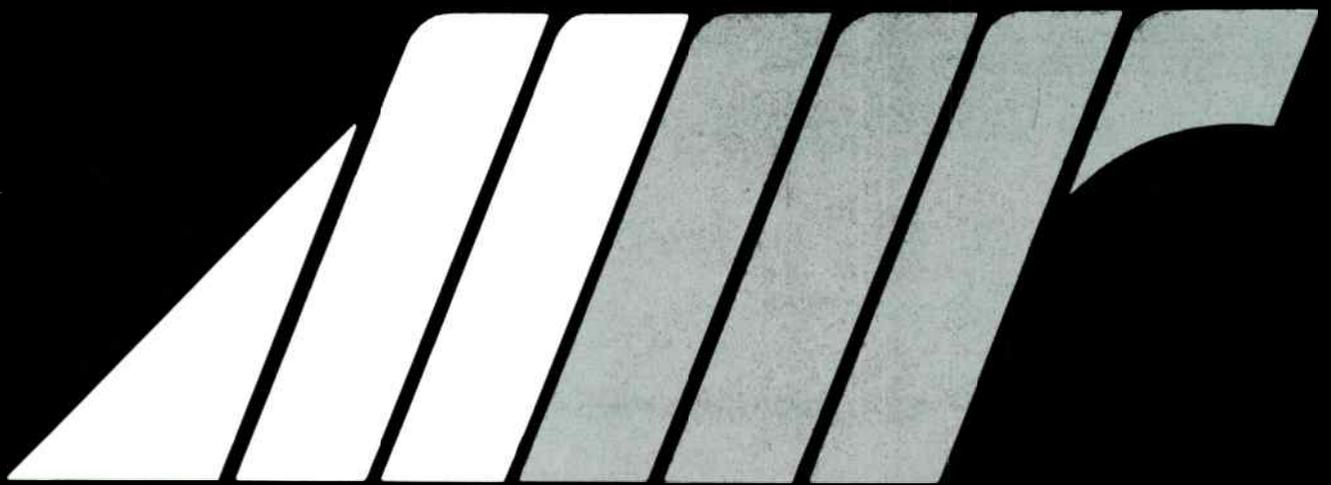
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CANADA

# Television/Radio Age

April 1985



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- And up-coming features:
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# VISUAL



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Telefilm Canada



*Representatives of more than 30 Canadian companies will be at MIP-TV to display their shows for foreign buyers.*

**CANADA**

# Plethora of programming reflects funding impact of government's Telefilm Canadian producers overflowing with TV product for export

BY DAVID GRAHAM HALLIDAY

**C**anada comes to MIP-TV, the international marketplace for television programming, at the crest of its production achievement.

"Canada will have more quality production with more quantity of product than ever before," says Ian McLaren, director of distribution for Telefilm Canada, the government's funding arm for Canadian television and theatrical film production.

This plethora of product marks Canada's rise from the ashes of 1980, when a massive production grant program for theatrical features, with insufficient checks and balances, threatened to cut the legs out from under the industry.

With that catastrophe averted, Canadian television and film product, in both English and French Canada, has reached unprecedented levels, and more than 30 representatives of more than 30 Canadian companies will be at MIP which begins April 20 in Cannes, to tout their new product to foreign buyers.

McLaren is only one of those waxing optimistically about the Canadian television and feature film product this year.

Many foreign producers will attest to the substantial spur Telefilm Canada has given to Canadian television and theatrical budgets with its funding capability.

Though cable television in Canada still stands on the outside looking in, as far as the funding picture is concerned, its potential as a significant partner in co-production ventures and as an exhibitor of different programming, is, at this very moment, being assayed by Canadian broadcasters.

### Cable penetration

Not all of Canada can be wired for cable but of the 80 per cent of the homes that are wired for cable, there is a penetration rate of 75.1 per cent. Of that 75.1 per cent, 11.8 per cent of these households are watching pay cable. Figures are the latest available (1983) and are provided by the Canadian Cable Television Association.

Meanwhile, the CBC (Canadian Broadcasting Corp.) and the CTV (Canadian Television) Canada's commercial national networks, along with Tele-Metropole, the voice of French Canada,

**Ralph Ellis' 'Profiles of Nature'**



**Cinar's 'Hockey Night'**



## Canada's point system

In order to qualify for funding, a television presentation must demonstrate to the satisfaction of the Canadian Radio-Television and Telecommunications Commission its fitness as legitimate Canadian programming. The CRTC and Telefilm Canada have established a point system, which the latter follows, using its own discretion whether to apply it literally or make certain individual exceptions.

The point system is set out in a series of specific guidelines, regarding the nationality of certain key creative and production personnel. These elements are clearly defined.

A production must earn a minimum of six units based upon key creative functions performed by Canadians:

- director—2 points
- writer—2 points
- leading performer—1 point
- second lead—1 point
- head of art department—1 point
- director of photography—1 point
- music composer—1 point
- editor—1 point

Notwithstanding these parameters, either the director or writer *must* be Canadian. Points can be earned if all screenwriters are Canadian or if both the principal writer and the author of the original work on which the production is based are Canadian.

Determination of leading performers may take into account billing, screen-time and payment. This determination could be changed after further discussions with the Alliance of Canadian Cinema, Television and Radio Artists (ACTRA), Union Des Artistes, the CFVC and the Ca-

nadian Film Development Corp. (CFDC).

Completely unacceptable are those programs in which Canadians play only minor roles. But the latitude discussed earlier can take place in productions in which the positions of either director and writer, or both leading performers are filled by non-Canadians, as long as all other key creative functions are filled by Canadians.

Key creative functions are given a certain amount of flexibility for different types of production and these variations are taken into consideration by the commission.

Expenditures are another area where the CTRC imposes guidelines, and these are less flexible.

At least 75 per cent of total remuneration paid to individuals, other than the producer and key creative personnel, as listed above, or for post production work, must be paid to, or in respect of services provided by Canadians. An equal percentage for processing and final preparation costs must be provided for and paid to Canadians in Canada.

The Canadian content certification given by the minister of communications (Marcel Masse) on recommendation by CFDC, will also constitute recognition for Canadian programs by the commission.

Governing the awarding of points within this system is the knowledge that the producer, by CRTC definition, "the individual who controls and is the central decision maker of the visual production, from beginning to end," *must* be Canadian, as must be all individuals fulfilling producer-related functions. □

eign participation in Canadian film production by vigorous and virtually indiscriminate funding of proposed projects. It deteriorated by turns from a boondoggle to a fiasco, and cast a pall over the Canadian production scene that has been difficult to erase. But it has been erased.

"We attend most markets," says McLaren," but by and large, distribution of Canadian film product is an uphill battle, given that we share this market with the American giant.

"Let's face it," he continues, "when

compared to our southern neighbor we are an underprivileged animal.

"We would like to be able to distribute foreign (American) product in our own market, through Canadian companies. We feel that we know the market best, particularly in the French language Quebec.

"Since our distribution program (to assist Canadian producers) opened 18 months ago, concomitant with the Broadcast Fund, we have made some progress. There is a small group of expert Canadian companies who distribute

abroad. I just got back from one festival with 50 Canadian representatives. We all felt it was a successful festival. What made it successful? Simply put, a lot of sales were made. Will we be successful at MIP? Well, that will remain to be seen. I know one thing, however, we're presenting the largest body of Canadian material that ever existed. The indications are extremely positive."

### Advertising program

Among those indications:

1. The amount of advertising "We have put together a concentrated program that will hit our prospects on all levels."

2. "The amount of material we're presenting, the wide diversity it encompasses, and the high quality that comes across on the screen.

"A final thought," McLaren continues. "There are more distributors flying out from Canada for this festival than ever before. And you know as well as I, distributors don't come to any convention in numbers unless they have a pretty reasonable expectation of making some sales."

Peter Pearson, whose official title is program director for Telefilm Canada, is actually keeper of the exchequer, or monitor of the fund that will pump an estimated \$125-million into Canadian production projects this year.

Pearson was handpicked by the young Canadian producers and directors themselves who regard him as one of their own.

Fluent in English, French and Italian, Pearson has been a producer of industrial films, written a spate of screenplays, and directed a number of feature films and documentaries.

He was president of the Directors Guild of Canada from 1972-75, when the DGC negotiated several collective agreements with independent production companies.

Under Pearson's aegis, the DGC developed the standard contract and the standard budget form still in use today, and this gives Pearson, now sitting on the other side of the desk, both unique insight and expertise in dealing with current and former colleagues.

Pearson characterizes the decision of Communications Minister Marcel Masse to up Telefilm's financial commitment in 10-point Canadian productions to 49 per cent funding, as a "reaffirmation of the Canadian's government interest in Canadian expression.

"We're interested," he continues, "in establishing a Canadian presence for Canadian content on Canadian TV screens.

"In financing any kind of production, a decision has to be made, on what has to go ahead. Our strategy, in which the



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The Ontario Group  
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Rep. Alison Clayton



**Ian McLaren of Telefilm Canada** says, *"There are more distributors flying out from Canada for this festival (MIP) than ever before . . . Distributors don't come to any convention in numbers unless they have a pretty reasonable expectation of making some sales."*

broadcasters are identifying, in essence choosing the project, by making a commitment to produce and air, is the most advanced in the industrial world.

"Canadians have a right to the most advanced forms of expression," Pearson emphasizes. "The demographics of the country make it impossible for Canadians to be financially viable on a free market basis.

#### **U.S. encouragement**

Telefilm's financial participation if you will," Pearson maintains, "is an articulation of political will. And it is working. Canadians must co-produce, and Americans have been most cooperative in encouraging us to do so. With American backing, Canadian companies have completed five television projects for Disney Productions, one theatrical feature for Disney, three for Twentieth Century Fox, three projects for Home Box Office.

"I perceive," Pearson says smiling, "an awakening of American tastebuds, a transit in communications, that is helpful to all of us and is enabling Canadians to go to the table with some of the biggest players in the world."

"In the past 18 months," Pearson says, "we've done over 15 deals and not one of them has been the same.

"In order for a Canadian presence to be established worldwide, the material must be export oriented. The true success of this project won't be known for at

least five years.

"This is when," he emphasizes, "revenues will be coming in from the syndication of some of the properties we have funded.

"The Americans, meanwhile, are showing a sincere willingness to participate, and are giving Canadians the same kind of deals that they are taking for themselves."

There is also another kind of commitment represented in Telefilm's Canadian initiative, Pearson says, "a financial encouragement to de-centralize production, have it originate in other places besides Toronto and Montreal.

The provincial governments are regionally broad based. "The industry has a production capacity in five regions," Pearson maintains, "not only educationally, but commercially in Winnipeg, Vancouver and Halifax.

"Alberta is a rich province with so much clout. Like South Carolina or Texas, it can serve as an ideal production site.

Historically, Pearson says, there was no broadcasting in Canada until 1933.

"The National Film Board began in Canada in 1939 and continued through 1967. If you wanted to work in broadcasting or in film you worked for the government. Now Telefilm Canada is getting into the financing of scripts, giving the producers an opportunity to develop a property."

#### **'Young guard'**

One of the "young guard" of Canada's film producers is Kevin Sullivan, executive producer, director and founder of a firm called Sullivan Productions.

At the tender age of 29, Sullivan is currently embroiled in a project called *Anne of Green Gables*. The miniseries is budgeted for \$3.5-million, to be presented on TV and also as a theatrical feature.

The book is a Canadian classic with longstanding copyright problems that the young Sullivan solved in order to obtain filming rights.

The deal is a classic study in Canadian co-production, with chunks of funding from CBS, the Public Broadcasting Service, ZDF, the German equivalent of the PBS, Telefilm Canada and City TV of Canada.

Sullivan, a young man of apparently protean talents, will be directing and producing from his own script. "The reason that he's been trusted with this production," says distribution partner Trudy Grant, who also happens to be Sullivan's wife, "is because of his earlier success with *The Wild Pony*."

Sullivan produced and directed the story by Walt Marny which was among the highest rated programs in 1983 on First Choice, the Canadian pay cable

operation and program supplier and on HBO in the U.S. The budget for *The Wild Pony* was \$600,000 in 1983 dollars.

*Anne of Green Gables* is a novel by Lucy Montgomery, which was first filmed in the U.S. in 1934 starring Anne Shirley, Helen Wesley and Tom Brown.

"The new work is done in a contemporary vein," Sullivan says, "treating the problems of a girl from ages 13 to 15 and her transition from an ugly duckling to a beautiful radiant swan."

The film is slated for completion in December. It will be discussed at MIP, at which time Sullivan and his backers hope to excite even more interest in the project.

At presstime the lead for the film had not yet been set, but Sullivan would say that he was in negotiation with some major American talents.

#### **Private investors**

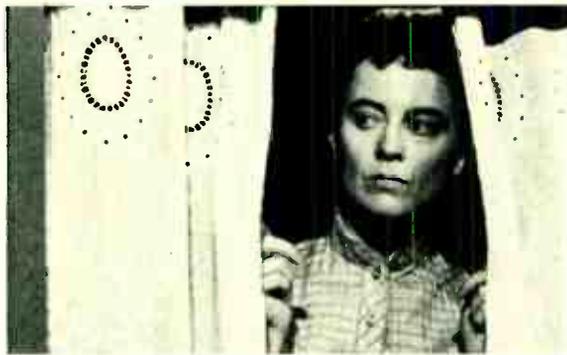
The *Wild Pony* was done through a consortium of private investors. *Anne of Green Gables* marks the first time, Sullivan says, he has worked with funding from Telefilm Canada. "I hope it won't be the last," he concludes.

Another of the "young guard" is Stephen Ellis, general manager of Ralph C. Ellis Enterprises. Ellis is the president of the Canadian Film & Television Association, one of the influential groups in determining the thrust and direction of the Canadian television and film industry, and peopled by its major players.

Ralph Ellis, Stephen's father, started Ellis Enterprises in 1964 and, according



**Margo Raport of Telefilm Canada** says *the country is "just getting over the stigma created by the capital cost allowance. Our TV programming has helped us overcome it."*



# CANADA'S BEST

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**e** Telefilm Canada

to his son, is "one of the pioneers in the production and export of Canadian product throughout the world."

"We also import from foreign producers," Ellis noted, citing *The Jewel in the Crown* sold to CBC and seen by Canadian audiences before their American neighbors. Ellis has just obtained the Canadian rights to Granada's *The Adventures of Sherlock Holmes*, starring Jeremy Brett.

At MIP, Ellis Productions will be offering a variety of Canadian product. Included will be *Profiles of Nature*, 26 episodes, 30 minutes in length, along with a second year's product to come. The package has been produced in stereo and has already been bought by 27 stations in the U.S. as well as Australia's Network 10.

Another Ellis offering will be *Can-West Theatre*, four dramas based on Canadian short stories. One title, Ellis says, has already been bought by the Nickelodeon cable network in the United States.

*Sorrell & Son* is a drama series that has been presented on TV Ontario a provincial television network, and will be syndicated.

*Much Music* is a Canadian production featured on Canada's Music network. Another rock program that Ellis

Productions will feature at MIP is *The Tube*.

"Another export that we are very proud of," Ellis says, "is *Cities*, which is 13 hours, with a specific personality taking a private look at his favorite city. For instance, the late Glenn Gould, takes the audience through his favorite Toronto haunts. Peter Ustinov talks about Leningrad. Writer Anthony Burgess explains why he enjoys living in Rome, and George Plimpton tells of the pleasures of being a resident of New York. "Right now we've got a deal brewing with WTVS (the public TV station) in Detroit," he adds.

Switching his focus to the production scene in Canada, Ellis says, "We do many hours a week of programming for French Canada, over Tele-Metropole.

"English Canada watches a lot of popular U.S. programming; more than half of their viewing time is spent with it. We're (Canadian production) overshadowed by American programming. If we were to produce for America alone we would only get half our money back. We need co-production."

The decision leading to Telefilm Canada's agreement to fund 49 per cent on a 10 point Canadian production is the result of an ongoing dialog with many creative and production groups includ-



**Peter Pearson,**  
*Telefilm's program director, emphasizes that "in order for a Canadian presence to be established worldwide, the material must be export oriented. The true success of this project won't be known for at least five years."*

ing the CFTA and ACTRA, the Alliance of Canadian Television and Recording Artists.

"The extensive consultation," according to Ellis, "brought about a formula for funding."

"There's a short term sweetener," Ellis says, "where Telefilm matches dollars with license fees up to a 49 per cent cap.

"The 49 per cent figure though," Ellis says, "occurs only in very specific cases. It must be invested in a series pilot, and the production must, according to the Telefilm evaluative process, score 10 points out of 10, in short, be considered 100 per cent Canadian."

Another salient feature of new Telefilm Canada provisions is that the Canadian government will now give its fiscal support to documentaries.

This is considered to be somewhat of a departure for the fund. The Canadians are considered to be among the best in the world when it comes to making documentaries.

In fact their work in that genre pertaining to the wildlife category has produced classics with an inexhaustible shelf life, that are being shown in countries throughout the world.

Why then should the government continue to subsidize a category in which Canadians are already considered preeminent? "The documentary is the kind of film that comes out of Canada, a neo-realism that is a national tradition.

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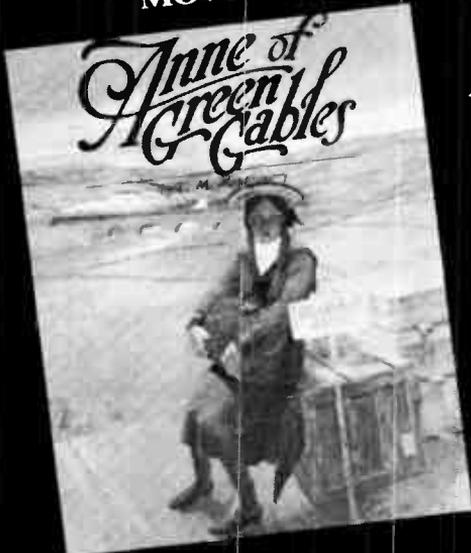
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It is vitally important that we nurture this capability and encourage this form among our young producers and directors. Telefilm, happily is in accord with the CFTA view on this point," Ellis says.

The CFTA also recommended and lobbied for the appointment of Peter Pearson as director of the Telefilm Canada program. "We wanted a person in that assignment with hands-on experience as a producer," Ellis says. "We wanted a producer-director, rather than a bureaucrat. The CFTA supports his choice because when you're asking for that type of investment, you would expect someone with this background participating in the decision."

Ellis Productions is very much a family operation, with Ralph, as president, Stephen as general manager, and, his sister Cathy, the marketing executive for the company—the one who will be talking about the product at MIP.

"The new Palais in Cannes is very efficient for sales purposes," she remarks. "Though it may seem strange to have anything underground in such a balmy environment as the Riviera, the separate cubicles make its a constructive area for conversation and negotiation.

"With the Palais arrangement, you can go right to your appointment," she continues. "You know where the person or organization is situated. There's no reason for delay or distraction."

As far as sales prospects at MIP are concerned, Ellis anticipates brisk activity with the French. "We think that there will be a lot of product sold to the French market, because the regulations have been changed to stimulate sales in that sector."

### Rags to riches

Michael Macmillan is one of three partners who head up Atlantis Films, Limited, a Toronto based film, production and distribution company. The others are Seaton McLean and Jarice Platt. The three alumnae of the film school at Kingston's Queen University are one of Canada's favorite rags to riches stories. The three young filmmakers, all in their 20s came to Toronto with little capital. They wrote the scripts, scouted the locations, shot the films, cut and edited them.

Their progress was swift, and after seven years, Atlantis can produce a two page listing of awards that include a 1984 Academy Award for *Boys and Girls* as the best live action short. The short also received recognition from the CFTA, the American Film Festival and the annual Chicago International Film Festival.

Also, in 1984, the CFTA conferred its Chetwynd Award for entrepreneurial achievement on Macmillan, McLean

### 'The Wild Pony'



*One of the 'young guard' of Canada's film producers is Kevin Sullivan, producer and director of 'The Wild Pony,' among the highest rated programs in '83 on First Choice, Canadian pay cable operation and program supplier.*

and Platt.

"Atlantis," says Ted Riley, director of marketing and distribution for Atlantis Television International, Inc. Atlantis's distribution arm, "has enjoyed proven production success." Among the company's product is *The Bradbury Trilogy*, a production celebrating the work of science fiction writer Ray Bradbury. Atlantis produced the three half hours, (total running time per episode is 28 minutes, with total running time for the trilogy, 84 minutes) in mid-1984 in collaboration with Larry Wilcox Produc-

tions. The work has been shown by Global Television Network in Canada, and Home Box Office in the U.S.

*Sons and Daughters*, preceded the trilogy, and this is a series of 12 half hours, that portray heroes and heroines at a tender age.

"The work that opened the door for all that has followed," Riley says, "is *The Olden Days Goat*, a television Christmas special based on a short story by Majorie Laurence. The drama won the Canadian Bijou Award for the Best Drama Under 30 Minutes and the Best

Three riveting tales of the unknown  
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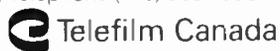
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# The Bradbury Trilogy

Prime-Time Drama Series

Produced by Atlantis Films Limited in association with Wilcox Productions Inc.  
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At MIP-TV: Contact Ted Riley, Booth 13.22/15.17



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At MIP-TV: Contact Ted Riley, Booth 13.22/15.17



ATLANTIS

Children's Film award at the 1982 Chicago International Film Festival."

Riley says Atlantis is currently involved in producing *Global Playhouse*, in concert with Global Television, a Canadian commercial web headed up by president David Mintz. Eight half hours are already in the can, Riley reports. The initial contract calls for 18.

Another series, *Sons and Daughters*, is being distributed worldwide under the title of *Rainbow*, a collection of half-hour dramas that includes *Boys And Girls*, the 1984 Academy Award winner.

"Atlantis is known outside of Canada, and I can say that the product plus hard marketing and sales work, has helped the company's cause," Riley says. He goes on to tick off still more Atlantis

product: *The Elephant Show*, a children's program available in a 13-half hour strip; *Northern Lights*, 26 half-hour dramas; designed for primetime family viewing; and *The Moviemakers*, 25 half-hour episodes, profiling past Hollywood directors such as Frank Capra, David O. Selznick and Darryl F. Zanuck.

"The Marketing Allowance Plan, in which Telefilm Canada helps out with advertising allowances for as much as 50 per cent of our promotion budget, has been very effective in terms of generating interest in export sales," Riley says. "MAP enables distributors to become more aggressive.

"There are some who criticize what they perceive to be a lack of aggressiveness on the Canadian distribution scene.

I don't think it matters," Riley contends. "If the product has a good story, if it entertains, it will be bought by broadcasters who are, in the main, looking for good quality, family-oriented productions."

"There is an honesty to our films," Riley continues, "that doesn't make them so overtly Canadian, that enables us to market it as a good product." Riley cites sales to Australia and to the U.S., then remarks. "Our films are good for a variety of cultures, I don't believe that there is a Canadian film identity, per se, yet in Canada."

When discussing the growth of Atlantis Films, Riley says that it has "gone in quantum leaps. I joined the company on May 2 of last year. I was the sixth person hired. In the past year we have

### Atlantis' 'The Bradbury Trilogy'

**P**roductions to be featured at MIP by Toronto's 'young guard' range from documentaries to science fiction productions to miniseries.



Ellis' 'Cities'



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- Party With The Rovers, with Ulster Television, Ireland.
- The ACE Award-winning play, CASE OF LIBEL, starring Ed Asner and Daniel Travanti, with RKO Nederlander.

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## Action in Alberta



Lorne MacPherson

Lorne MacPherson is president of the Alberta Motion Picture Development Co., which he describes as a "provincial counterpart to Telefilm Canada." In mid-1982, when the company was established, MacPherson was allocated \$4.5 million to assist in the development of motion pictures in Alberta, to minister to the care and feeding of independent Alberta producers.

Though no one has come along and voted MacPherson any more money, the development company is doing fine.

"There have been 35 motion pictures shot here over a two year period. Six have been produced recently or are in the process of being produced."

*Isaac Littlefeather* is a made-for-TV feature. *Wildcat* treats an almost forgotten 20th century occurrence, an oil well that's struck black gold.

*Little Vampire* is a four-player co-production for television involving Alberta, Toronto, the United Kingdom and Germany. Each picked up a portion of the \$400,000 per episode tab. There will be 13 half hours.

A nine-part television series called *Commentary*, dealing with children's psychological problems is also in production.

MacPherson will be at MIP, where he's reported to also have a print of *Drawn*, the HBO-Astral Bellevue Pathe film shot in Alberta.

Astral made the film, HBO bought it early.

doubled our space, upped our level of production and are riding the crest of a big wave. We have gone from documentaries to series, from half hours to miniseries, and now are getting ready produce more ambitious works. For MIP we offer a sizable catalog in a variety of areas.

"In that respect, I think we reflect the composition of this country," Riley observes. "Canada, after all is a vertical mosaic. When an Italian comes to Canada, he is not encouraged to be part of a giant melting pot. He is told simply. 'Be Yourself'. Be an Italian living in Canada.

"Our product, particularly *Rainbow* and *Global Playhouse*, reflect the differences of Canada's four different geographical areas. Further, the innate versatility of our organization, as a major supplier, a major distributor, as a working production company, has made an impression. The Atlantis logo helps in the selling."

Michael Macmillan, bearded, meticulously dressed, and prudently soft spoken, seems mature beyond his years. Not yet out of his 20s, he pauses before he answers questions, and his responses are often elliptical, including all the elements, each in their proper place.

"When you do a film, you have to love the story, you have to love the people. Strong people make strong characters and strong stories make good television."

Macmillan pauses, then continues in a more generic vein. "There has not been a consistent metier of film that could be called Canadian.

### Documentary tradition

"The kind of film that comes out of Canada is borne of the documentary tradition. It is derived from Canadian milieu. The so called 'true story' featuring actors who aren't really actors. *Going Down the Road* is an illustration of this different level of cinema that makes for an indigenous Canadian film.

"There are lots of other films that were equally important to Canadian cinema, to defining the Canadian experience.

"These films tend to be more internal, than to be cast in the usual storytelling tradition," he says.

"The television produced here, though, could have been produced elsewhere. The people who make the production define its parameters. A Canadian project may not be set in Canada."

Macmillan accepts government subsidy as a creative fact of life. "If we're going to produce Canadian films we are going to have subsidization. The content regulations are a subjective set of rules,

and Telefilm doesn't necessarily follow these to the letter. They employ a discretionary system, harboring what I think is a legitimate concern. Following rules to the letter, may abuse the spirit in which they were framed. In any session, however, the concept of '100 per cent Canadian' is argued, defended and ultimately negotiated.

"While co-productions may be desirable," Macmillan continues, "you pay a price for foreign financing. The co-financier may wish creative participation. He may request—and this is certainly legitimate—actors with marquee value in his country."

### The Atlantis method

When asked for his definition of the Atlantis method, Macmillan flashes a smile, and doesn't pause before his answer.

"Faced with choices, we spend the money on quality. Sure it means less money in our pockets," he reasons, "but if you put the money on the screen, in the longterm, Atlantis will gain a lot more.

"In all the relationships that we have had with both our clients and with our sub-contractors, we have always asked ourselves what will this do in establishing a longterm relationship?

"Anything we do, any project," Macmillan stresses, "we always have partners to help shoulder the financial load. In the past (for instance) we have established relationships with PBS and with HBO.

"Our appetite is large," Macmillan admits. "Canada is only so big. We're crossing the border in every direction," referring to the import-export practice that is now ingrained in Atlantis's corporate philosophy.

Speaking of his relationship with his two partners, Macmillan shakes his head. "It's hard to believe that in the production of more than 150 programs, we have not had one fight."

Atlantis is now looking towards implementing the continuing series and the theatrical movie in its production repertoire. Macmillan sees the Canadian film industry as coalescing as a group of stable, continuing companies, not just a group of people coming together in a consortium type arrangement to make one film.

"The success of these companies, including the continuing success of our firm, hinges on a number of factors.

"The promotional campaigns on behalf of our product have to be shrewd, tough and knowing. We have to know how to intrigue our prospect, and how to sell him.

"The continuing help, contributions and counsel from Telefilm.

"The realization of profits from a

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second or third generation sale to the videocassette market.

"Co-production, which remains a major factor in two out of three Canadian projects. It goes back to what I said about establishing longterm relationships."

"The need to export our product. This means extra effort to realize worldwide recognition for good Canadian product.

"If we're careful," Macmillan concludes, "the rest of the '80s could be important, wonderful years for all of us." MacMillan smiles broadly. "There's no need to leave Canada, no need at all."

### Potential for abuse

Neil Court is another member of Canada's young guard. He is sales manager of Simcom, another aggressive Toronto-based television film maker producer and distributor. Though heartened by Telefilm Canada's move to up its funding of 10 point Canadian content productions to 49 per cent, Court has some words of caution.

"The development does remind one of the allowances given for film production four years ago. I hope that the new measure doesn't encourage abuse. There still has to be a broadcast license, and there are producers ingenious

enough to wheedle a letter from anyone. I just hope this positive, generous move, won't be abused."

Court is philosophically circumspect about his earlier experiences as a producer—"It gave me a chance to grow up. The experience made me much more market oriented. Lots of times you had to capture the interest of the U.S. market just to make the production feasible.

He had a stint with Media Canada, (a national media buying service) Inc. "It gave me a concept of our country in relation to the world. I had a chance to see how advertising is used in concert with media campaigns, and to evaluate the effectiveness of both."

Simcom, according to Court, is "ready to go on production of a series called *Higher Education*. Sales of *Hank Williams: The Show He Never Gave* have already been made to HBO, Showtime and England's Channel Four, as well as to Finland and Sweden, where subtitles are furnished.

"*Eddie Boyd, Bank Robber*, has already been shown on CTV, and has been sold to the Public Broadcasting System in the U.S.

"*So the Story Goes*, a strip of anthologies dramatizing traumatic incidents in our history, such as the black plague, has been sold throughout Can-

ada and Australia.

"We're encouraging and seeking European co-production deals," Court continues. "We believe that we have a lot to offer. We've done five films for television, two Canadian theatrical films. We have the ability to access Telefilm Canada. We can work through Canadian governmental features. We have a good distribution system. What's more," Court adds, smiling, "we are one of the few Canadian distributors with offices in Los Angeles.

"We enjoy a good relationship with the talent agencies, the William Morris Agency and ICM among them. We're looking towards a syndication relationship that could broaden into co production.

"My counterpart in Los Angeles," Court adds is Steve Johnson. His title is slightly different. He is vice president of business affairs."

### Varied thrusts

Like most Canadian companies of this type Simcom is active on a number of fronts. "We have Canadian theatrical and video distribution rights for 1984 the Richard Burton starrer, as well as *Choose Me* and *Brother From Another Planet*.

"We are going to MIP with the in-

Stephen, Ralph and Cathy Ellis



**Ralph Ellis, who started Ellis Enterprises in 1964, is described by son, Stephen, as "one of the pioneers in the production and export of Canadian product throughout the world."**

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tion of seeking out co-production ventures," Court concludes. "Our future activities will be more oriented towards the U.S. markets, with concentration on producing feature films, movies for television, and co-production ventures."

### Heavy activity

Whether Canadian Television and film production is enjoying a surge, or a steady growth, one thing is certain. There is perceptibly more activity now within the Canadian film and television industry than there was 18 months ago, when the Broadcast Development Fund was conceived.

What are the procedures a producer has to go through to apply to the fund?

What are the Canadian content requirements, and how discretionary can be in their application?

How many projects has Telefilm Canada funded in the period, let's say from July, 1983, through November, 1984, and what other liaisons were involved in these projects?

Formal application for each project must be made to the Canadian Radio/Television and Telecommunications Commission, the original "home" of Telefilm Canada. The former was founded in 1967 with a mandate: "to foster and promote the development of a feature film industry in Canada."

The application establishes applicant's relation to production, whether or not it is a fully Canadian production or a joint venture. Percentage values are assigned to where the film is made (per cent in Canada; per cent in foreign countries).

The language of the original version and other versions is ascertained, and the distribution rights for Canada and other countries are sought.

The nationalities of the production crew, performers and musicians are requested.

The next item is financing. The suppliers of capital must be itemized. Ownership of the resulting production is ascertained and broken down by amount spent by Canadian producer or company, and by non-Canadian producer or company.

Post production facilities and staffs are also scrutinized, and the final item is a certification by the applicant, or signing officer that his or her declaration is correct.

Telefilm subsequently assigns a Canadian content number to the application.

Though the criteria of the broadcast fund has shifted recently to include, as mentioned earlier, a category for funding documentaries, and another for



**David Mintz of Global Network believes co-production is, "a fact of life in Canada." Toronto, he adds, "is one of the three major production cities in North America."**

script development, and the subsidy percentage in certain specified cases has gone upward from 33 $\frac{1}{3}$  per cent of the production to 49 per cent of the production, the policies on the management of the fund have remained consistent since its founding.

### Emphasis on quality

The stated purpose is to develop "an increase in the quantity of high quality Canadian television productions in the categories of drama, children's programs and variety. In order to achieve those ends, there must be according to the Telefilm policy directive, "the development of a vigorous program production industry in Canada."

Criteria governing the use of the fund specifies that "appropriate measures shall be taken to identify provincial and regional interest in the development of Canada's program production industry, and that an appropriate balance shall be sought in investments from the fund to foster production in all regions of Canada."

A one-third, for French language production, compared to two-thirds for English language investment percentage is specified, because of the larger English speaking Canadian population.

A 50/50 split is demarcated for private over-the-air broadcasters in Canada, and the Canadian Broadcasting Corp./Société Radio Canada. The policies articulating the fund's declaration of principle on Canadian content offer some interesting insights.

Telefilm Canada begins by saying it

recognizes the desirability for adopting "a single definition for determining whether a production qualifies, but claiming autonomy in its decisions." Telefilm Canada says it will use certification regulations by Canadian feature productions, and the definition established by the CRTC, as a basis for establishing Canadian content.

### Co-productions agreement

Under the co-productions heading, Telefilm Canada notes that it's signatory to a treaty with seven countries under which co-productions qualify as 'Canadian' for the fund. The seven are: France, Italy, United Kingdom, Federal Republic of Germany, Israel, Belgium and Algeria. Additional agreements have been reached with France, Italy and Israel specifically encouraging co-production for television.

In order to qualify for consideration for monies from the Broadcast Fund, producers "and other key production personnel exercising financial and creative control over a project, must be Canadian citizens or landed immigrants, and the production company must be under Canadian control."

The producer has to have a letter of intent to broadcast from a Canadian broadcaster before Telefilm Canada considers his application, and the eligible list of broadcasters is listed by TC.

Other stipulations bear on the producer's ability to prove financial capability to sustain the project, and a stipulation that said producer submit to Telefilm Canada, "one project at a time."

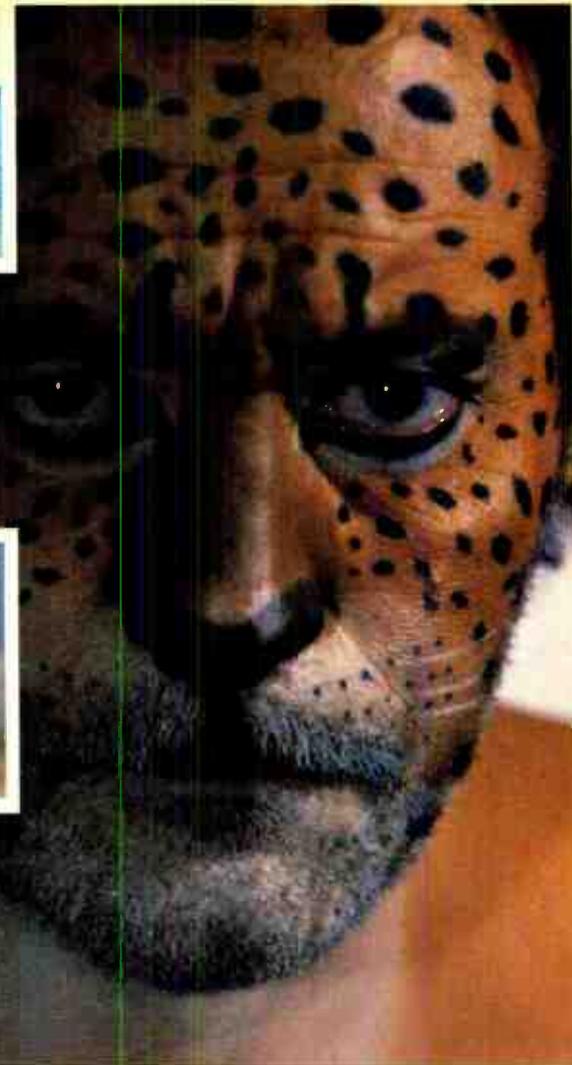
Telefilm Canada requires matching funds of at least one dollar plus to every one that the fund invests, and, naturally, any producer who is in default to Telefilm Canada for some aspect of a previous project may not submit an application for consideration of a new one.

Eligible broadcasters from whom a letter of intent to broadcast will receive a favorable hearing from the fund include the CBC and private over-the-air broadcasters, including an over-the-air network. (Other requirements for the letter of intent include the level of financial participation, together with the broadcaster's intention to schedule broadcast of the production within 24 months after it has been completed.)

The agreement with Telefilm binds the broadcaster to not only the guidelines contained in the Memorandum of Understanding but to financial participation and intended time and date of broadcast.

The broadcaster has to indicate when the show will be produced, how much he will contribute, and the date of broadcast before Telefilm Canada will ad-

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La trilogie algonquine	3 x 30mns	(Fr. only) Documentaire
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Isaac le Métis	90mns	(Fr. only) Long-métrage pour tous
Horses and men Cheval mon ami	13 x 30mns	Documentaire
Indian Legends Légendes indiennes	13 x 30mns	Youth-drama Dramatique-jeunesse
The Friends of my Friends Les amis de mes amis	13 x 30mns	Youth-Jeunesse Docu-drama
Lost Kingdoms Le paradis des chefs	13 x 30mns	Docu-drama

**Isme Bennie's 'The Kids of DeGrassie Street'**



*Children's shows are prominent among producers and exporters in the Ontario group slated to be at MIP.*



**Crawley Films' 'Rumplestiltskin'**

vance any monies to the producer.

The criteria for the project as specified by Telefilm Canada, specify the category, appropriate for airing in prime time. And the program must be of high quality in conformity with the Canadian Association of Broadcasters Code of ethics and produced on film or video tape as a stand-alone production or a series.

The program must conform to Canadian content, and Telefilm Canada, can, at its own discretion, put a cap on the production budget.

The fund has three forms of financial

activity within a given project: Equity, guaranteed loan, loan guarantee, or a combination of the three.

Revenues distribution is a category in which Telefilm Canada is taking an increasing interest, aimed at realizing a substantial return, following anticipated recoupment of its investment.

Towards that end, Telefilm Canada is requiring the producer to submit by the first day of principal photography, a contract covering the marketing of the project in markets other than that of the Canadian television broadcaster, as well as international markets.

Telefilm Canada also requires the producer to submit, for its scrutiny, all distribution contracts, quarterly reports of revenues during the first three years of exploitation, and, thereafter, annual reports. Payment to Telefilm Canada of revenues due the fund, must accompany each report.

Finally, Telefilm Canada wants to approve the commission arrangement with the distributor, making sure that it corresponds to recognized industry standards.

The other major link in Canada's plan to develop an active television and fea-

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Telephone (416) 968-9300 Telex 06-983639*

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THIS HALF HOUR FILM IS AN INTIMATE  
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CEREBRAL PALSIED, QUADRIPLEGIC  
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**AN AVENUE TELEVISION AND  
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*M & M Productions Ltd. and Avenue Television  
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 Telefilm Canada

## **CANADIANS ATTENDING MIP-TV**

**Alberta Motion Picture  
Development**  
**Atlantis TV International**  
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**Cinar Films**  
**Cine Visa International**  
**Media Distributors**  
**Cinepix Inc.**  
**William F. Cooke Television  
Programs**  
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**Crawleys International**  
**East in Motion Pictures Inc.**  
**Ralph C. Ellis Enterprises  
Ltd.**  
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**Greene & Dewar New  
Wilderness Productions  
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Communications Ltd.**  
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Inc.**  
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**National Film Board of  
Canada**  
**Northwood Communications  
Inc.**  
**Primeda Productions Ltd.**  
**Representative Films  
International Ltd.**  
**Colm O'Shea Ltd.**  
**Simcom Ltd.**  
**Spirit Bay Productions Ltd.**  
**Sullivan Films Inc.**  
**Telefilm of Canada**  
**Tele-Montage Inc.**  
**Tévécom Distributions  
Audiovisuelles Inc.**  
**TVOntario**  
**Via Le Monde Canada Inc.**  
**Visual Productions '80 Ltd.**

ture film industry is the forging of co-production treaties with other nations. As mentioned previously, Canada has already negotiated seven of these pacts, predicated on these guidelines:

■ The co-producers share in the creative, technical and financial aspects of the production, as well as in the revenues.

■ Co-productions are not intended as a substitute for national productions, but as a supplement to indigenous film production.

■ The Canadian producer is in complete control of all matters related to the Canadian side of the production, and also is actively involved in the non-Canadian side until production is completed. The producer is also expected to look after Canadian interests in the promotion and distribution of the production.

It is preferable that an official agreement exist between Canada and other countries so that co-produced films and television programs can be recognized as national productions, as well as benefit from legislation and governmental aid schemes and have access to Telefilm Canada's financial support.

The government of Canada as mentioned earlier, has signed agreements with seven countries and is currently negotiating with several others. Here is the status of the treaties already concluded: France, signed in 1963, re-negotiated in 1974 and again in 1983; Italy, signed in 1970 and amended in 1984; United Kingdom, signed in 1975; Federal Republic of Germany, signed in 1978; Israel, signed in 1978 and re-negotiated in 1984; Belgium, signed in 1984; and Algeria, signed in 1984.

The agreements signed deal specifically with feature film production, but Telefilm Canada has moved adroitly, already negotiating a treaty with France that includes television production and programming as well.

### **Treaty principles**

The principles governing these treaties are as follows:

■ That producers from each country must make an effective creative and technical contribution to the production and that contribution be in proportion to their financial participation.

■ That no producer may invest less than an agreed percentage of the total budget. In the case of France and Israel the percentage is set at 20. In all other cases the minimum investment is 30 per cent.

■ That official co-productions are recognized as national productions in each of the participating countries, thereby being eligible for direct assistance and tax incentives available in

### **Working with Canadians**



**Jeff Schlesinger**

**J**eff Schlesinger, senior vice president of international markets for Telepictures Corp., spent three and a half years in Canada, two and a half in a syndication assignment for MCA, and a year with Astral Bellevue Pictures. "There's a strong nationalistic feeling in Canada. When I first arrived I got the sense that they believed I was just 'another American' being sent up by a major.

"I took time to build my relationships. After all," Schlesinger observes, "the TV business is a business of relationships. The TV distribution business in Canada is still the old boy network. They have qualified people moving from one firm to the next. The usual progression is to start in syndication and move to network or national sales manager.

"Canada is probably the most complex market in which to sell. If you can sell there, you can sell anywhere, to paraphrase a hit lyric about another town.

"You have to sell your product so it is simulcast with American networks. And Toronto is the most competitive market.

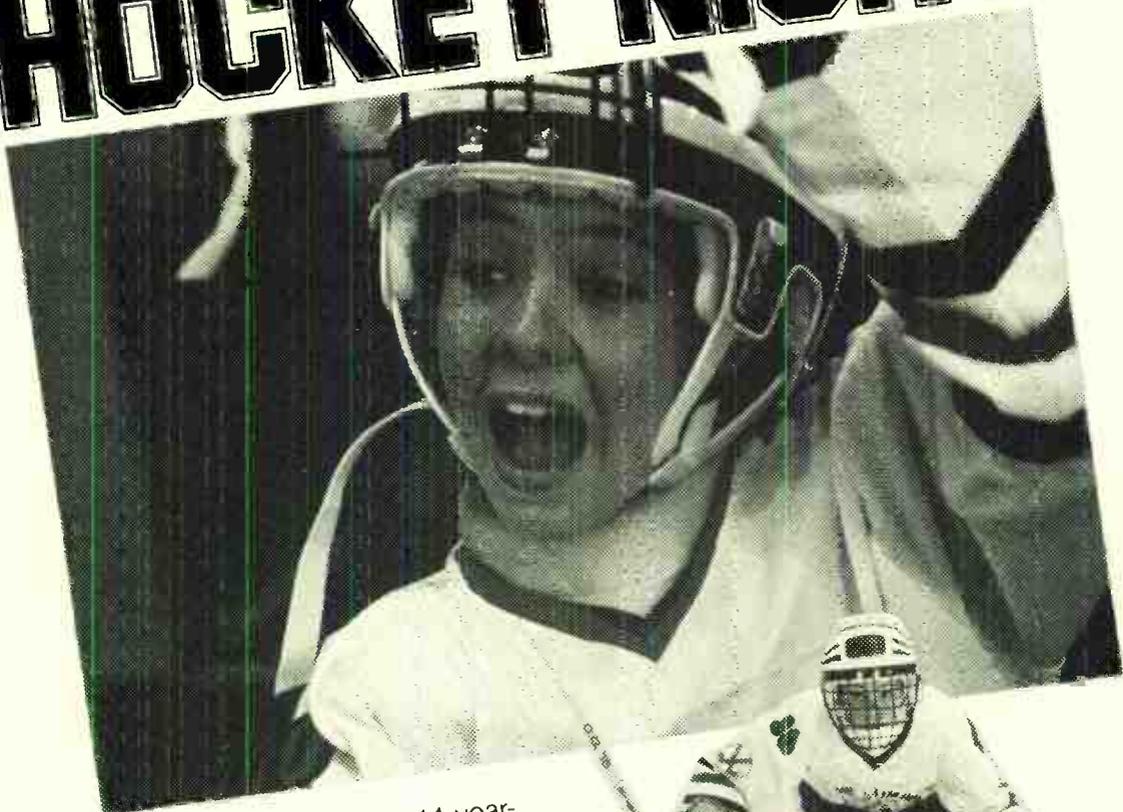
"The Canadians are very protective of their domestic television industry," he continues. "They're trying to be on a par with American studios, though they only have been doing it for 20 per cent of the time.

"I think," Schlesinger says, "the Broadcast Fund is erasing the memory of the '70s. There is no longer any hesitation on the part of the American or European broadcasters to do co-productions." Schlesinger has now returned to his native land, but he brought back with him a home-grown Canadian product of his own, his wife, Sandra McDonald. □

**Cinar** presents

A MARTIN PAUL PRODUCTION

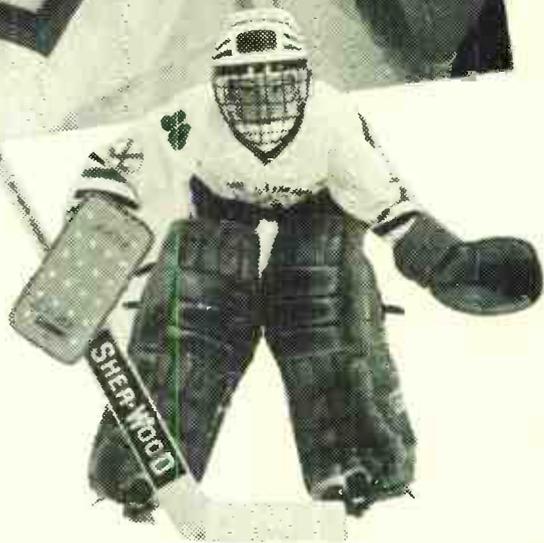
# HOCKEY NIGHT



What happens when a 14-year-old girl, with a passion for playing hockey, is selected as goalie for an all-boy team?

Laughs, squabbles, bruised egos, and a lot of fast-paced fun!

Megan Follows, star of last season's Academy Award-winning *Boys and Girls*, plays Cathy — a new arrival in a small town, and newest member of the shinny squad. Rick Moranis (Second City) plays her supportive coach. *Hockey Night* should be one of the season's most popular family programs.



SEE US AT **films**  
STAND **transit**  
No. 08-30

MIP-TV'85

Produced in association with the  
Canadian Broadcasting Corporation,  
and with the financial assistance of

 Telefilm Canada



**Alison Clayton of Crawley Films says the Ottawa-based company is the only Canadian production house to win an Academy Award for a feature length film—'The Man Who Skied Down Everest' in 1976.**

their respective countries. Financial subsidies are available only to the producer from his own country.

Producers may agree to share financial returns according to the percentage of their investment or through a division of territories, but producers should retain their national market.

■ That temporary entry and residence of the creative and technical personnel of the other country may be permitted, as well as the temporary import of equipment necessary for the production.

■ That a mixed commission, composed of representatives of the government and the production industry of each country review its workings and make recommendations.

### Majority co-production

In a majority Canadian co-production, Telefilm Canada suggests that most of the shooting be done in Canada. When this is not possible, the Canadian government agency suggests other measures, such as a majority of Canadian performers, creative and technical personnel, and that the post production be done by Canadian facilities.

In a minority Canadian film co-production Telefilm Canada tries to hold out for a reasonable portion of the shooting and all the post production to be done in Canada.

In all co-productions, Telefilm Canada suggests that third country production be limited to the minimum, usually the participation of an interna-

tionally known actor in a leading role.

What kind of activity do all these incentives precipitate for Canadian television and film?

According to a status of applications report published earlier this year, governing petitions submitted to Telefilm Canada from July 1, 1983, to November 30, 1984, a total of 54 projects was submitted for French TV in the drama (29), variety (15) and children (10) categories for a total budget of \$61,054,254. Telefilm Canada's contribution was \$15,120,479.

For the same time period, 93 projects were submitted for English language television in the drama (52), variety (21) children (20) categories for budgets totaling \$149,887,981. Telefilm's slice of the funding pie was \$46,631,105. The bottom line total of cumulative projects comes to 147 projects, for budgets totaling \$210,942,245, of which Telefilm contributed \$61,751,584.

### Ratio of 2-1

The figures confirm that Telefilm Canada is observing the two for one ratio of English versus French language investment expenditures; and that the government agency, with fiscal interests in 147 projects during an 18-month period, was a significant and effective stimulus to Canadian production.

Another major player on the Canadian television and film scene which is absolutely vital to the producer is the broadcaster.

After all, it is the broadcaster, who by his intent to broadcast the project, furnishes dollars for the producer, makes the producer's application to Telefilm Canada possible and, given both the broadcaster's and Telefilm Canada's assent for funds, may convince other investors to back the producer's project as well.

One of these broadcasters is David Mintz, president of Ontario's Global Network, who upon hearing the minister of communication's declaration of Telefilm Canada's intent to fund up to 49 per cent of 10 point Canadian productions, was heard to say, Fine, tomorrow we go into full production.

"We're set to go," Mintz assures. "I've talked to Telefilm. We are going to move immediately and take up some of the slack of Canadian Broadcasting Corp. budget cuts totaling \$75 million, with incremental projects totaling \$36 million.

"We've given the Telefilm people the lineup," Mintz says. "We've told them what they have to put in. If they and the CTRC agree, we will move immediately.

"Co-production is a fact of life in Canada, and we've got some who are just as talented in the U.S." Mintz, who once

worked for station KVOS-TV in Bellingham, Wash., now has his enthusiasm geared up about the activity in Canada. "Toronto is one of the three major production cities in North America. The other two, of course, are, Los Angeles and New York. *The Global Playhouse*, which we are producing in collaboration with Atlantis Productions, Ltd. and with the participation of Telefilm Canada, is, as far as I'm concerned, the product of which I am most proud.

"*The Country Wife*, the restoration comedy by William Wycherly, received excellent reviews. Like other broadcasters, we have a Canadian programming requirement. We try for 65 per cent Canadian content, 50 per cent of it in primetime, just enough to fill everyone's plate. (Canadian content regulations enable producers producing Canadian shows to access production money from both Telefilm Canada and from the programming network. The fact that the programming helps to fulfill the broadcaster's programming requirement puts the production into a category that does not compete with, for example, U.S. network product such as *Dallas*.)

### Plea for stability

"*The Bradbury Trilogy* is another production that did very well for us." In reference to the increase in funding at Telefilm Canada, and the inclusion of documentary projects and script development opportunities, Mintz says, "that's all fine. I just make one plea, and that's for stability. Whatever the regulations are, let's find out, let's follow them; and let it happen without changes.

"What we hope won't happen," Mintz says, "is that the government would decide to grant distant signals, and create Canadian superstations.

"Five years ago there were five station markets. Toronto has many more stations today. The competition is much stronger. Global makes its strides by strong programming and counterprogramming, a lot of it American.

"We run *Dynasty*, *60 Minutes*, NFL football in primetime. *Young and Restless*, *Days of Our Lives* are our popular soaps.

"As far as Canadian production centers are concerned," Mintz continues, "Toronto is much like the New York market. Montreal reminds me in some ways of San Francisco. Since it produces less than 20 per cent of English language Canadian television, the advertising community seems much closer knit.

"The buyers of product in both cities though are intelligent, well versed. They know what their audiences want, and they rarely, if ever, will be persuaded to experiment. It could be too costly. As I

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Intercontinental Film Finance Corp.  
(514) 935-8157  
Telex: 055-61737  
Rep: Carmela Tutino  
MIP-TV: Stand 08-30  
Groupe Quebec

LE MATOU  
A six-hour mini-series for prime-time viewing. A bizarre story of a cat's revenge.

William F. Cooke Television Programs  
(416) 967-6141  
Reps: William Cooke - Cliff Wilson  
MIP-TV: Stand 13.22/15.17  
Ontario Group

IN SESSION  
26 x 30 minutes  
Recording studio sessions with international stars such as Leon Russell, Stevie Ray Vaughn, B.B. King and Glen Campbell.  
Available in stereo.



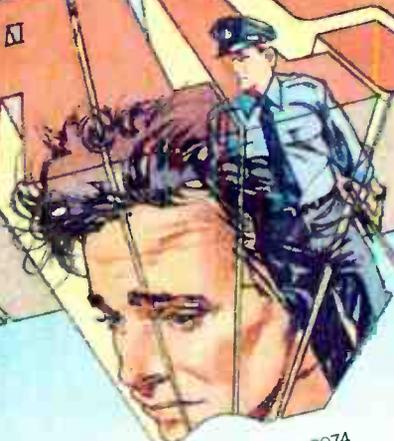
## Le Matou

Atlantis Television International Inc.  
(416) 960-1503  
Telex: 06-218923  
Rep: Ted Riley  
MIP-TV: Stand 13.22/15.17  
Ontario Group

THE BRADBURY TRILOGY  
90 minutes  
From the master of sci-fi, Ray Bradbury. Starring Nick Mancuso, William Shatner and James Coco.

## IN SESSION

## WALLS



Films Transit Inc.  
(514) 526-0839 Telex: 055-60074  
Rep: Jan Rotekamp  
MIP-TV: Stand 08-30 Groupe Quebec

WALLS  
90 minutes  
An explosive prison drama for primetime viewing.  
Starring Winston Rekert.

## The Bradbury Trilogy



Cirepix Inc.  
(514) 342-2340  
Telex: 055-60547  
Rep: Rita Leone  
MIP-TV: Stand 08-30  
Groupe Quebec  
THE TIN FLUTE  
A beautiful young waitress dreams of a better life as World War II rages around her.

## The Tin Flute

Via Le Monde Canada Inc.  
(514) 285-1658  
Reps: Daniel Bertolina  
Michelle Raymond  
MIP-TV: Stand 08-30  
Groupe Quebec

LEGENDS OF THE WORLD  
27 x 30 minutes  
Amazing legends from around the globe, filmed on location.



Ralph C. Ellis Enterprises Ltd.  
(416) 924-2186  
Telex: 06-22435  
Reps: Ralph Ellis  
Stephen Ellis  
Cathy Ellis  
MIP-TV: Stand 13.22/15.17  
Ontario Group

PROFILES OF NATURE  
26 x 30 minutes  
A wildlife series based on scientific data, presented in stereo.

## Profiles of Nature



# Taking it to the Market!



Tapestry's 'Maggie & Pierre'

*The story of the not-so-private family life of Pierre and Margaret Trudeau is the subject of one of the features being highlighted at MIP by Tapestry Productions.*

said before, the competition is too tough to take less than sensible risks. You could lose ground that you would never make up.

"Global is different than many conventional commercial broadcasters, in that we are also a production source. We also have full power transmitters that broadcast throughout Ontario, and have an audience that numbers more than eight million, roughly 50 per cent of English Canada.

"We have a tremendous production facility, with the concomitant complement of expertise and enthusiasm that it generates.

"We are in the process of finishing two documentaries," Mintz says, "that we're co-producing with England's Channel

Four on world terrorism.

"We're very conscientious about our obligation to provide our viewers with comprehensive news coverage. Different anchor teams provide news from noon to 1, 5:30 to 7 p.m. and 11 p.m. to midnight.

"We don't neglect children's programming. There is a half hour weekly news show for children called *Kidsbeat* that will be continued for another year, and 26 half hours of *The Kangazoo Club* which teaches children about the world of animals.

"The children really watch that news half hour, and the people in the newsroom take their responsibility very seriously. They try to make it informative as well as reportorial."

Other shows that have been featured on the network include *Somewhere the Trumpets are Sounding*, the wit and wisdom of G. K. Chesterton as interpreted by veteran Canadian actor Tony Van Bridge; *Cold Storage*, a two-hour teleplay starring Martin Balsam with Canadian Len Cariou, recreating their roles from the 1977 Broadway play; *The Country Wife*, the restoration play mentioned earlier, reproduced in a two and a half hour teleplay by the Stratford on Avon Theatre players; *George Burns Celebrates 80 Years in Show Business*, a special imported from the U.S.

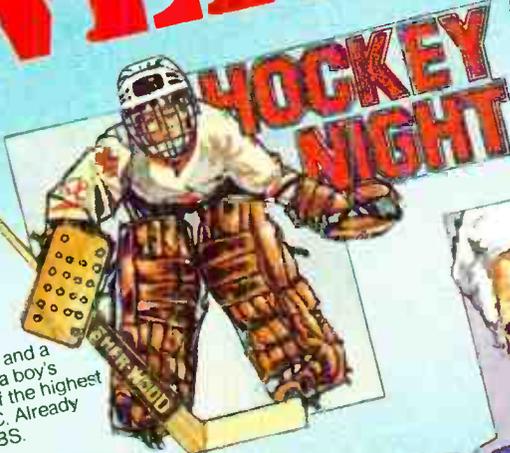
"One of the properties that we are developing, and are very excited about is a \$6.6 million miniseries called *The Frontier*. It is about the first Canadian

Telefilm Canada

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**Cinar Films Inc.**  
 (514) 524-7567  
 Reps: Ron Weinberg-  
 Michelline Charest  
 MIP-TV: Stand 08-30  
 Groupe Quebec



**HOCKEY NIGHT**  
 1 x 76 minutes  
 A story of young love and a  
 girl's struggle to join a boy's  
 hockey team. One of the highest  
 rated shows on CBC. Already  
 sold to HBO and PBS.

**Simcom Ltd.**  
 (416) 961-6278  
 Rep: Neil Court  
 MIP-TV: Stand 13.22/15.17 Ontario Group

**SO THE STORY GOES**  
 15 x 30 minutes  
 Unique stories of historical facts, achievements and places for family  
 viewing. Hosted by Austin Willis.

**Filmopton Internationale Inc.**  
 (514) 931-6180 Telex: 055-60680  
 Reps: Maryse Rouillard, Lizanne Rouillard  
 MIP-TV: Stand 08-30 Groupe Quebec

**ENCORE SERIES PRESENTS**  
 Six new live jazz concerts in stereo, featuring  
 Astor Piazzolla, John Mayall, Gato Barbieri,  
 and many others.



**FESTIVAL INTERNATIONAL DE JAZZ DE MONTREAL**

**ANNE OF GREEN GABLES**

**Sullivan Films Inc.**  
 (416) 928-2982 Telex: 06-218692  
 Reps: Trudy Grant, Kevin Sullivan at  
 MIP-TV: Stand 13.22/15.17 Ontario Group

**ANNE OF GREEN GABLES**  
 2 x 2 hour mini-series  
 Fiction's most beloved heroine comes to  
 life in this exciting four hour mini-series.

**SO THE STORY GOES**

**Ismé Bennie International Inc.**  
 (416) 968-6116 Telex: 065-28207  
 Rep: Ismé Bennie  
 MIP-TV: Stand 13.22/15.17  
 Ontario Group

**I AM A HOTEL**  
 1 x 30 minutes  
 Leonard Cohen's musical special,  
 winner of both the Golden Rose  
 at Montreaux in 1984 and  
 NATPE's Iris Award.

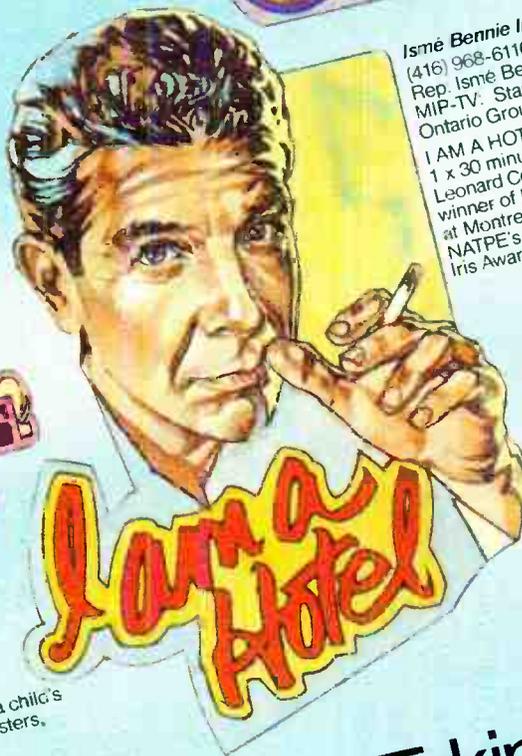
**Visual Productions '80 Ltd.**  
 (416) 868-1535  
 Telex: 061-8312  
 Reps: Lionel Shenken  
 Beverley Shenken  
 MIP-TV: Stand 13.22/15.17  
 Ontario Group

**20+1 MADE-FOR-TV  
 FEATURE MOVIES**  
 A package of 20+1 action-  
 packed telepics featuring  
 "Deadly Pursuit", "The Edge",  
 "Shock Chamber", and more...  
 Something for everyone.



**Télé-Montage Inc.**  
 (514) 875-6323  
 Telex: 055-61293  
 Rep: Pierre de Lanauze  
 MIP-TV: Stand 08-30  
 Groupe Quebec

**Les aventures de virulyse**  
 26 x 30 minutes  
 A children's series about a child's  
 garden of microbes, monsters,  
 robots and adventure.



**VISUAL  
 PRODUCTIONS '80 LTD.**

Taking it to the Market!

explorer, Paul Radisson, and it will be shot in England and French Canada. It will be a co-production. We're working out the details, and it will be ready in about two to three years."

Mintz concludes his remarks by conferring an olive branch on pay television, a phenomenon in Canada that is being treated very gingerly by traditional and cable broadcasters and has not yet been able to tap into the coffers of Telefilm Canada.

"Some commercial broadcasters think of pay television as a competitor. We don't believe that. Pay TV isn't a competitor," Mintz contends, "but a partner. Many productions can only be accomplished if pay TV is permitted to take a first window. Global is talking with First Choice and Super Channel to see what we can accomplish together."

### CBC budget cuts

One of the more traumatic upheavals on the Canadian Broadcasting scene over the past year was the \$75-million budget cut at the Canadian Broadcasting Corp. Long a prodigious buyer as well as a producer of Canadian programming, the CBC economies sent tremors of concern throughout all parts of Canada, about how deep and wide ranging the cuts were going to be; whether or not it would affect other divisions of the CBC, particularly its marketing arm.

Telefilm Canada chipped in on a delayed basis with its 50 per cent funding commitment. Other broadcasters, such as Global, promise to be more aggressive in their solicitation and acquisition of promising Canadian properties.

With regard to the status of the CBC, a \$75-million cut isn't something that a major network discards within a month.

Nearly as demoralizing as the cuts, according to an authoritative source, were the rumors that preceded them. Reports circulated that the cuts would reach \$120 to \$150 million, before the official announcement was made.

Some insiders persist in their contention that the \$75-million cut is in actuality \$120 million. They argue that \$10 million was siphoned off in anticipated expansion that will not take place, and that an additional \$35 million is being realized in the pensioning off and retirement of more than 1,000 employees.

CBC officials insist that the cuts are true and inclusive, as for the effects on the other divisions of the CBC, these are muted, but exist.

Paul Cadieux is general manager of CBC Enterprises/Les Entreprises Radio Canada, the marketing arm of the CBC with offices in Toronto, Montreal, New

York and London. He sees the effects of the cuts on his division as not being "critical." Cadieux's one caveat, "the bumping process, that will allow senior people to ease out some young, aggressive staffers out of our commercial division.

"It's too bad, but this is company policy, and there is nothing any of us can do to prevent it."

### Optimistic projections

As far as the fortunes of the enterprises division is concerned, however, Cadieux is very optimistic. "Our gross is up from \$7.5 to \$8 million this year. We are maintaining a high level of activity on the international scene. Our representatives are now going to deal directly with the broadcasters, who are pleased that they will not have to work through a middleman. CBC Enterprises works on a balance sheet, and we're constantly seeking new profit opportunities. In Canada, videocassettes is one of those areas. We have launched our videocassette label in France, Germany and in England.

"We are also developing a classical line of cassettes, featuring operas, ballets

*Some insiders persist in their contention that the \$75-million CBC cut is in actuality \$120 million. CBC officials insist that the cuts are true and inclusive.*

and concerts.

"In the non-broadcast area we will try to penetrate the educational markets, and home video.

"We're also heavily merchandising our *Video Hits* with sweat shirts that wish the people 'Good Rocking Tonight'. We have the children's series, *Astro Boy*.

"At MIP we are going to offer *Love and Larceny* a three-hour movie or a one hour, three play miniseries about a circa 1890 female con artist who uses her

charms to bilk a succession of gullible male admirers.

"*Glenn Gould: A Portrait of the Canadian Musician* features plenty of music recorded in stereo.

"Another interesting documentary treatment is *Bold Steps*, an account of how the national ballet evolved into a world class company; and" he adds, "*Tartuffe*, a Stratford Festival Production of the Moliere comedy about a con man who dresses up as a priest and attempts to cheat his patron while seducing his wife.

"One feature that has already captured buyer interest is docu-ballet on the Paul Taylor Dance Companies, featuring interviews with Taylor and some former dancers.

"It has already been bought by the CBC and by WNET, the New York based PBS station."

Other effects of the budget slash on CBC Enterprises are also cited by Cadieux. "With our management position we are being as frugal as possible. We have consolidated all of our program sales in Toronto, where we have eliminated consumer product services, which are handled out of our Montreal office." Cadieux leaves the impression that the budget cuts, while sobering, brought about some needed trimming, and left CBC enterprises, lean, unfettered by middlepersons, and primed to reflect ever higher grosses on its balance sheet.

### Canadian mosaic

In Canada much is made of the Canadian mosaic. The image of variegated differences meshing together is carefully nurtured.

Comparisons with the United States, of a greater land mass, 5,000 versus 3,000 miles; and a much smaller population, 22 million versus 200 million people are often made, to bring home the point that Canada has the variety without the clutter. Telefilm Canada is very scrupulous about emphasizing its willingness to subsidize television and film products, no matter where they originate and works mightily to foster projects in all the provinces.

Despite all these measures, however, Toronto is still, far and away, the predominant English language production center in all of Canada, while Montreal is its French language counterpart.

Naish McHugh is known as the film liaison for the city of Toronto. "My job is primarily to facilitate television and feature film production within the city."

McHugh, a trim, greying civil servant, is not a political appointee; his job is never a casualty of an outgoing administration.

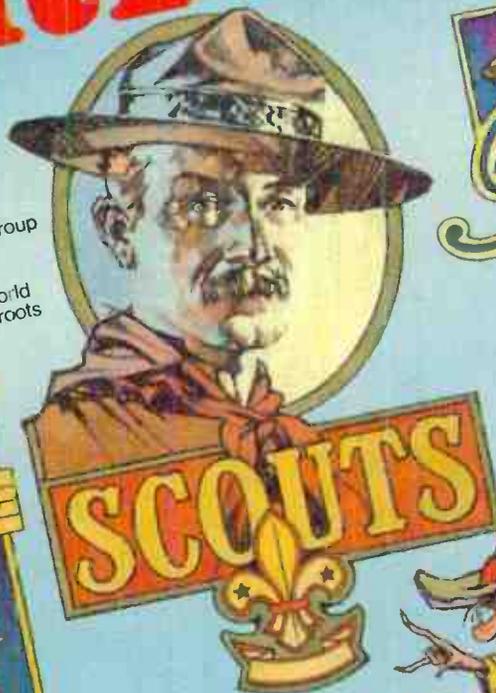
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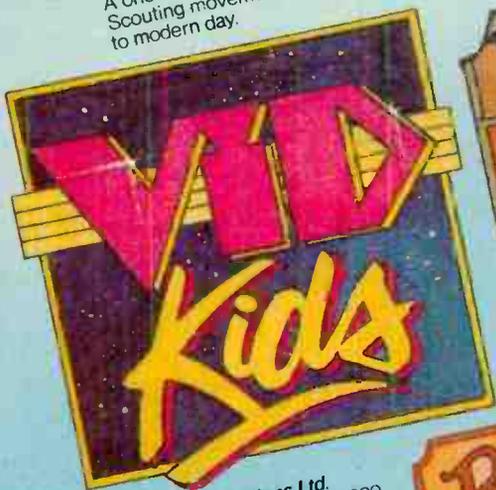
**Cinevisa International Media Distributors**  
(416) 927-1724 Telex: 06-986766  
Rep: Michael Murphy  
At MIP-TV: Stand 13.22/15.17, Ontario Group

**SCOUTS**  
1 X 60 minutes  
A one-hour documentary tracing the world  
Scouting movement from its Victorian roots  
to modern day.



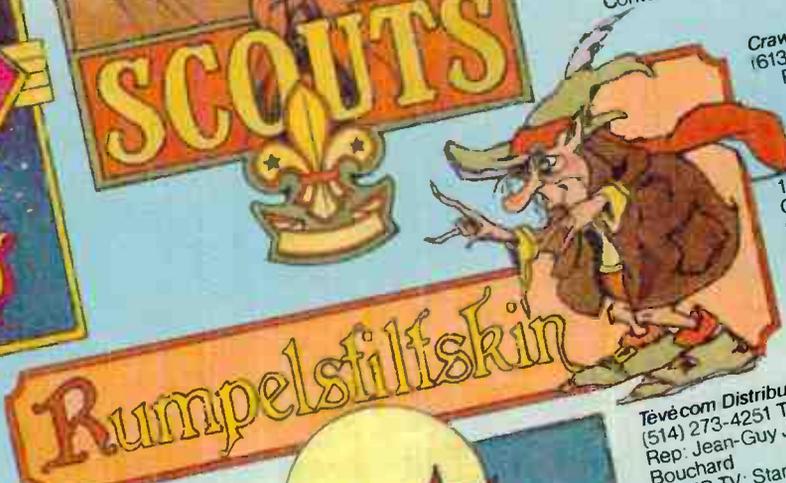
**Ironstar Communications Inc.**  
(416) 536-7222 Telex: 06-984731  
Rep: Derek McGillivray  
At MIP-TV: Stand 13.22/15.17, Ontario Group

**PREMIERES**  
1 X 60 minutes  
Concert videos featuring Maureen Forrester, The  
Orford String Quartet and La Société de Musique  
Contemporaine du Québec.



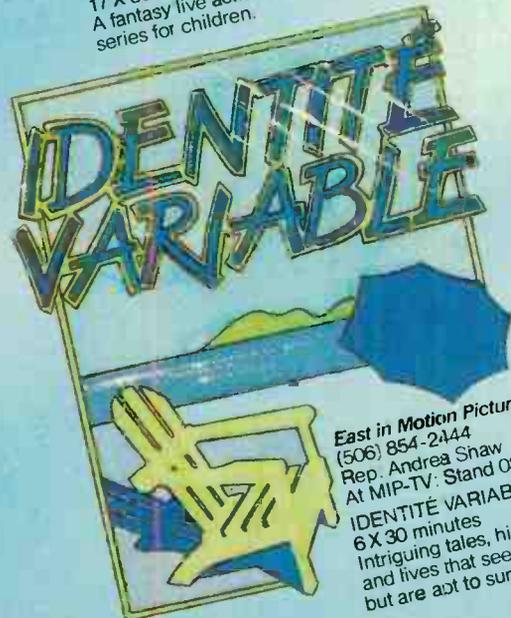
**M & M Film Productions Ltd.**  
(416) 968-9300 Telex: 06-983639  
Reps: John Muller, Henja Muller  
At MIP-TV: Stand 13.22, 15.17,  
Ontario Group

**VID KIDS**  
17 X 30 minutes  
A fantasy live action music video  
series for children.



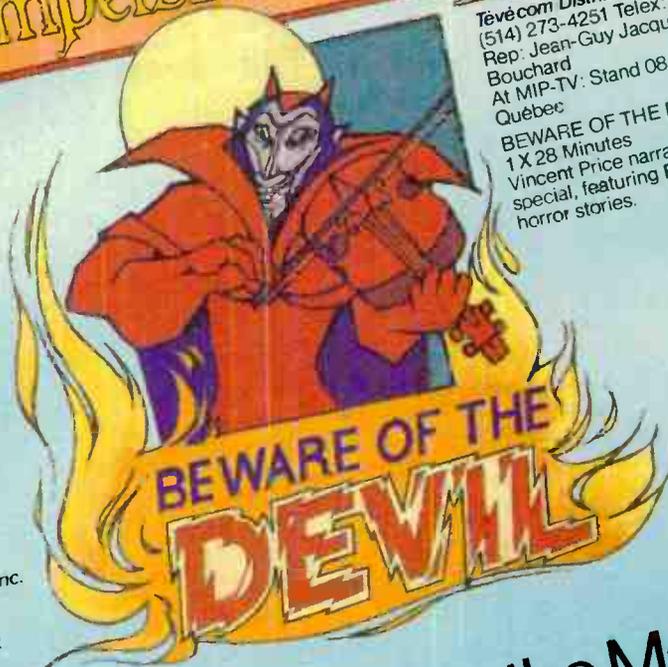
**Crawley Films Ltd.**  
(613) 726-3513  
Rep: Alison Clayton  
At MIP-TV: Stand  
13.22/15.17,  
Ontario Group

**RUMPELSTILTSKIN**  
1 X 30 minutes  
Christopher Plummer  
narrates this beloved fairy-  
tale, the first in a series of  
cartoon classics, featur-  
ing specials with original  
stereo soundtrack.



**East in Motion Pictures Inc.**  
(506) 854-2444  
Rep: Andrea Shaw  
At MIP-TV: Stand 03.12

**IDENTITÉ VARIABLE**  
6 X 30 minutes  
Intriguing tales, hidden agendas  
and lives that seem quite ordinary,  
but are apt to surprise.



**Tévècom Distributions Audiovisuelles Inc.**  
(514) 273-4251 Telex: 055-62281  
Rep: Jean-Guy Jacques, Jacques  
Bouchard  
At MIP-TV: Stand 08-30, Groupe  
Québec

**BEWARE OF THE DEVIL**  
1 X 28 Minutes  
Vincent Price narrates this animated  
special, featuring French Canadian  
horror stories.

Taking it to the Market!

**'Love and Larceny' star Jennifer Dale**



*One of CBC Enterprises' key offerings at MIP will be 'Love and Larceny,' drama about a 19th century female con artist.*

In his other capacity, as industrial liaison for the city, McHugh not only knows the location of some impressive architectural monuments that serve as office buildings, but, by dint of doing his job, he has some unique contacts among Toronto's corporate elite.

"When I first took the film liaison's job in 1979, some expressed reservations over my lack of film production experience.

"The first requisite of this job, as I see it, is to cut the red tape, know the people who can get things moving. I think I have proven that I can do that.

"Toronto is the capital of the film industry in Canada," McHugh begins.

The craft guilds and the unions are headquartered here, CBC, CTV and Global, the broadcasting networks, are all headquartered here.

"John Ritter, who was in my office yesterday, is starring in a feature being shot here on location," McHugh says with a sweep of his hand. One of the scenes for the film took place on an ice rink outside City Hall, where McHugh's office is located.

*Night Heat*, Canadian co-production, is being shot here by RSL Entertainment in conjunction with Grosso-Jacobson of New York. RSL is also filming *Kane and Abel* for television. They already have 13 episodes in the can.

"In 1983, Toronto issued 350 permits for 1,000 locations. In 1984, the number was 500 permits for 1,600 locations."

Without taking a breath or looking at a note, McHugh adds, "in 1983, there were 10 theatrical features and 11 TV

*Spirit Bay Productions, which last year highlighted the half-hour children's feature, 'Dancing Feathers,' will offer a new half-hour series appropriately called 'Spirit Bay.'*

movies shot here for a total of \$54 million. In 1984 there were 17 theatrical features and 23 TV movies, for a total of \$9.1 billion in production costs. Looks like Toronto is catching on," he adds ironically.

"The film and TV production program has grown immensely since 1979. In 1980 there were 22 features shot in this city. I nearly went out of my mind. The bubble burst in '81, and production declined.

"We run about 50/50 between U.S. and Canadian productions," McHugh says, "but the budgets for the U.S. productions are almost double.

#### **Toronto's infrastructure**

"The main reason for Toronto's success in attracting television and movie companies is that we have the infrastructure. We have the studios, the laboratories, the sound houses, everything a film maker needs.

"When a film crew comes here," McHugh says, deep into his thoughts, "he's presented with a self sufficient plant. He can hire anybody for any particular production skill, no matter how esoteric.

"He can replace anything. We have virtually every kind of replacement equipment. The director doesn't have to suspend shooting for a week until the item comes in from Los Angeles or New York.

"The Canadian industry grew up in



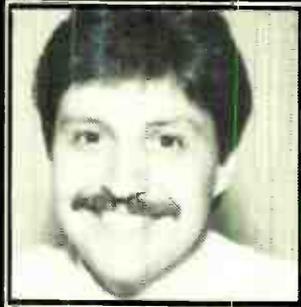
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**Paul Cadieux** of *CBC Enterprises/Les Enterprises Radio Canada* is optimistic about his division. "We are maintaining a high level of activity on the international scene. Our representatives are now going to deal directly with the broadcasters."

Toronto," McHugh continues. "It cut its teeth here with the National Film Board, which developed a nucleus of film makers for the industry.

"Television started here in the early '50s. Films and television series aren't the only things we do. We shoot commercials too. This is a thriving commercial production center. We produced \$125 million of commercials in Toronto last year, and one-third of them were for U.S. agencies. Toronto has an excellent reputation for good quality production offices in New York, Los Angeles and Chicago. There are about 10 or 12 major companies who do up to \$20 million worth of commercial production business each year.

#### Animation specialists

"Our animation specialists, like Mel Vance are known throughout the world. A lot of Canadians were responsible for the animation for the *Edison Twins*, and many do work for the Disney Channel.

"Sheridan College, the top animation institution in the world, is located here, and Disney recruits its students head-head with Mel Vance.

"With the strong dollar," he continues, "American companies can take advantage of the money exchange working through Canadian producers."

With more and more cities in Canada

sensitive to the revenue and jobs that can be gotten through enticing film and television crews to shoot in their town, Toronto has received some spirited competition in bidding for lucrative projects.

"It's a friendly competition though," McHugh says. "We're all dealing with the same project. If Toronto has the qualities the director is looking for, we get the job. If we don't have the qualities, we don't get the work. Film companies need people, and the mandates we get from a particular location shoot run into the hundreds. So far this year, we have had 13 projects, and we're only in mid-March."

"From the quaintness of Toronto's Kensington market to the sleek modernism of its CN tower, we offer a true variety of shooting locations. They even did a Siberian wastes shot in the 'spit' area of Toronto. The snow had buried the little piece of land. The director kept his cameras turned towards the water, and the landscape looked as barren as Siberia. Toronto has doubled for New York, Boston, Vienna, Tokyo and now Siberia."

McHugh leans forward and speaks earnestly. "We're involved in process here. Getting things done. Knowing the machinations of the bureaucratic ma-

**Visual Productions** will feature 20 made-for-TV movies which have already aired in Canada during primetime. But the company is proudest of its premier children's feature, *'Fly With A Hawk,'* aimed at viewers in the 10-to-15-year age bracket.

chine. What if the director has a change of plan? We do everything we can to anticipate this, make the necessary provisions. We have an obligation to the people who make Toronto their home. We don't want to upset a residential neighborhood. For the most part people



**Naish McHugh**, film liaison for the city of Toronto, points out that in 1983 there were 10 theatrical features and 11 TV movies shot there for a total of \$54 million. "In 1984, there were 17 theatrical features and 23 TV movies, for a total of \$9.1 billion in production costs."

are understanding and tolerant, but they do like to know what's happening on their doorstep.

Several other prominent producers and exporters in the Ontario group are slated to offer product, seek out co-production ventures, or probe to find out what gaps to fill in the market.

Spirit Bay Productions, which, last year put together *Dancing Feathers* a half-hour children's broadcast feature under the guidance of producer Paul Stephens, will offer a half-hour series, called, appropriately enough, *Spirit Bay*.

Visual Productions, under the guidance of Lionel and Beverly Shenken is attending MIP for its eighth consecutive year.

"This year we will have 20 made-for-television movies, which have been sold throughout Canada in the 8 to 10 p.m. time period," says Lionel Shenken.

"The running time is 96 minutes customized for a two-hour time slot. The major buyers for our action adventure fare, which is all Canadian content, have been South Africa, the Third World countries, Scandinavia, the Middle East, the Far East and Italy.

"The product that we are proudest of," Shenken says, "is titled *Fly With A Hawk*, our first foray into children's television. The feature should appeal to



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the 10 to 15 years of age demographic. We found, when we attended MIP last year, that the buyers seemed anxious for children's fare. Well, we are trying to accommodate them."

#### Prior success

Shenken comes to MIP with optimism founded on prior success. "Historically, MIP always has been an excellent market for us." By that, Shenken means not only that Visual Productions has sold well, but that it has received solid intelligence from the buyers on what product to produce through the balance of the year.

"We try to ascertain the needs of the industry," Shenken says. "Then we go back and satisfy these needs. There are two primary tactics that you employ at MIP," he concludes, "especially if you are not only a distributor, but a producer as well; you try to anticipate what the buyers, will want, before you come, and then react, as soon as possible, to what they say they need, when you return home."

Crawley Films, Ltd., an Ottawa-based production and distribution company that is the oldest production house in Canada, according to its communications director Clayton, has produced more than 3,500 motion pictures, slide

**M&M Productions'**  
*John Muller has high hopes for two documentaries: 'The Fragile Tree Has Roots,' about a quadraplegic; and 'The Harlem Globetrotters,' about the famous basketball team.*

films and commercials, since its inception in 1939, garnering more than 280 awards.

Two animated specials, *Rumplestiltskin*, and *For Better or For Worse*, are its primary product for MIP.

*Rumplestiltskin* is a 35 mm half-hour show narrated by Christopher Plummer. *For Better or for Worse* is based on cartoonist Lynn Johnson's comic strip currently appearing in more than 200 U.S. papers.

Also worth noting is the fact that Crawley's is the only Canadian production house, Clayton says, to win an Academy Award for a feature length film, doing so in 1976 for *The Man Who Skied Down Everest*.

M&M Productions says John Muller, is "open for co-productions with companies that have co-production agreements with Canada."

M&M's primary product offering at MIP, is *Vid Kids*, characterized by Muller as 13 half-hour shows using rock video technology, and targeted for the 7-11 demographic.

Muller also has high hopes for the brisk sale of two half-hour documentaries. *The Fragile Tree Has Roots*, is the saga of a quadraplegic, cerebral palsied, mute poet, who creates his work through the help of his mother and his sister, by use of bliss (language of the handicapped) symbols, and a computer.

*The Harlem Globetrotters* accepted the challenge of the Toronto's Spitfire Club, to play a group of disabled boys on their terms, in wheelchairs. The Spitfire Club gives the Globetrotters all they can handle, before the famed hoop showmen finally pull the game out of the closing minutes.

#### Nothing new

A spokesman for William F. Cooke Television Programs, says, "We are not going to offer anything new this year. We are going to MIP primarily to look, find out what we feel will work.

Cooke will offer *Nashville Swing* and *Bourbon Street Parade*, among its established program entries.

Another half hour being offered by Cooke is *In Session*, a behind-the-scenes look at recording stars during recording sessions. The artists captured in the act are country singers Larry Gatlin and Glen Campbell.

Another Cooke offering is *Pet's Place* a half-hour comedy variety series starring Pete Barbutti, with special guest artists doing a turn.

Isme Bennie International, a prominent member of the Ontario Group of producer-distributors is handling *Singin' and Dancin' Tonight*, a 60-minute variety show from TDA Productions with Norman Sedawie producing; *Wildfire: The Story of Tom Longboat*, a one-hour DLT Production, (the initials of producer David L. Tucker); and *The Kids of DeGrassi Street*, an award-winning children's series.

Ironstar Communications' Derek McGillivray reports that he's "flogging seven titles this year. Those that I'm keenest on are: *Premiers*, a one-hour contemporary music special starring three Canadian composers and performers. The internationally known

## Covering the Canadian territory



"How's the syndication business in Canada?" "Great, great. It's got its own foibles and its own idiosyncracies but its great." The respondent is Earl D. Weiner, director of syndication for Entertainment Programming Services, the syndication arm of Astral/Bellevue Pictures in Toronto.

A peripatetic salesman who speaks almost as fast as he travels, Weiner takes some time to refer to the complexities of the Canadian syndication market. "You have to package intelligently for the time slots that are available, for the demographics they are reaching, and in such a way that you can go back and package more in these markets.

"Each market has its own psychographic and demographic makeup. Sometimes it can be funny and convoluted.

"We're (in Toronto) considered urban yuppie. But go out to Thunder Bay; now they are not urban yuppie." □

artist is contralto Maureen Forrester."

*Nancy White's Musical Ride* is another Ironstar offering, a one-hour satirical look at North American and North Americans, through music.

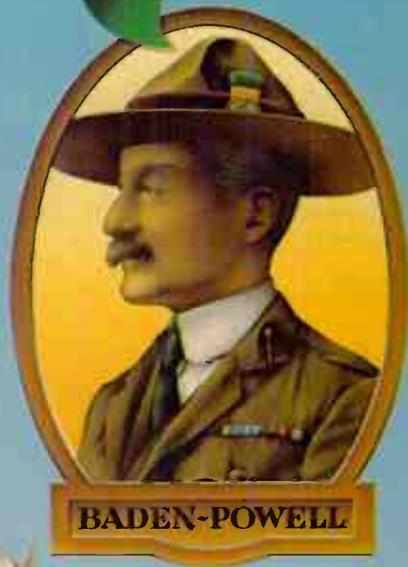
*Sun Country* is a Canadian country and western package starring Canadian C&W singer Ian Tyson. McGillivray says that Yugoslavia, Australia are prodigious buyers of this fare.

The struggle of Judge Emily Murphy to have Canadian women legally declared as persons is the theme of *The Person's Case*, a one hour drama.

This is McGillivray's fourth trip to MIP.

"I'm certainly hopeful this year. We're starting to make sales in the Pacific rim, Australia, Singapore, as well as the Eu-

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**Andre Lamy** of *Telefilm Canada* says a film can be made in his country for "50 per cent less than it would cost in Los Angeles." And, "Our post production facilities are as good as the U.S."

ropean countries, with Italy an important buyer."

Tapestry Productions, headed up by president Rick Butler, will be bringing two offerings to MIP, and is seeking co-production commitments for a third.

"*Maggie & Pierre*, the story of the not-so-private family life of Pierre and Margaret Trudeau, the former Prime Minister of Canada, and his former wife, is the subject of one Tapestry offering.

"*Balconville*, a nominee for the Best Production in the Drama category by the Association of Canadian Television and Radio Artists, is the other."

*The Black Donnellys*, a six-hour miniseries Tapestry hopes to put before the cameras later this year, is a relatively high budgeted production that Butler will be seeking co-production funding for at MIP.

Representative Michael Murphy of Cine Visa International, is extremely high on *Scouts: The Rise of the World Scout Movement*, a 58-minute made for television documentary which examines the origins of scouting against the backdrop of 20th century sociological and political change. Both color and black and white prints are available.

Murphy, who is president of Cine-Visa reports that *Scouts* has been sold to the CBC, and that the BBC in Britain, and PBS in the U.S. have the hour documentary under review. "You know," Murphy adds, there are more than 25 million Scouts in 117 countries.

*Wild Goose Jack*, a one-hour color documentary in both French and En-

glish, has also been sold to CBS and several European markets, according to Murphy. The story is the biography of Jack Miner, a pioneering conservationist during the '20s and '30s.

Cine Visa vice president Tom Howe will accompany Murphy to MIP.

### Production increase

Gail Thomson, who wears two hats, one as a film commissioner for the Ministry of Industry and Trade, for the Ontario film office, and the other as a consultant to the office when she leads its delegation to MIP, says that Ontario enjoyed a 24 per cent rise in television and theatrical film production, with productions cresting the \$72-million level in '84, up from \$55.1 million in 1983.

Thomson counts 14 companies from the Ontario Group coming to MIP this year, where they will be accommodated at the Ontario Film Office stand which features six VCRs and has invested \$40,000.

"We do this," Thomson says, "in order to encourage the companies to participate in the conference."

There were 14 companies participating in the MIP conclave last year, according to Thomson, with the high level of 20 companies attending MIP in 1982. Thomson attributes the substantial increase in film and television production last year, to the Province's growing reputation as one of North America's top three centers for theatrical and programming work.

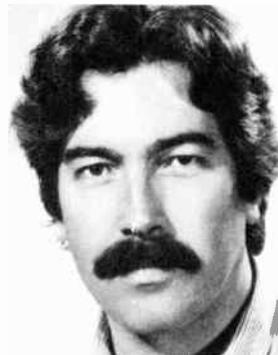
Glen Warren Studios is one of the bigger all encompassing facilities in North America. "You can come to us with an outline for a show, and we can trace it through subsequent stages to a finished production," says general manager Wolf Copeland.

"The Canadians are known for their hardware," remarks Stephen Ellis of Ellis Enterprises, and here in Toronto we have some of the better post production facilities in North America.

"Mobile Image, headed up by Wilson Markle, has come up with colorization, a patented process that can convert old black and white movie prints into color." A quick call to Markle resulted in some work with it on the Hal Roach library, but negotiations with CBS with a proposal to convert the *I Love Lucy* shows into color were not fruitful. The level of compensation price was reported to be the sticking issue.

"We have a great facility here," Markle reminds. "We provide a complete video post production service, computer graphics, the works."

Magnetic North is a facility that was opened just two years ago by Dan McGuire. Mag-North, as it is called,



**Jon Rofekamp** of *Films Transit* points out that, "There are only a handful of experienced film exporters practicing their profession in Canada. For all of us, it has been an uphill battle."

took a leaf out of the west coast facilities book on entertainment. There is a chef and a caterer on staff. Clients are served a five-course luncheon in an open courtyard, that is enclosed during inclement weather, and the equipment, according to McGuire, is state of the art.

Film House is a group effort that provides laboratory and optical services. Those requiring sound servicing can consult the Masters Workshop for stereo mixing.

### French language product

Montreal is the touchstone for French language television and feature film production in Canada. Its producers provide the bulk of the programming for Tele-Metropole, which broadcasts to French Canada.

Since the French speaking peoples are a minority in Canada, Broadcast Fund dollars from Telefilm are about half those of English Canada. Undaunted by this, the French reply that there are fewer producers and distributors for French Canada, but that it is not the quantity that matters.

Some French language directors say their Canadian English competitors make films that "are not different enough," and are sometimes too much like the American product.

Meanwhile, there are some French producers headquartered in Montreal who have turned out exceptional film product.

*Atlantic City* was directed by Louis

# 33 Motion Pictures now in Development

## ... 5 Completed Projects

Established just three years ago to assist the promotion of the Alberta commercial Film and Video Industry, the AMPDC, through a loan fund, is assisting in the development of 20 features, 8 television series and movies, and 5 docu-dramas with production budgets totalling \$75 Million. Five such projects are completed and in distribution with four to six more slated for 1985.

The industry is responding! Producers, talent, craft, and technicians are set for successful film and video production here. Solidifying more links with financial and marketing sources is now the goal. If that's you, we think you would be interested in hearing more about these developing projects, the industry otherwise in Alberta, and the Alberta Motion Picture Development Corporation.

For further information contact: **Lorne W. MacPherson**

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Malle and produced by IFFC's (International Film Finance Corp.) Denis Heroux, who has since turned out several substantial productions including *The Blood of Others/Sang Des Autres* (De), a drama series or feature film.

*Amour De Quartier (Un)* is being distributed by Filmoption, 13 half hours of drama.

*Astro Le Petit Robot*, is an exercise of love performed by Daniel Bertolino of Les Productions Via Le Monde, Inc. Bertolino took *Astro Boy*, which was meeting sales resistance because of its incipient violence, edited out the violence, replacing with music, and movement, in essence creating an animated strip with a totally different feel. The 51 half hours are reported moving again in foreign markets. Bertolino's project was helped, of course, with TeleFilm money.

*Clemence Aletti* is a series of five 55-minute French language dramas produced by Roger Heroux, through his own production company.

#### Children's sleeper

*La Guerre Des Tuques*, the war of the hats, is being distributed by Jan Rofekamp, of Films Transit. The children's movie, produced by Rock Demers and Nicole Robert of Les Productions la Fete Inc., is a 90-minute sleeper that pulled in seven figure sums at Montreal's box offices and is reported to have already made back its investment, part of which was advanced by TeleFilm Canada.

*Joshua Then And Now* is the filmization of the Mordecai Richler work that included nine investors. Telefilm Canada contributed \$2.8 million. The two hour, \$8.9-million dollar film is produced by Moviecorp VIII and Robert Lantos. Principal photography was completed last November, and it is awaiting release.

*Legendes Du Monde* is another project of Les Productions Via le Monde. Billed as 13 half-hour stories for children, it deals with *Legends of the World*. The director and a cameraman travel to various locations to shoot where the legends originate. *Louisianne* are six dramas that could be mounted either as a dramatic series or as a feature film. The writer is John Kemeny and the producer is Denis Heroux of IFFC. *Bay Boy*, a feature film starring Keifer Sutherland and Liv Ullman, which had a very strong critical reception, and *LeMatou*, (The Alley Cat) a Cinevideo Production with Justine Heroux the producer, are two other films that fall into the "different" and "interesting" categories charted by the French Canadian film makers and also are produced under the IFFC banner.

Les Productions Via Le Monde, Inc. is the oldest Quebec company going to MIP, according to vice president and executive producer Michelle Raymond. Their conversation piece this year will be *Legends of the World*. And Via Le Monde has 27 half-hour episodes currently available.

"*Legends* is a series of very pleasant collaborations with the host country," Raymond says. In some cases like the arrangement with the Ivory Coast, and with Tunisia, where two episodes were filmed, is to barter exhibiting rights in the host country for permission to come in and shoot.

"Each episode is shot very efficiently," Raymond says, with the director/cam-

*Via Le Monde's  
Michelle Raymond  
finds a difference in  
pace between films  
made for the U.S.  
market and those for  
the Europeans.  
"With Americans,  
you have to tell them  
right away. With  
Europeans, you can  
take a little time."*

eraman and assistant going in and shooting footage according to script, and editing and post production done at Via Le Monde in Montreal.

*The World Challenge*, a book by the world famous political economist, Jean Jacques Servan-Schreiber, is being given a television treatment in six hour long episodes, with Radio Canada and the CBC reported to be interested in the project. According to Raymond, the project is scheduled to begin in August.

Ever active, Via le Monde is also reported to be working on a feature film project with Lauron Productions. The subject is the speed skater, Gaetan Boucher, and true to the Canadian docu-drama style, he will play himself.

"The best properties go to the well established companies," Raymond says. "But we are always watching for new opportunities."

The watching took Raymond on a trip to China, where the producer worked

out a co-production agreement with the Chinese, to do a program on Chinese legends. "There is also a possibility," Raymond says, "to do an adventure series there, if we can establish and identify a Chinese actor to play the lead."

Raymond called her trip to China "a very good experience." Another good experience, Raymond says was selling *Legends* to Films for the Humanities. "The episodes will be seen in 79,000 U.S. schools" she adds.

Raymond finds a difference in pace between films made for the U.S. market and those for the European. "With Americans, you have to tell them right away. With Europeans you can take a little time. They want to look at the scenery and will patiently watch the plot unfold."

#### Designs on U.S.

All that said, Raymond confesses that Via Le Monde would like to go into the U.S. market. "We're working on a treatment called *Legends of the U.S.*, and are talking about a co-production with the Native American Public Broadcasting Association."

Another project on Vie Le Monde's back burner is a feature film on Harlem. Producer/director Bertolino would also like to do a special called *Children of the World*.

"All over the world children are dying," Raymond says. "Someone should be telling audiences about this, and what can be done to help."

In business since 1967, Via Le Monde has always been known as a successful French language company, and a maker of important films for the world market. Pressed for a reason for the company's success, Raymond thinks for a moment and adds, "We never make a film without the money."

Jon Rofekamp is a shrewd Dutch Canadian distributor with a hit on his hands. *Guerre Des Tuques* has broken many attendance records in Montreal, and Rofekamp goes to MIP with a hit to sell.

"There are only a handful of experienced film exporters practicing their profession in Canada," says Rofekamp, who heads up his own Films Transit, "and for all of us, it has been an uphill battle. But the film distribution business is a very close knit family, with one universal verity. If you have good product, you will sell it." With *Guerre Des Tuques*, Rofekamp has a good start. *Walls*, a 90-minute drama is another film Rofekamp will be representing at MIP.

Cinar will provide a classic example of Canadian co-production with *Hockey Night*, a 76 minute co-production for television by Cinar/Films Transit/

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**Andre Picard,**  
*director of French  
production for  
Telefilm, says the  
organization's goal  
is "to create a  
longterm stable  
environment and  
keep the projects  
rolling."*

HBO/PBS and Family Home Entertainment. Marin-Paul Productions Ltd. delivered the package with Cinar's Martin Harbury the producer.

Michèle Charest, vice president of Cinar, says that *Hockey Night* is the company's main thrust this year. "It was the fourth highest rated show on the CBC," Charest says, "and has already been bought in the U.S. by Home Box Office, by PBS for *Wonder Works* and by Family Home Entertainment for domestic video sale.

"The story has a contemporary thrust," Charest says, "the storyline of a young girl on an all-boy hockey team makes it an adolescent film, rather than a sports film."

#### Japan co-production

Charest also talks about Cinar's co-production effort with Enoki Films of Japan, involving 52 half hours and four feature films—based on Frank Baum's *The Wizard of Oz*, which went into the public domain this year.

"The production is in process," Charest points out. "We expect it to be ready in October."

Jean-Guy Jacques, and Jacques Bouchard will be attending MIP on behalf of Tevecom Distributions Audio Visuelles, Inc. of Montreal. Audio Visuelles, Inc. of Montreal. Their products this year include *Prendre La*, five French language half hours that examine the increasing problems of city traffic; and a series adapting Encyclopaedia Britannica films for the TV

market.

Cinepix's Rita Leone is very excited about the marketability of its five-hour miniseries with the intriguing title of *The Tin Flute*, a drama focusing on a young waitress who dreams of a better life as the war rages around her.

There are a spate of other Montreal producers all of which will be active at MIP. These include The Cine Group, which specializes in documentaries, short fiction and animation; La Productions La Fete, which provides features for children; Spectral Video, with producers Alan Simard and Daniel Harvey, which specializes, in variety series, rock and jazz concert filming.

RSL Enterprises will bring features and miniseries to the MIP-TV scene, while Film Line International, and ACPAV, also furnish miniseries and documentary specials, respectively.

Coscient, Inc. of Mont St-Hilaire Quebec, is offering *The Golden Kids* (Les Enfants de la Bal). Richard Lafarigre is the representative.

Filmoption Internationale, the producer and distributor mentioned earlier, has 13 episodes, 25 minutes each of *Un Amour de Quartier*, the story of a 60 year old woman who becomes the driving force behind a happy group of loners in her new neighborhoods.

*Child Abuse: The Ongoing Tragedy*—consists of three hour long episodes that deal with the physical, psychological and sexual abuse of children. *Livre Ouvert*: There are 26 episodes, 12 minutes each of this children's series adapted from popular picture books. *Encore* series features six new concerts recorded live and in stereo featuring the jazz offerings of Astor Piazzollo, John Mayall and Gato Barbieri, among others.

The FilmOption Representatives are Maryse and Lizanne Rouillard.

Tele-Montage, Inc., a Montreal based producer, with a long history of producing interesting and imaginative children's fare is offering *The Adventures of Christopher Microbius*, a series of half hours utilizing some beautifully sculpted puppets.

The Quebec Group this year brings to MIP a veritable potpourri of product, and expects to come back to the province with a record number of sales both closed and in prospect.

#### French imports

Films from France find a ready market here, but according to observers, Montrealers prefer films of their own genre. Dubbing for films marked for French export, is not that much of a practice in Montreal. The French detect the difference in speech, accent and rhythm, and find this disconcerting. Still the collaboration in production between

the Frenchman and the French Canadian is frequent.

The director of French production at Telefilm Canada is Andre Picard. His wide, spacious corner office looks out over the city.

"The producers here are pretty much the same people. It's a hard business, the the companies that have settled in Montreal to produce French language product, are usually here to stay.

"Our objective here," Picard says, is "to create a longterm stable environment, and keep the projects rolling. Sometimes Telefilm is criticized for not taking enough risks. In the film and television business, the greatest part is in delivering the product, and 98 per cent of our projects get done on budget and on time. We don't want to go back to those tax shelter days of 1980.

#### Shorter lead times

"During the last 18 months we've delivered a lot of on air product, with a shorter lead time than the four feature films we've supported. These include *Guerre Des Tuques*, which has been successful." Telefilm's long range objective in French Canada, according to Picard, is to maintain the domestic market, expand the export franchise of a truly different and identifiable French-Canadian product.

Andre Lamy, executive director of Telefilm Canada, is a short, stocky, man with a thatch of grey hair, and a lively sense of humor. His responses have the ring of authority.

"Telefilm Canada must be the tool of

*Quebec companies  
are bringing a  
potpourri of product  
to MIP and expect to  
return to the  
province with a  
record number  
of sales.*

the film maker, the help of the production industry," he says. "After almost two years, I am pleased with our progress. I believe we've invested the millions in the broadcast fund wisely in childrens programming, drama and variety.

"The adjustments made in the Broadcast Fund, the inclusion of other categories, like documentaries that can be shown in primetime, all have been

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▲ Acting Up – The Profession of Living Dangerously  
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**Marshall McLuhan Address**

**Tribute to Granada Television:** Thursday, June 6 sponsored by Global Television Network

**Pioneer Day:** Sunday, June 2: kick-off celebration in the town of Banff

**Casino Night:** Monday, June 3: sponsored by the City of Edmonton

**Alberta Barbecue:** foot-stompin' fun sponsored by Alberta Culture, with k.d. lang and the reclines (Shoshona Media) Wednesday, June 5

**Prime Time, Take 2:** Saturday, June 8 Fashion Show sponsored by The Snowflake

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# BANFF TELEVISION FESTIVAL

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done for the best.

"We wish to continue as well as to grow. The millions in production costs were invested in very good projects, identified by the broadcasters and the producers. During the past 24 months," Lamy continues, "we have had some successes, in Los Angeles, Monte Carlo, MIP and Cannes.

"We Canadians have both a demand and a desire to collaborate. These have brought some successes like *Bay Boy*, *Blood Brothers* and *Joshua, Then and Now* are further examples of the work that can be done if the script is good, the producer is good, and the director is good.

"Recoupment of our investment is important. It is, in one sense, a form of evaluation. But," Lamy continues, with a twinkle in his eye, "a good film is a good film. But the people at Telefilm Canada are very serious. We want the production of the film to be on time, and on budget.

"The Canadian people, are feeling, serious people. The new guidelines announced by Minister Masse will stimulate good participation. The film industry is willing to talk. But if there is not a balance in the collaboration," Lamy warns, "it won't be business as usual. There is a risk if you want to produce a good film, Telefilm Canada is

willing to take that risk.

"If people come to Canada to make a film," Lamy says, "they can do it for 50 per cent less than it would cost them in Los Angeles. They would benefit from the services of a very good crew, enjoy the advantages of the dollar exchange. Our post production facilities," Lamy says, "are as good as the U.S."

Lamy's long range objectives for Telefilm Canada are straightforward enough:

- Stabilize the Canadian production and distribution industries.
- Support the private sector.
- Seek out good projects, through script development. □

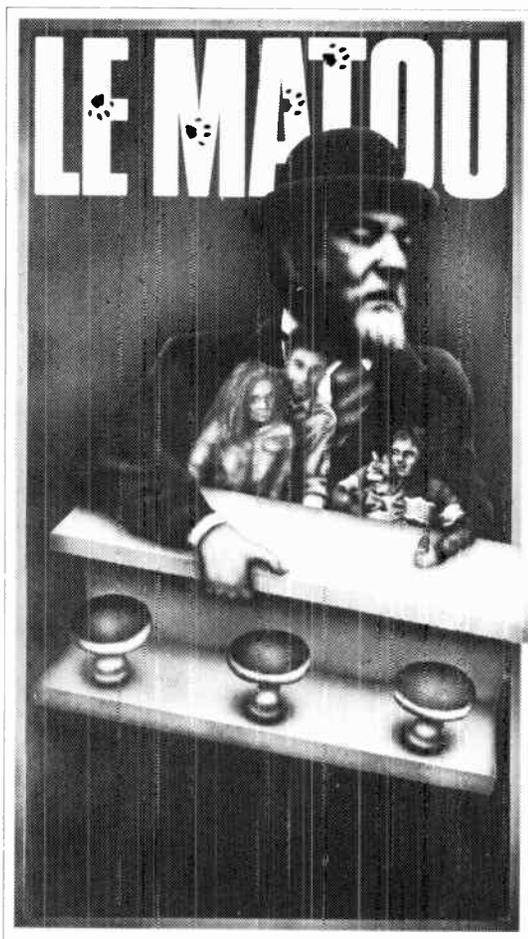
### Gato Barbieri on 'Encore'



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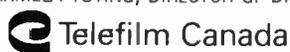
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# Viewpoints

## John M. Eger



Senior vice president,  
Worldwide Enterprises, CBS  
Broadcast Group, in a recent  
speech before the Fourth  
Biennial UCLA  
Communications Law  
Symposium in Los Angeles.

## Trade barriers are hindering growth of U.S. television program sales abroad

A convergence of developments has heightened the impact of trade barriers for all of us in the program business. For one thing, program production costs seem to have no reasonable ceiling—they keep going up. That means that ancillary uses, including foreign markets, are more important than ever, as the point of profit becomes ever more distant.

For another thing, the explosion overseas of “new media,” particularly communications satellites and cable systems, is creating a much larger market for programming of all types. Trade barriers only clog the pipeline, hampering program seller and program buyer alike.

I have no doubt that, in the long run, the development of technology and the desire of people for program choices will erode those barriers to free international exchange. But for the short term, in the here and now, trade barriers are many, complex and often rooted as much in emotion as in law. Beating back short-sighted protectionism will require tireless effort and patient negotiation, but the benefits truly will be worldwide.

## Technology's impact

In the spirit of optimism I want to focus not only on the shibboleths and national veils of protectionism masked in the form of allegations of cultural imperialism or colonialization. Rather, I want to touch on the natural forces of technology and the convergence with the precedents of international law and economics. Together, they push toward a robust and healthy world climate for change. The influx of VCRs and the promise of direct broadcast satellites, with their supranational footprints, are the more obvious examples of the technical force of changes; but let's look at a few of the other developments of recent years.

Cable television, which is entrenched in smaller

countries such as Holland and Switzerland, is getting a major push in France, Germany and the United Kingdom. Japan is about to join the party. Huge investments are needed in such a capital-intensive industry, and the going can't be expected to be easy, as cable entrepreneurs in Great Britain already have found.

The money, knowhow and programming will have to come from many sources.

## Satellite pioneers

Some satellite pioneers already are charting the future. Rupert Murdoch's Sky Channel, for example, is beaming its advertising-supported entertainment channel to cable systems in various parts of Europe.

In Great Britain, a second commercial network, Channel Four, has started operation within the last few years and stimulated demand of the independent production industry in the United Kingdom.

Italy, where the three channels of state-controlled RAI broadcasting had reigned supreme, in the last decade has seen a virtual explosion of commercial television stations and *de facto* networks. With characteristic gusto, the Italians have become the most wide-open television market in Europe.

The Scandinavian countries, traditionally among the most strictly controlled, are opening up to pay television and even seriously considering—horror of horrors—private and advertiser-supported commercial channels, too.

France has started Canal Plus, a pay service that has been an avid buyer in the program market.

Private commercial television is in various stages of planning and development in France, Germany, Spain and elsewhere.

## Reliance on advertising

One result of this demand for programming is the need for someone to pay for it and thus, an increasing reliance on national, international and global advertising.

Global marketing can provide important new revenues for commercial broadcasters around the world. It also can stimulate a variety of barter arrangements, whereby broadcasters are supplied with high-quality programs free of charge. Commercials will be part of the package, along with positions for local commercials—a win-win situation for the broadcaster.

The charge of “cultural imperialism” that justifies so many barriers to international programming, or at least to U.S. programming in foreign lands, is a curious one. Obviously, we have no desire to obliterate or even compromise a different culture. But can a healthy culture be wiped out by *Leave It To Beaver* or *Kojak*? I doubt it.

Of course, competition can be scary, and some protected state broadcasters have thrived for decades chiefly because they have had no competition. Quotas to protect against “cultural imperialism” are simply their way of limiting competition.

# Programming/Production

## World Events projects

World Events Productions, syndication and production arm of Koplar Communications, which became a TV household name with kids via *Voltron*, is eyeing new vistas. One that's on the burner is *Rock Review*, a planned weekly stereo show geared towards affiliates in major markets, says Peter Keefe, vice president, production. In an interview, Keefe says the show, which is a co-production with E. J. Stewart, has tentative clearances, based on a go or no-go, with WNBC-TV New York, KABC-TV Los Angeles and WLS-TV Chicago.

At this point, Keefe notes he's not yet ready to go with *Rock Review* because of competition from local MTV-style video shows, although in this case, the format is different, in that trends and stars in videos are discussed. Keefe expects to decide on *Rock Review*'s status in mid-May.

He is a strong believer in stereo programming. "More and more stations are getting the hardware to broadcast in stereo. Many companies, particularly Sony, are bringing out TV sets with stereo."

Sony does WE's domestic high-fi Beta home video distribution for *Voltron*, and "they are excited about cross-promoting their TV sets with *Voltron* programming."

Also being explored besides *Rock Review* is a mini-series based on the life of Hernando Cortez, the Spanish explorer/adventurer. At this point, the company is putting together prospectuses and talking to potential directors/producers. Keefe says that it probably won't be put together until another year or so, with the miniseries going either for first-run syndication or network. "It depends on how much we have to spend to do it properly. There's only a certain number of dollars that indies can afford."

Also in the talking stage is a co-production late-night comedy hour strip, like *Benny Hill*, Keefe notes. However, "we don't want to do a *Monte Python* or a *Thicke of the Night*. It would be done in Los Angeles, possibly using the Metromedia facilities, and the show will have a host on set with a star joining the program each evening. It would be like a more successful *Fernwood Tonight*. Also, we would like to have a guest band every week."

Plans call for developing the show by the end of the summer and pushing for a January start. The venture would en-

tail "co-oping" on the part of the stations, and probably will be offered into syndication on a barter basis, Keefe says.

World Events' main thrust continues to be *Voltron*, which will go back into production with 21 new animation shows, and the company is planning to



**Peter Keefe**

launch a one-hour special which will introduce the new half hours in the fall. Because of the dearth of first-run kid programs, and to maximize positions of the stations airing *Voltron* for the November sweeps period, the special will air in October, according to Keefe. He's looking for indies to air the special in the primetime Sunday block and begin the 21 new episodes in the November sweeps period as a strip.

Keefe adds that the new programs will represent "the best of the kid comments received by stations, to accentuate the positive and decentuate the negative."

## Viacom network thrust

Viacom Enterprises, which heretofore has not been a major supplier of long-form product to the networks, has moved heavily into the arena in the past six months, with programs in one stage or another. Also, Viacom is accelerating its production pace in series, with several either in the script or pilot phase.

In an interview, Thomas D. Tannenbaum, president, Viacom Productions, says the division's new activity spurt is being spurred by the three networks' need to make projects work in what is "a hit and miss" business, taking off new series in midseason, the on-air testing of pilots and because theatricals are not faring as well in ratings as made-for movies.

Tannenbaum, who took over as president of Viacom Productions about six months ago on a mission designed to make the production company more prolific than it has been over recent

years, rattles off a number of projects, pilots and series currently being undertaken by Viacom Productions, many of which will also go to MIP-TV in Cannes.

In miniseries: Gore Vidal's *Lincoln*, a three-hour adaptation from the book, for NBC; *The Alamo*, based on the book, *13 Days to Glory*; *Alaska*, six-hour drama for CBS; and *Mountbatten, the Last Victory*, six hours. In specials, there's *The Gentle Tasaday*, three-hour docudrama for CBS; a two-hour CBS special examining the juvenile justice system; and *The Return of Perry Mason*, two-hour drama to be produced by Fred Silverman, for NBC.



**Thomas D. Tannenbaum**

Because of the heavy television commitment by Viacom, Tannenbaum has signed a number of individuals including Dean Hargrove, Jonathan Prince, Jerry Davis, Chris Knopf and Brad Buckner.

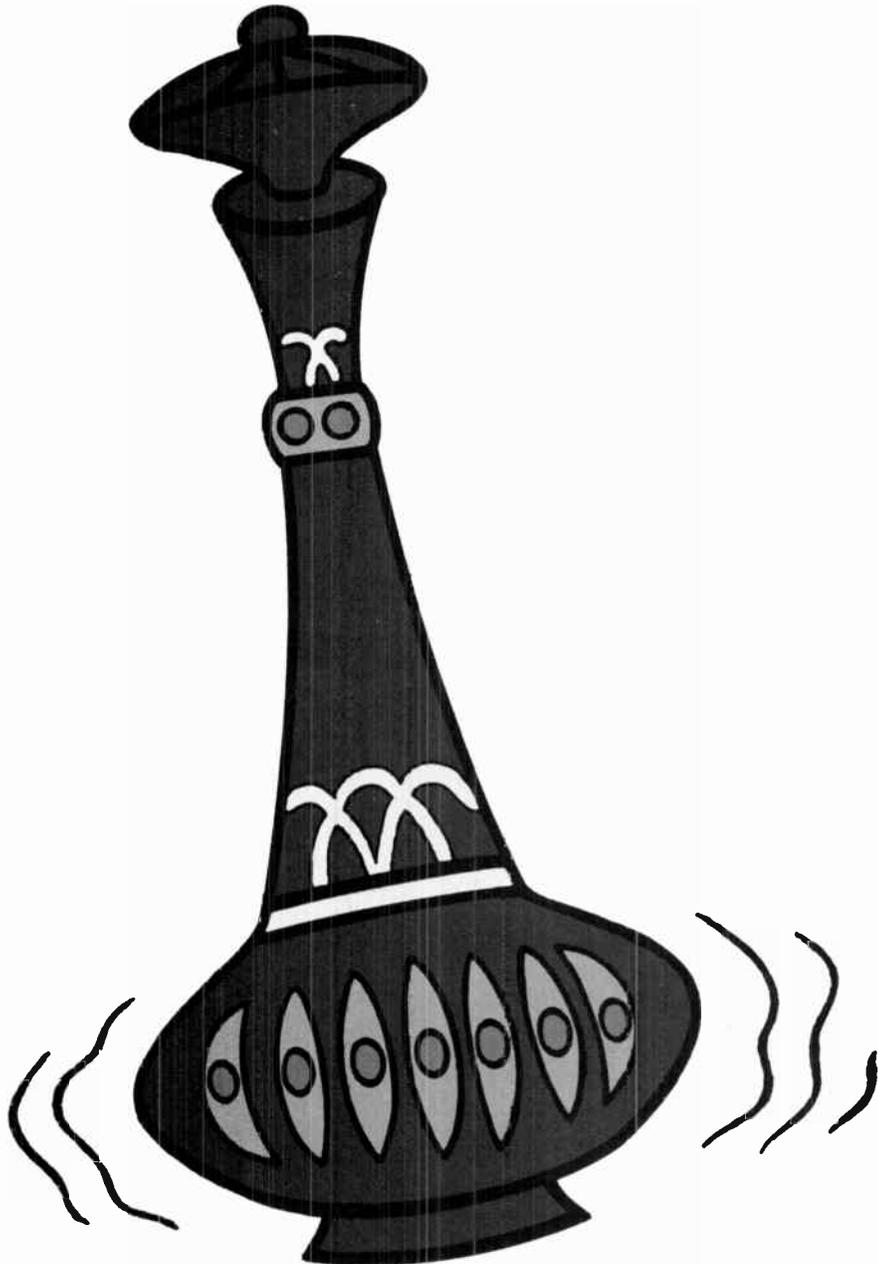
In series, Viacom has an order for six episodes of *Me and Mom*, one-hour detective stories which began airing in early April on ABC. Another one-hour pilot, *Suburban Beat*, starring Dee Wallace, is being shot for NBC; and a pilot which hasn't gotten the go-ahead as yet is *High Hopes*, half-hour comedy for CBS; Also, Viacom writers are on loan-out to Proctor & Gamble on a half-hour pilot, *Love, Long Distance*.

## Cassandra: 'Fortune' on top

*Wheel of Fortune* racked up a smashing average 19.7 rating and 23 share on 180 stations, in the Nielsen Cassandra report for February, besting the second place program, *M.A.S.H.* by almost two to one, among syndicated programs. *M.A.S.H.* wound up with a 10.9/23 in 168 markets, just edging out *Three's Company*'s 10.7/22, in 171 markets.

Another King World entry, *Jeopardy!* took up the fourth slot, with a 9.5/22, in 127 markets, while *Entertainment Tonight*, 146 markets, was Number 5 with a 9.3/17. Making up the other five in the top 10 were *Different Strokes*, 9.1/18, 95 markets; *PM Magazine*, 9.1/16, 66 markets; *Hee-Haw*, 8.6/18, 171 markets;

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## Programming/Production

(continued)

*People's Court*, 8.3/20 share, 170 markets; and *Family Feud P.M.*, *Jeffersons* and *Newscope*, were all tied in the 10th spot., each with an 8.3 rating.

## Syndication shorts

**Embassy Telecommunications'** *The Facts of Life* has been sold in 83 markets representing 74 per cent of the U.S. The latest stations to buy the series, which is set for syndication airing in the fall, 1986, are KJTV(TV) Amarillo, WDAY-TV Fargo, KTVO-TV Ottumwa-Kirksville, WEAU-TV La Crosse-Eau Claire and KSNT(TV) Topeka.

**King World** has added KVII-TV Amarillo, KFVR-TV Minot-Bismarck-Dickinson and KVAL-TV Eugene to its *Jeopardy!* lineup, for a current total of 138.

**King Features Entertainment** has acquired distribution rights worldwide, except for Australia and Canada, to five TV movies. The movies are *The Cartier Affair*, *Girls of the White Orchard*, *The Parade*, *High School U.S.A.*, and *Mae West*, whose rights are limited to the U.S. The movies are expected to be part of KFE's next film package, to be released in 1986 domestically.

**Metromedia Producers Corp.** has sold *Vega\$* to 16 markets, including WOR-TV New York, KXTX-TV Dallas-Ft. Worth, WFBN-TV Chicago, WTAF-TV Philadelphia. Also at MPC, sales on the *Underseas World of Jacques Cousteau* remain brisk. Newest stations are KIRO-TV Seattle-Tacoma KITV(TV) Honolulu, WNED-TV Buffalo, KERA-TV Dallas-Ft. Worth and KGO-TV San Francisco.

**Metromedia Television and Telepictures** have pulled *Rituals*, as of April 1, from primetime to daytime on all the Metromedia stations except WCVB-TV Boston, and WTTG(TV) Washington. *Rituals* stays in its early-fringe spot on the Boston station and in the 11 p.m. slot on the Washington outlet. The serial will be renewed for next season by the five Metromedia stations, involved in the switch, if it does well in its new time slots.

ITC Entertainment's *The Prisoner* and *Secret Agent* have been sold in combination to another five markets, bringing the total number of outlets which carry the shows to 21. New markets include Indianapolis, Dallas-Fort Worth, Houston and Baltimore. *Prisoner* sales currently now total 36. *Agent* sales now are in 21 markets.

**Fries Entertainment** will be international sales rep for *Heated Vengeance*, feature film from Media Home Entertainment.

**Hartwest Productions**, a division of Hartwest Inc., company which pro-

duced the *Joe Pyne Show*, will update and repack the best of the original shows, in conjunction with **F.V.F. Enterprises**, Los Angeles. The plan is to release the shows on a strip basis in a half-hour format. Pyne was a successful TV talk show host in the 1960s.

**King World and Merv Griffin Enterprises'** *Headline Chasers* has been sold in 105 markets, covering 73 per cent of the U.S.

**Gould Entertainment** has acquired the first-run rights to *In Defense of Freedom*, five-hour miniseries tracing the history of the armed forces from the Revolution to the present. WNEW-TV New York, will be the first station to air the programs, beginning in late May.

**Empire Inc.**, the first of the **Metroprime** miniseries package of three, has cleared 85 per cent of the U.S., including 48 of the top 50 markets. The six-hour miniseries is being distributed by **Orbis Communications**. According to **Brian Byrne**, the miniseries is a sell-out. Advertisers include Proctor & Gamble, Clorox, Frito-Lay, Coca-Cola, All-State, Kraft and Kellogg. Most advertisers have committed to the entire three-title package, which also consists of *Jamaica Inn* and *Far Pavilions*.

**Lionheart Television** has added seven markets to the *Threads* lineup, for a total clearance of more than 45 per cent of the country.

## "Hee-Haw's' 18th year

*Hee-Haw*, the country's favorite country show, recently marked its 18th year with no unusual fanfare, in keeping with its generally low-profile posture. But Sam Lovullo, producer of the syndicated program since it began on the airwaves as a network shown in 1969, was in New York the other day to outline its past, present and future. When it comes to the history of the show, Lovullo notes that CBS aired it over a two-and-a-half year period, which ended in mid-1971.

Lovullo says that the idea for *Hee-Haw* came from Frank Peppiatt and John Aylesworth, executive producers of the *Jonathan Winters Show*, which had a run on CBS from 1967-68, when both men observed that country artists who performed on *Winters* generally rang up higher ratings numbers than the show did as a whole.

Lovullo himself was the *Winters* producer, so when the concept of *Hee-Haw* was sold to CBS, Lovullo, who had put in about 15 years with the network, left CBS to produce *Hee-Haw* for Yougstreet Productions, company doing the series for syndication. Lovullo explains that he's not certain why the network canceled the series, which ran on Sundays at 9 p.m., back in 1971, except that it was chopped from the schedule along with a few other country

shows soon after Fred Silverman took over as programming chief.

He recalls that *Hee-Haw* had been generating good numbers and was ranked among the top 20 network shows when it was pulled. *Hee-Haw's* first syndicated show was in fall, 1971, and featured the same hosts, as in the network version—Buck Owens and Roy Clark, with guests including Minnie Pearl and George Lindsey.



Sam Lovullo

In syndication, *Hee-Haw* picked up 152 CBS affiliates right off the bat, recalls Lovullo, playing in the 7-8 p.m. Saturday time slot. The format has remained basically unchanged since its beginnings, including the use of Owens and Clark as co-hosts, with one-liners and music thrown in. In the marketing sense, *Hee-Haw*, a barter show, went from a four-and-four minutes sales split to a five for national and seven minutes for local about three years ago, when the program was sold to Gaylord Productions.

On the format end, the only change made was the adding of Irlene Mandrell to the guest-appearance list last season and some instrumental and arrangements moves to keep up with the music times. *Hee-Haw* has a lineup of about 215 stations, including 140 CBS affiliates, 40 NBC outlets and 15 or 20 ABC stations, as well as many indies.

As to the future, it appears that *Hee-Haw* will continue its strong run out of its teenage years and beyond. "As long as there is a Grand Ole Opry show (on radio) there will always be a *Hee-Haw*."

## N.Y. Emmy winners

WABC-TV New York took five of the 19 New York area Emmy awards in programming, followed by WCBS-TV and NBC-TV with four each. WOR-TV had two, while WNET(TV), WPIX(TV) and WNEW-TV and the New Jersey Network each won one award. Also, the New York Chapter of the National Academy of Television Arts and Sciences gave 17 individual craft achievement awards. The Governors Award went to TV writer

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## Programming/Production

(continued)

David Davidson for his efforts in developing an educational and scholarship program. There were no nominees in the following categories: Outstanding documentary series, outstanding children's programming, magazine program, short form programming. There were also no winners in outstanding sports programming; discussion/interview program; or magazine format series.

The 19 program winners are: **News Broadcast**—*News 4 New York* (WNBC-TV). **Single News Feature**—*Punk Hair* (WOR-TV) and *Why New Jersey Has No State Song* (WOR-TV). **Feature News Series**—*School Daze: Japan v. Johnny*, (Eyewitness News), (WABC-TV). **Investigative Reporting**—*Asbestos—Time Bomb*, (WNBC-TV). **News Special**—*Cardinal Cooke Funeral*, (WNBC-TV). **Live Sports Coverage**—*The Tenth Annual Colgate Women's Games* (WABC-TV). **Documentary Program**—*Asylum in the Streets* (WNBC-TV) and *Child Molesters* (WNEW-TV).

**Discussion/Interview Series**—*The Morning Show* (WABC-TV). **Entertainment Programming**—*The Big Breakdance Contest* (WABC-TV). **Special Interest Programming**—*Innovation*, (WNET); *Sembrando El Futuro* (New Jersey Network). **Segment within a Magazine Report**—*Missing Boy* (WCBS-TV). **Promotional Announcement**—*Mornings Are the Worst* (WPIX) and *Video Music Mania* (WABC-TV). **Community Outreach Programming**—*Adopt-a-School* (WCBS-TV) and *Project Housing* (WCBS-TV). **Editorial**—WCBS-TV.

## Republic overseas sales

Republic Television is dealing a hot hand overseas. The Los Angeles based company has gotten strong pre-MIP sales of more than 115 cartoons, has sold *Laramie*, NBC off-network series to the BBC and has made international sales for 110 films in three separate deals. On the cartoon end, three separate packages were sold to Finland, Denmark and Switzerland, including *Betty Boop Little Lulu* and *Out of the Ink Well* series.

The BBC will air 60 color episodes of *Laramie* hour-long series, beginning the latter part of the month. In the film area, 100 pictures were sold to Argentina, Brazil, Venezuela, and Uruguay. The package includes *The Quiet Man*, *Julius Caesar* and *It's a Wonderful Life*. Six Cary Grant pictures were sold to Greece television, including *Make Mine Mink* and *Father Goose*. Two children's movies, *Hans Brinker and the Silver Skates* and *Heidi*, were picked up by New Zealand.

## On the Air '2000' push

On the Air is launching an extensive promotion and marketing plan for *TV 2000*, first-run weekly one-hour music series produced by ATI in association with On the Air. The company has developed a special *TV 2000* rock contest whereby viewers enter the contest by calling 900-976 ROCK, or by write-in entries. Winners get weekly prizes and there is a grand prize of a three-day all-expense paid trip to Hollywood.

*TV 2000* is available via barter, with stations getting nine minutes, with national advertising given three minutes each hour. Each program highlights the

top music videos, one newly released music video and two insider features and a rock trivia segment, in addition to news of the music industry.

## Radio syndication

**DIR Broadcasting** has set April 22 as the date for the seventh annual rock radio awards presentation, and the Memorial Day Weekend, May 25-27, for the two-hour national airing of the ceremony. The program is sponsored by Toyota. DIR is currently tabulating nominations from program directors and on-air personnel from more than 200 rock stations, with ballots going out to choose the winners in eight categories.

**MJI Broadcasting** will launch a two-hour country magazine show, *Country Today*, on May 1. The show will be hosted by Dan Taylor, WHN New York and will integrate music, news, and lifestyle features and interviews with country stars.

**Burkhart/Abrams/Michaels/Douglas and Associates** have been signed by WCKG Chicago, to program *Supersars II*, 25-plus AOR format. The station signed on the air March 4. Also at the company, it will handle advertising, programming and promotion for Radio Caroline, AOR/CHR hybrid station off the coast of London.

**Mel Diamond**, director of sales, has been named vice president in charge of sales at **Satellite Music Network**. SMN currently has 476 affiliates, with 32 additional affiliates under contract.

**KalaMusic**, La Kalamazoo, has signed WJIM-FM Lansing. Both the AM and FM was bought the past February by Michi-Media Inc.

**TM Communications**, Dallas, has changed the format name of *TM Beautiful Music* to *TM Easy Listening*. TMEL is a contemporary blend of easy listening favorites targeted to the adults, 25-54 and consists of five different categories of music and the format provides stations with 8000 vocals, including 400 which are hits by the original artists.

Twenty-three stations in four states have cleared the *Sportspage New York Baseball Report*. According to Sportspage Radio Network, Brooklyn, N.Y., stations which will carry the 60-90 second reports include WBNR Beacon-Newburgh, WHUC Hudson, WHVW Poughkeepsie, all New York; WLAD Danbury, Conn., and WRAN Dover, N.J.

**Barnett-Robbins Enterprises**, Encino, will debut two monthly programs in May, in two different formats, *Superstar Portraits*, and adult/contemporary series for the 18-49 demo, and *Country Gold*, monthly two-hour music/profiles. The two new series expands the BRE offerings to five.



**Blair Entertainment** hosted a party recently marking the purchase of *Divorce Court* by WABC-TV New York, and WLS-TV Chicago, two ABC affiliates. From l., William Fyffe, vice president and general manager at WABC-TV, Judge William Keene, Tony Brown, Blair Entertainment senior vice president, general sales manager, and Jack Fritz, president, chief executive officer, John Blair & Co.



**OUR LIVES  
ARE IN  
DANGER.  
WHO CAN  
SAVE US?**

## Programming/Production

(continued)

**Clayton Webster** has signed Dick Cavett as host of the syndicated program *The Comedy Show*. He'll also host a daily two-minute feature, *The Comedy Spot*. CW has marketed *Comedy Show* since January, 1983. It airs on more than 30 stations each week. Including stations in 49 of the top 50 markets.

## Zooming in on people

**Stephen Morley-Mower** has been promoted to vice president, sales services at **Embassy Telecommunications**. Morley-Mower was named director, sales services in June, 1983, having been manager of the department since 1980.

**Janet G. Baser** has been appointed director of research at **Multimedia Entertainment**. Baser has been at the NBC Television Stations Division, where she was director of TV stations research since 1974. Before that, Baser was director of TV research at AVCO/TV Sales.

**David Lerner** has been named broadcast supervisor at **Foote Cone and Belding**. He joined FCB's national broadcast unit in February, 1984. Before that, Lerner was network television supervisor/negotiator for American Home Products, at John F. Murray Advertising.

**Rebecca Segal** has joined **The Creative Services Group** as vice president, television. She was most recently director of public relations at Metromedia Producers Corp., Los Angeles.

**John J. Albert** has been appointed executive vice president at **Viscom**, where he will direct its U.S. operations. Previously, he was assistant vice president of Western Union Satellite Systems and Services.

**Cecelia Andrews** has been named senior vice president of business affairs at **Paramount Network Television**. Andrews was vice president in charge of business affairs. She joined the company as an attorney in 1974.

**Anne Lieberman** has been named director, West Coast programming, and Kenneth Arber is manager, West Coast programming, at **LBS Entertainment**. Lieberman previously directed 20th Century-Fox's first-run syndication department. Arber's previous association was with Bill Carruthers, Bob Banner and Bob Stivers.

## NEC unit to WOR-TV

WOR-TV New York has acquired NEC America's 600th E-Flex Optiflex DVE digital video effects system, through Beers Associates, NEC's broadcast equipment division sales reps. WOR-TV, in addition, ordered another complete E-Flex Optiflex DVE system and related accessories for its new state-of-the-art broadcast center, currently being constructed in Secaucus, N.J. The new center will become operational by November.

The E-Flex DVE system was introduced in 1982, followed the next year by the Optiflex perspective/rotation accessory which enhances the capabilities of the E-Flex with range of three dimensional digital video effects.

## RCA radio service

RCA American Communications, Princeton, N.J., has made available a new distribution service for regional or specialized radio networks using single-channel-per-carrier distribution over Satcom 1-R. Providing 7.5 and 15 kHz signals, the service offers programmers the marketing advantages of Satcom 1-R. and is designed to grow with programmers requirements.

## TV Fest director

Thomas Slevin has been named executive director of the New York World Television Festival. Slevin had been at Cablevision Inc. In other appointments, Thomas F. Madigan, vice president, WQED(TV) Pittsburgh, is reelected president. Michael Jay Solomon, chairman Telepictures Corp., is reelected vice president; Robert S. Woolman, Eastman Kodak, is elected treasurer; and Bob Bernstein, March Five, is the new secretary.

New board members elected were Joseph Tirinato, MGM/UA Television; Art Kane, CBS International; and Curt Davis, Arts & Entertainment Network. Among those reelected to the board for two-year terms are Bert Cohen, Worldvision Enterprises; and Marcy C. Milton, The Markle Foundation.

## Radio trends: consultant

Teenagers should not be considered the lost generation when it comes to listening to AM radio. That's one of the opinions expressed in a release by Jay Albright, national programming consultant for Drake-Chenault. He notes that teenagers "may become available to AM radio, because they haven't grown up with preconceived ideas about the difference between AM and FM radio." However, he cautions, the technical inferiority of AM receivers must be addressed and teens must become attracted to an AM format.

On the reverse side of the coin, Albright notes, "the 25-54 adult of tomorrow will have grown up with nothing but FM and it will require considerable effort to attract that individual to AM radio. Digital radio receivers will proliferate, Albright predicts, as listeners become more digitally sophisticated. "Still there is a danger that stations could get so far ahead to of the trend that they could lose touch with listeners in their markets."

Also, he conjectures, AM stereo receivers will bypass consumers unless there is massive AM promotion, with all stations in a market participating. "The future of AM is music, with few markets able to support more than two or three all-talk radio facilities."



**Columbia Pictures Television Domestic Distribution** announces tie with **LBS Communications** and the **Tribune Co.** on 'Inday' at West Coast Party. From l. **Joe Indelli**, president of **Mel Smith**, director of program services, the **Tribune Co.**; **Herman Rush**, president of the **Columbia Pictures Television Group**; **John Hacker**, director of planning and analysis, the **Tribune Co.**; **Barbara Corday**, president, **Columbia Pictures Television**; **Henry Siegel**, chairman, **LBS**.

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# Commercials

## Carl Ally to chair Clio Awards in June

When you have had enough success in the advertising business to last three careers you are usually asked to sit in judgment of your peers at one advertising competition or another.

The grand daddy of these competitions is Clio, and the patriarch who has just been named Clio Awards Advisory Board Chairman at Clio's 26th Annual TV/Cinema/Cable Awards Gala slated to be held June 17 at the New York State Theater at Lincoln Center is Carl Ally, director of Ally & Gargano, Inc.



Carl Ally

Ally follows in the footsteps of such illustrious predecessors as Ogilvy & Mather's Jock Elliott and Foote Cone & Belding's John O'Toole, to name two of the most recent Clio advisory chairmen.

As an advisory chairman, Ally gets to make what amounts to the event's keynote speech at the start of the evening before the audience gets too award-logged.

There's not too much that can be said in the keynote spot, but O'Toole managed to make some controversial remarks during a year (1982) in which he felt creativity had not been of the highest order.

Elliott talked about how much he admired the creative copywriters and art directors, who consistently can turn out award winning advertising.

Ally has never been one to mince words. He has some very strong convictions about the components of good advertising, and will certainly unleash them on his audience.

Meanwhile awards, particularly Clio's, have a merchandising value. They have been known to double, even quadruple, an advertising copywriter's or an art director's salary. While Clio steadfastly insists it does not keep statistics on the professional worth of its hardware, vis-a-vis the climb up advertising's corporate ladder, advertising chief ex-

ecutives, such as Grey's Ed Meyer, or Fallon McElligott & Rice's Tom McElligott, (who's actually executive vice president and creative director) readily concede that they award substantial pay hikes to staffers who produce ads that win awards.

Some companies, such as J. Walter Thompson, have admitted that award winning campaigns resulted in some new business. JWT picked up the \$70-million account for Miller High Life, after a year that saw its New York office win kudos for its Kodak and Burger King campaigns.

Ally, the namesake of an agency that bills more than \$200 million, succeeds Bill Mackey, Jr., chairman and chief executive officer of McCann-Erickson Worldwide, in the post. He began his career in 1948 as a copywriter with General Electric. After serving in the Korean War, he resumed his career with Campbell-Ewald in Detroit, and Papert, Koenig, Lois in New York before founding his own agency, Carl Ally, Inc. in 1962.

## Silence is not Golden



Joy Golden

Joy Golden is going out on her own. The writer of the Laughing Cow Cheese radio campaign while on freelance assignment for TBWA, Golden has formed Joy Radio, Inc., which will be a New York-based packager of comedy and radio spots. "My last agency connection was with Wells Rich in 1979. I've been working freelance since. One of the agencies was TBWA. It was such a successful marriage, that I went on retainer two to three days a week.

"Three years ago, I was given an assignment to do radio for Eagle Snacks. I had never written a radio commercial in my life. It opened up something in me that has never been exposed ... my craziness." There are five laughing cow commercials currently running in New York and San Francisco. The newest

two are "Valley Girl" and "Hot Tub Bunch." Golden's new client is Tijuca Beer, a Brazilian import.

Other scheduled stints: She will be doing an RAB creative workshop guest shot, a 15-minute speech with graphic support. The date: June 18. The title: "Going to bed with Jack Benny made me what I am today."

## Kantor forms music shop



Gail Kantor

Gail Kantor, skilled studio musician and vocalist has formed the Kantor Co., which she describes as a "one-source spot for broadcast advertising music, arrangement and production as well for off-beat comedy commercials.

"We not going to depend on one writer to do all types. Whether the client needs pop, rock, rhythm and blues, jazz or nostalgic music, one call to us, and we'll locate the best choice for any musical commercial need."

The writers handled by The Kantor Co. include Bill Johnson, also known as Looner Tunes. Johnson is an arranger/writer/producer whose music is heard as the MTV signatures, on the Playboy Channel, and as the theme of New York rock radio station WPLJ(FM).

Another Kantor music house is Silvertree Inc., writer, arranger and producer of the theme for the Christian Broadcast Network's *Count Down America*. According to Kantor, they also contributed to the production of "We've Got the Touch," 1984 promotion campaign for CBS-TV affiliate stations.

Comedy scripts will be created by the Hot Spots, a team of writers that Kantor says has put together off beat scenes for Del Taco, Thom McAnn, Lawry's and Ford Ranger commercials, plus movie promotions for *Gremlins*, *Police Academy* and *Oh God, You Devil*.

Kantor's 'middle of the road' writer is Andy Muson, who wrote the original theme music for *Entertainment Tonight*, as well as numerous arrangements for television and film.

Kantor's work as a studio musician includes time with the Rolling Stones and a tour with Bette Midler as one of the original Harlettes. This prepared her for jingle work for such advertisers as

McDonald's, Hanes, Sheer Energy, Pepsi and Kentucky Fried Chicken.

Kantor will be headquartered in Los Angeles.

### Audience response

Reactive Systems, Inc. an Englewood, N.J., firm, bowed its computer-based Audience Response System last month on WABC-TV, New York's *The Money Test*, which aired at 7:30 p.m. on March 16.

"The system enables members of the audience to rate or poll a question anonymously," says marketing director Irene Porges.

The news, however, is that following successful introduction of its Audience Response System, which Porges characterizes as a service, Reactive Systems is marketing its Group Response System, which performs the same function, to sales and marketing divisions of blue chip corporations, as a device that can obtain, quick, anonymous response to sales presentations, marketing and advertising programs.

A further application, which Porges agrees is "very appropriate," is an arbiter of commercials, or an instrument to be used in test campaigns. Porges reports that this application "has been suggested by people who have seen the system in use," and that the firm is looking into approaching those companies that would use it for that type of application. "The applications for the machine are truly more than you could contemplate."

The Audience Response System, compatible with the IBM-PC and Apple II Computers, consists of individual key pads connected by flat ribbon cable to a micro-computer. The response group is allotted about eight seconds to respond by pressing one of the buttons indicating their choice.

The system immediately tabulates and displays the data as a color bar graph on a connected monitor. The responses can also be stored by group or individual on a diskette and later cross tabulated to the audience demographic profile.

The Audience Response System is currently used in the area of education and training. Some of its users are among America's biggest advertisers. They are IBM and Hoffman-LaRoche.

The ARS with all programs, and 15 response pads costs \$1,400 for the Apple II and \$1,800 for the IBM-PC.

### Valentino music library

The TJ Valentino Production Music and Sound Effects Libraries have recently been expanded to include four new recordings of production music and three new albums of sound effects, all of



Valentino library

which Valentino will have on display during the upcoming National Association of Broadcasters conclave, which is being held in Las Vegas.

"The music albums contain strictly contemporary selections which are recorded in full length, as well as 60-sec-

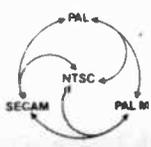
ond, 30-second and 10-second versions."

As an introductory incentive, Valentino is offering special one-year lease plans that include free placement of 50 LPs from the library in the client's studios.

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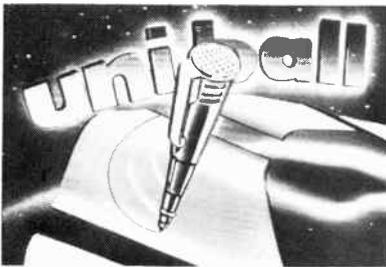
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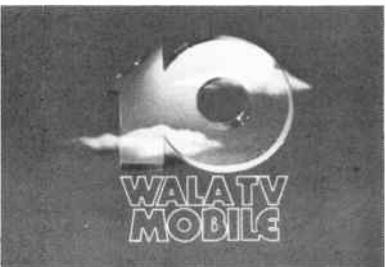
KCMP PRODUCTIONS LTD., New York

Uniball



DOLPHIN PRODS. N.Y., COMPUTER ANIMATION

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I-F STUDIOS, New York

WXYZ • Detroit



RODMAN INC. & GRFX PRODS. Darien, CT

## Commercials (continued) Production costs cited

A new ANA report entitled "Television Commercial Production Cost Trends," reports that costs are the single most pervasive concern in the industry.

The study examines the severity of the problem, pointing out which key production components have increased, analyzes the reason for the hikes and suggests procedures for better management and control.

Prepared under the auspices of the ANA agency relations committee, chaired by John J. Powers of Eastman Kodak Co., cost data and trend information are based on a survey conducted by committee member Robert Klugman of Adolph Coors Co.

Albert B. Stauderman, well known advertising production consultant and a principal in Bird-Bonette-Stauderman, will interview respondents.

## CEBA Awards Noted

The World Institute of Black Communications has issued a "call for entries" into the 1985 (Communications Excellence to Black Audiences) Awards Program. Louis Hagopian and Keith Lockhart CEOs of N W Ayer, and Lockhart & Pettus, respectively, chair the event.

Deadline for the entries is May 3. Now in its eighth year, the CEBA Awards was founded by the National Black Network to elevate the quality of advertising and communications directed to the black market and to help focus the need to increase participation by African-Americans in advertising professions.

CEBA has added categories, this year, in the television and video classifications. These include: TV/single feature segments; TV interview/studio; and TV interview/on location. Eligibility requirements stipulate that the material must have been aired during 1984.

The awards will be judged in late June in New York. The CEBA Awards dinner and presentation is scheduled for October 24 at the New York Hilton. Entries should be sent to CEBA, 10 Columbus Circle New York, N.Y. 10019.

## Bells and whistles

The screening room at the agency where the creatives squirm while the client comments on the dailies, must have equipment that is top of the line.

As agencies have branched out, some to do their own test spots, there has been a growing need for companies to supply the interfacing kinds of hardware, necessary to make the screening and conference rooms of the top 100 agencies, and under.

Shoreline Designs, Inc. is one of those companies, and recently installed an ad agency video setup at Grey Advertising, Los Angeles.

Shoreline designed and installed equipment in Grey's conference and video rooms. The entire \$40,000 installation includes Sony VO-5600 3/4-inch videocassette recorders; Sony CBM-1900 19-inch receiver monitors and custom-designed Mycomp Technologies control panels in each room. The rooms also feature reel-to-reel and cassette audio hardware with turntable playback.

There is also a special off-line 3/4-inch editing bay. Each room is equipped with Mycomp Machine control systems, which Shoreline considers to be the keystone to the entire systems. They were designed by Mycomp Technologies of Santa Ana, CA, specifically for use by advertising agencies. Each is a serial logic device which controls, from a single small panel, the full playback capabilities of the major components of the system.

Shoreline is based in Los Angeles.

## Ad makers

Creatives continue to get increased managerial recognition. In two recent appointments, **Young & Rubicam, Inc.** and **Doyle Dane Bernbach** recognized the efforts of two top creative people by rewarding them with significant promotions.

**Louis R. DiJoseph** was named an executive vice president of **Young & Rubicam USA**. DiJoseph had been a senior vice president and group creative director. He had been with Y&R from 1964 to 1976 and returned to the shop in June 1981, after spending five years at NW Ayer, where he had been a group creative director.

DiJoseph was named vice president and associate creative director in July, 1981, and became senior vice president and associate creative director in May, 1982. In January, 1983, he was named a group creative director.

**Doyle Dane Bernbach** has named senior vice president **John Mariucci** a creative director, replacing Irwin Warren who has left the shop. He will report to **Roy Grace**, chairman and executive creative director of DDB-U.S.

In his new capacity, Mariucci heads one of five creative groups that were established last year in the restructuring in the department. Mariucci's primary client responsibilities will be on the Brown & Williamson, Michelin and Polaroid Industrial business.

Mariucci joins executive vice presidents **Mike Mangano** and **John Noble**, and senior vice presidents **Diane Rothschild** and **Tom Yobbagy** all with the title of creative director, and all of

whom report to Grace.

Mariucci came to DDB in 1965, after spending a year with BBDO in San Francisco as an art director on Standard Oil.

Doyle Dane continues to promote from within.

**Kenyon & Eckhardt, Inc.**, well ensconced in its new headquarters on Manhattan's lower west side, announced several new appointments recently.

**Alan Mond** has been named associate creative director; and **Louis Principato** and **Carrie Weinblatt**, an art director and copywriter, respectively, have come to K&E from Cunningham & Walsh, Inc. where they worked as a team.

Mond joined K&E as a creative supervisor in 1981, and was named a vice president last year. Assigned to the Chrysler business, Mond has done a series of spots with the chairman of the board, **Lee Iacocca**, for Plymouth and for the agency's campaign for restoration of the Statue of Liberty.

Prior to working for K&E, Mond was with a number of the top 25 shops including Foote Cone & Belding, Leo Burnett and Doyle Dane Bernbach.

Before working at C&W, Principato was at BBDO and Young & Rubicam, Inc. Weinblatt previously worked at Benton & Bowles and Della Femina, Travisano & Partners.

**Sherry B. Valan** has been appointed a senior vice president at Benton & Bowles.

Valan is the director of advertising standards and clearance. She is responsible for all matters pertaining to the legal clearance of broadcast and print advertising for all accounts of B&B-USA and its partner companies.

Valan joined the agency in 1968 as an assistant to the manager of business affairs, and in 1976 was promoted to associate director of business affairs. She was appointed vice president, director of advertising standards and clearance, in April, 1979.

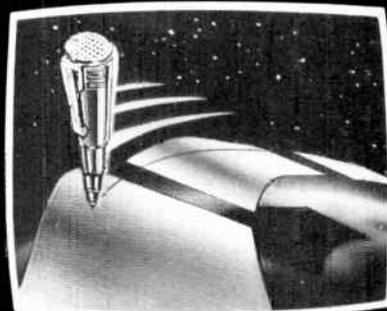
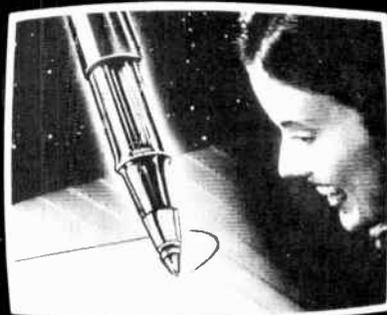
**Cunningham & Walsh** has named two new vice presidents, **Robert Goolrick** and **William Vernick**.

**Goolrick** joined C&W in December of last year as a creative group head working on the Folgers, Woolite, Citrus Hill and "21" Brands business. Prior to joining C&W he was an associate creative director at Laurence, Charles and Free, and, before that, worked at Grey Advertising.

**William Vernick** joined the agency as a copywriter in 1983, and has worked on Winthrop's *Neo-Synephrine* and *Na Sal*, campaign, and the new *Woolite* campaign labeled "Brand New." Vernick was named creative group head on the Folgers and Winthrop business last January.

Prior to joining Cunningham &

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## Commercials (continued)

Walsh, Vernick worked as a copywriter at BBDO, Laurence, Charles & Free and Ted Bates. Both appointments are effective immediately.

## New campaigns

**Ogilvy & Mather** is launching a new television campaign with six 30-second spots, propagating the theme, "**Avon, the art of science and beauty.**" Strategy for the drive, according to **Barbara Pesin**, vice president of advertising for Avon, will be to focus on Avon's skin care, makeup and fragrance products.

Of the six spots being used, three are new, according to Pesin. "The first is an overall beauty statement from Avon, which seeds the campaign theme. This commercial conveys that there is a new age of beauty at Avon, where art and science are carefully balanced to create products that answer consumer demand for fashionability.

"A second commercial showcases the wide range of fashionable colors in Avon cosmetics. Through a surprising change of seasons," she says, "the advertising demonstrates that Avon has makeup shades for every woman, every season."

The third commercial is a statement discussing Avon's expertise in facial skin care.

The rotation will also include previously run spots for Avon's two Louis Feraud designer fragrances, *Vivage* and *Fantastique*.

The campaign is part of a planned stepup by Avon in its media spending. The cosmetics manufacturer, via O&M, plans to spend an estimated \$25 million this year, a 50 per cent increase over 1984.

ABC, via its agency, **NW Ayer**, has launched what it characterizes as a public service effort to inform its various publics about the internal workings of the broadcast media.

"Our research tells us that even some very well informed people know comparatively little about how the broadcast industry works," says **James Duffy**, president of communications/broadcast at ABC.

"Many don't know the difference between a network, and the network's flagship station, between an affiliate station and an independent," Duffy said in an interview. They are not aware of what a public service announcement is, and that the station running it, is donating the time.

"Some of our audience believes that the decision to take off one of their favorite shows is made by one person, arbitrarily in an ivory tower office. We want to correct some of these false impressions, as well as provide valid in-

formation of just how many of these decisions are arrived at.

"We not only intend to talk," Duffy continued. "We intend to listen, too. At the end of each 30-second spot there will be my name and address. The listeners will be invited to send their letters, and we will answer some of them on the air."

Duffy, will be the point man in this informative exercise. He will travel extensively, making appearances at local stations. "We will also make special versions of the network 30s for the use of local stations."

In response to a question, Duffy said the campaign is not a reaction to the erosion of the television audience, or to reported disenchantment to the frequency of television commercials.

"This project has been a year in the making and is not precipitated by the ABC merger (with Capital Cities). We just felt the time was ripe to make a straightforward statement about broadcasting. We're not going to plug our programming or our network, per se. We're just going to try to initiate a dialog with our audience and generate accurate information about how the broadcast industry works."

The duration of the campaign has not been defined. The drive consists of some print advertising, plus airtime that the network will utilize over the web, and that the affiliates and the O&Os will also donate.

**D'Arcy MacManus Masius** doesn't mince words in its aggressive new campaign on behalf of **General Tires**. "Hot new rubber from General" is the theme line, to introduce Generals XP2000 series of high performance tires. The multimillion campaign (the agency declines to provide specific billings figure) is reported to be General's largest-ever new product plunge.

The agency will use a combination of network and spot television, network and spot radio, consumer and trade magazines and Sunday newspaper supplements.

D'Arcy will spice up the drive with a national sweepstakes, network radio concert sponsorships and full merchandising and public relations programs. The target demographic: the 18-34 age range.

The TV ads were shot at various locations in West Germany on several of the world's most famous performance cars, including Mercedes, Audi and BMW. **John Stevens** directed the spots. The production company is **HISK**. The General Tire account has been at D'Arcy since 1916.

**Burton Campbell** is honing a fourth quarter campaign for **Wilkinson Sword** self-sharpening cutlery. The campaign,

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borne out of a research study that showed a spurt in last year's cutlery buying during the fourth quarter, will target the 18-49 adult market.

A national network television buy will concentrate in early morning from 7 to 9 on *Good Morning America*, *CBS Morning News* and *Today*. The advertising program will be further bolstered on late news and late fringe.

"The fourth quarter advertising program provides maximum exposure for our advertising dollars and this concentrated approach will provide 650 gross rating points during the fourth quarter, says **William R. Gauch**, vice president of marketing for the advertiser.

"The basic advertising format of the fourth quarter will be expanded in 1986 in an ever-increasing number of major cities. Overall our first year program will deliver an effective reach of 72 per cent against our targeted audience, comprised of adults in the major markets in which we advertise."

**Sarah Purcell**, spokeswoman for **Southwestern Bell** out of St. Louis will team with a range of cartoon characters which include pigs, mice, bears, a turtle and a wolf in a television and radio campaign, via **D'Arcy, MacManus & Masius**, St. Louis.

The four 30-second television commercials, six 60-second radio spots, spotlight "Tele-Help" Southwestern Bell's customer information program. The second year program expands its informational range, including customer concern about home security and annoying phone calls among the topics to be addressed.

The animal puppets were created and are handled by **Tony Urbano & Co.** **Manny Perez of Film Fair** directed both the radio and television spots out of the production company's Los Angeles office.

Television spots will air during primetime and early and late fringe programming in top 10 and secondary markets in Southwestern Bell's five-state territory.

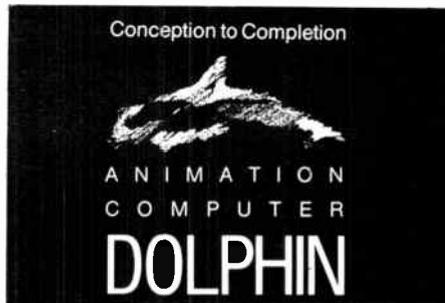
**Korey Kay & Partners** has launched a television campaign on behalf of **The New York Cash Exchange**, the New York area's first shared electronic banking network. Through eight participating banks, NYCE provides access to more than 800 cash machines, principally in New York City, but also extending to Connecticut, New Jersey and upstate New York.

The television campaign is using the theme "Money all over the place," and focuses on the broad availability of the cash machines. The TV commercials take a tongue-in-cheek swipe at the paucity of cash machines, unless you know about NYCE.

## Videotape and Film Post Production Services



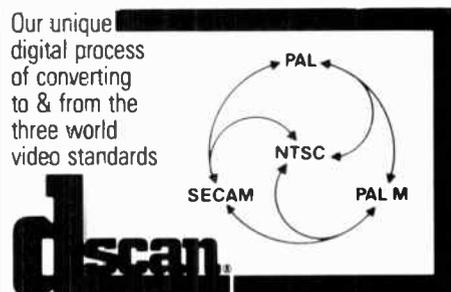
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TELEVISION/RADIO AGE

# Spot Report

April 15, 1985

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**RKO TELEVISION**

A Division of RKO General, Inc.



# Spot Report

April 15, 1985

## Pearle biggest health spender

Medical, dental and optical services boosted their television investments almost 40 percent in 1984. The three categories combined placed \$89.6 million in TV last year, 39 per cent ahead of 1983's \$64.6 million. Medical and dental services alone spent \$62.07 million in spot last year, 51 per cent more than in 1983.

Major medical advertisers, according to the Broadcast Advertisers Reports compilation for the Television Bureau of Advertising, were Comprehensive Care Corp., with \$4.2 million in television; Schick, Inc., which placed \$3.6 million, and Humana Inc. with \$3.4 million in TV during 1984. But these companies were dwarfed by the \$12.6 million TV investment posted by just one optical service company, Pearle Vision Centers, the only company on the TvB list using both spot and network television last year. Second biggest optical spender, with \$2.4 million in spot, was Texas State Optical Co.

Number 1 among dental advertisers last year was Denta Health Dental Clinics, which put nearly \$1.4 million into spot TV. Denta Health was followed by the American Dental Council (\$1.2 million) and California Dental Service Plan (\$435,900).

## Market segmentation system

National Decision Systems, Encinitas, Calif., has come up with a "second-generation" cluster segmentation system, Vision, which defines marketing targets for professionals in retailing, finance, communications, marketing, advertising and consumer goods. The system tells them who their best customers and prospects are; where and how they live; what they read, listen to and watch; and how to reach them effectively, according to Dr. George Moore, NDS vice president and developer of Vision. The system, notes Moore, classifies all U.S. households into 48 market segments based on the demographic, socioeconomic and housing characteristics of their neighborhood block.

Moore notes that, unlike other clustering technology, Vision uses an exclusive two-stage method, which "assures the correct classification of households into their proper market segments." Also, according to Moore, Vision has been able to better segment such major U.S. consumer targets as the super-affluent, golden years, yuppies, ethnics, and the *nouveau riche* households and has eliminated the cluster "clutter" of other systems.

"Now for the first time," Moore adds, "You can select *within* a market segment by more than 150 additional characteristics. This result is a more precise lining up of targeted customers between the sights of your marketing rifle." Also, he says, "If you code the same customer base with both Vision and our competition and then develop geo-demographic profiles, the Vision profiles will clearly be more segmented, easier to understand and give a better definition of your best prospects."

## Consultants in co-venture

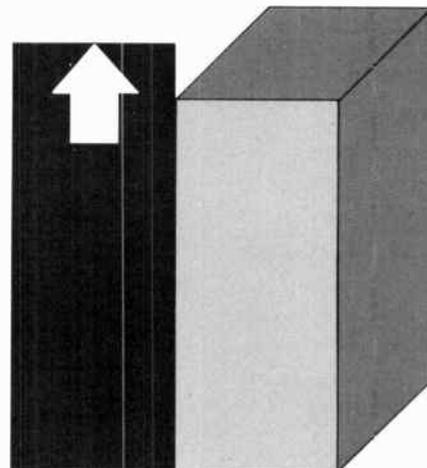
The old and the new in broadcast consultancy have combined for the future. The long-established firm, McHugh and Hoffman, broadcast programming consultants based near Washington, and Curran-Victor Co., Larkspur, Calif., which began operations April 1 as a broadcast management consulting firm, have formed a joint venture, MCVH, Ltd., to service independent and affiliate station and group operations. MCVH, more specifically, will offer consulting and research services that encompass "every facet of television and radio station operations, including management, sales, financial, administrative systems, in-depth audience research and analysis, long-range information and entertainment programming strategies and comprehensive promotion and marketing plans."

Potential clients, depending on their needs, may choose to retain the services of either McHugh and Hoffman, the Curran-Victor Co., or the combined services of MCVH. McHugh and Hoffman was founded in 1962.

## February

### National business spot (millions)

+4.1%



1985: \$295.3

1984: \$283.7

Complete TV Business Barometer details p. 36

# Spot Report

## Campaigns

**Aaron Sells and Rents, TV, RADIO**  
*Paces East Advertising/Atlanta*  
 FURNITURE and HOME ENTERTAINMENT ELECTRONIC PRODUCTS are being featured for 13 weeks on radio and for 26 weeks on television during second and third quarters in a long and widespread

lineup of sunbelt markets. Media target is young adults 18 to 34.

**American Dairy Association, RADIO**  
*D'Arcy MacManus & Masius/Chicago*  
 MILK is being recommended for 13 weeks during second quarter in a good many southeastern radio markets. Buyers set schedules to reach young people 18 to 34.

**American Telephone & Telegraph Co., RADIO**  
*N W Ayer/New York*  
 CELLULAR TELEPHONES are being

promoted for six weeks that started in early April in a long and coast-to-coast list of radio markets. Negotiators placed advertising to reach upscale men, 35 and up.

**Beatrice Foods Co., RADIO**  
*Leo Burnett Co./Chicago*  
 PETER ECKRICH MEAT PRODUCT is being advertised for 11 weeks that started in late March in a good many midwestern and southeastern radio markets. Buyers worked to appeal to women 25 and up.

**The Hartz Mountain Corp., TV**  
*Cooper Square Advertising/Harrison, N.J.*  
 SELECTED PET CARE PRODUCTS are sharing 13 or more weeks of television exposure that's starting on various April air dates in a widespread selection of sunbelt markets. Media worked with a full range of dayparts to reach adults 25 and up.

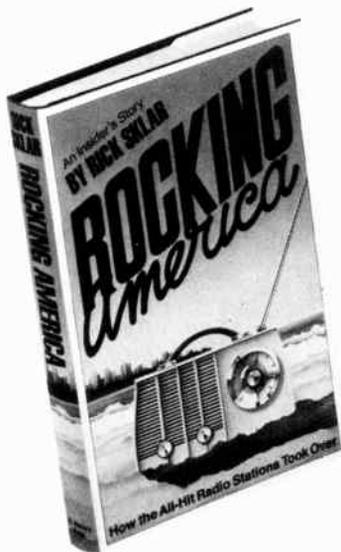
**Home Savings of America, TV**  
*Chiat/Day Inc./Los Angeles*  
 LOANS are being offered for 13 weeks during second quarter in a select list of California, Texas and Florida television markets. Buyers used all dayparts to reach both men and women 25-plus.

**Huffy Corp., TV**  
*Grey-North Inc./Chicago*  
 BICYCLES will be on television for five weeks set to begin in late March or early April in a long and widespread lineup of markets.  
 Media arranged for fringe and weekend showings to reach teenagers and young adults.

**K Mart Corp., TV**  
*Ross Roy Inc./Detroit*  
 VARIOUS RETAIL ITEMS are sharing 12 weeks of promotion time in a good many sunbelt and midwestern television markets. Buying team used the full range of dayparts to reach adults in various age brackets, depending on item.

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Rick Sklar is a radio and music video program consultant and was formally a consultant for ABC-TV's music video programs. He has been program director at New York radio stations WINS, WMGM, and at WABC, which he built into "the most listened-to station in the nation."

"For years the term 'Top 40' and the name Rick Sklar were synonymous. They both meant the best in rock music. If you are fascinated by the world of music, its stars, its jungle warfare, its fights for survival, then read Rick Sklar's autobiography of the rise of rock radio in America."

—Clive Davis, President  
*Arista Records*

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### New bar-b-q

Geo. A. Hormel's Old Smoke House Bar-B-Q is now out of test market and going national with both spot and network television, plus magazine advertising and free standing newspaper inserts backing the new product nationwide. Advertising started in April and is scheduled to run through to the end of the bar-b-q season in early fall. Agency is BBDO Minneapolis and its primary demographic target is women.

#### Lee Filters, RADIO

*Keller Crescent Co./Evansville*

OIL FILTERS are on the radio for eight weeks during April and May in a long and widespread lineup of markets. Negotiators placed schedules to reach both men and women 18 and up.

#### Satellite Business Systems, RADIO

*Saatchi & Saatchi Compton/New York*

SKYLINE LONG DISTANCE

TELEPHONE SERVICE is on the radio for 20 weeks that started in late January in a nationwide selection of major radio markets. Media plan calls for reaching business decision makers 25-plus.

#### Schering-Plough Corp., RADIO

*Lake-Spiro Shurman Advertising/Memphis*

TINACTIN FOOT POWDER is being offered for 10 to 20 weeks in a long and nationwide list of radio markets. Media group worked to reach adults 25 and up with advertising that started in March in some markets and is scheduled to begin on various April and May air dates in others.

#### Show Biz Pizza Place, TV

*Metroplex Advertising/Fort Worth*

ENTERTAINMENT CENTERS are using spot advertising in a long and nationwide list of television markets. The 18 week campaign began in late February, aimed at kids, teenagers and young adults.

#### Van Munching & Co., RADIO

*SSC&B, Inc./New York*

HEINEKEN BEER and AMSTEL LIGHT BIER are scheduled for six to eight weeks of radio advertising, starting on various April air dates in a nationwide selection of major markets. Buyers are looking for young men for Heineken and for both men and women for Amstel.

### New from Wrigley

National advertising kicks off in mid-May for Wm. Wrigley Jr.'s new Nutra-Sweet-flavored line extension, Extra Bubble Gum. While some local broadcast may be used, a spokesman in Chicago headquarters says the broadcast part of the push will be primarily on the networks, scheduled to reach women, "who still dominate grocery product purchases to a greater extent than the young people and children who are likely to be the ultimate consumer." Introductory campaign will also include print and sampling activity. Agency is BBDO.

## Retail Report

### No easy answers

**With the increased emphasis** on attracting new local ad business by both television and radio stations, comes a new recognition that just making the sale isn't enough anymore. The worst possible scenario, broadcasters increasingly point out, would be for a new-to-television or new-to-radio retail advertiser to have an unproductive experience in either medium and then retreat back into the safe, warm world of print.

To prevent this, broadcast salespeople, more and more, find they almost have to be partners with retail prospects, learning about their businesses, attending trade shows, if necessary, and almost treating the client's ad money as if it were their own. In short, developing new retail business is a *longterm*, not a short term project. The quick killing will, more often than not, backfire and could cause irreparable damage to a station's reputation (after all, retailers do talk to one another).

But once broadcasters accept the partnership philosophy, then comes the next problem. How should the retailer use broadcast? To sell merchandise? To create or maintain an image? A combination of both?

Unfortunately, the answers to these questions can't be found in some readily available handbook or guide. And the answers aren't all the same. They are determined by the nature of the retail business, the nature of the retailer's competition and the nature of the retailer's other advertising.

There are lots of examples of successful retail advertising on radio and television; but while there are similarities in the methods and objectives of these merchants, no two of them think exactly alike.

**A conversation recently** with Mike O'Hara, vice president, marketing, of the Silo, Inc., retail appliance chain, dealt with that company's strategy for television advertising, which may or may not work for someone else. Silo, which has close to 125 stores in 23 markets, believes the value of television is in helping to maintain market share. In any given trading area, O'Hara believes, "only 3 per cent of the people are in the market for something. Once people are in the market for something, newspaper works the best." But, he continues, "television reminds them of who we are." In addition, the appliance chain does use some TV for its one-day sales. And O'Hara admits that "in many cases, we hope that a TV spot does both (maintain an image and sell)."

Silo, O'Hara says, spends better than 30 per cent of its ad budget on TV, all bought locally. And it does testing of commercial concepts in a half-dozen markets where it only has two stores and where the population is between 300,000 and 500,000 people—markets such as Syracuse, Oklahoma City and Tucson. In an effort to "broaden total marketing services," Silo has signed on a new agency—Lewis, Gilman & Kynett of Philadelphia, also the appliance firm's home base.

**But just because** maintaining market share works as a broadcast tactic for Silo doesn't mean it's the aim of other retailers.

The huge Radio Shack chain is a successful radio advertiser. But, according to Mike Wood, general advertising manager, the company only uses the medium for sale events—"it's a way of creating traffic when people are traveling (in their cars). It complements our print media. Our principle advertising vehicle," he adds, "is our direct mail sales flyer sent to our existing customers." And all of Radio Shack's radio is bought nationally, not locally—"mostly network and some unwired."

So, there is no easy answer. As Michael Shapira, executive vice president and director of the retail division at W. B. Doner, pointed out in a previous column: "After we have gone through convincing retailers to use television, they ask, 'What should I put on TV—item-price or concept?' Our answer has always been that it should be a combination of both."—**Sanford Josephson**

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TV-T

## TELEVISION RADIO AGE

# Spot Report

## Appointments

### Agencies



**Maxeen Schonfeld**, media director of DFS Direct, has been promoted to senior vice president. Before joining the direct marketing subsidiary of Dancer Fitzgerald Sample, Schonfeld had been vice president, associate media director at Wunderman, Ricotta & Kline.

**Bob Beatty** has joined Lawrence Butner Advertising, Inc., New York as media director and account supervisor. He had most recently been vice president and media director at Warren, Muller, Dolobowsky.

**Jim Bracken** has joined Brouillard Communications, New York, as vice president and associate media director. He comes to the J. Walter Thompson division from Benton & Bowles where he had been media director of Direct, Inc.



**Sharon Weinberg** has been elected a vice president at SSC&B:Lintas USA. She is an assistant media director assigned to the Glenbrook Laboratories account, which includes Bayer, Panadol and new products.

**Tim Frye** has moved up to associate media director at Grant/Jacoby, Inc. in Chicago. He came to the agency in 1983 from Clinton E. Frank and now advances from media supervisor.

**Susan J. Novinc** has been promoted to associate media director at Meldrum

and Fewsmith, Inc., Cleveland. She joined the agency from Carr Liggett Advertising in 1981 as a buyer and now steps up from media planner.



**Martin C. Choinski** has been promoted to group media director at D'Arcy MacManus Masius/Bloomfield Hills. He joined the agency as a media planner in 1977, moved up to media supervisor in 1978, and was elected a vice president in 1983.

**Carmen L. McKinley** has joined Warren Anderson Advertising in Davenport, Iowa, as a media planner/buyer. She moves in from Kenrick Advertising, St. Louis, where she had also done both buying and planning.



**Jennifer Zeh** has been promoted to media supervisor at D'Arcy MacManus Masius/Chicago. She came to the agency last year as a media planner from Needham Harper Worldwide.

## New bath design

The new 30-second TV commercial created by Calet, Hirsch & Spector to introduce American-Standard's new Whisper Patterns for the bathroom is scheduled to appear in spot markets across the country from April through June. Buying supervisor Burt Hopt heads buying aimed at upscale women 25 to 54.

Toilet, bidet and basins are available with three patterns which coordinate with available tiles and wallpaper. Each pattern is designed exclusively for one of three pastel colors: shell, heather and sterling silver. The commercial leads the viewer around an elegantly remodelled bathroom in which everything—towels, tiles, toilet, sink and walls—are all coordinated in both pattern and color.

## Media Services

**Nancy Swanson, Michael Cox** and **Carole Edwards** have been promoted at Botway/Libov Associates in Los Angeles. Cox, director of marketing resources, and Swanson, director of client services, step up to senior vice president and Edwards, a broadcast supervisor, becomes vice president.

## Representatives



**Denny Van Valkenburgh** has been named vice president, regional director of sports, and **Patricia Carroll-Lee** has been promoted to sales manager for the St. Louis office of Petry Television/Petry National Sales. Carroll-Lee came to Petry nine years ago as a sales assistant. Van Valkenburgh joined Petry in 1976 as sales manager in St. Louis.

**David E. Cummings** has been promoted to sales manager of the Minneapolis office of Blair Television. He joined Blair in 1979 as an account

## Avery-Knodel ESOP

Avery-Knodel Television is setting up an ESOP (Employee Stock Ownership Plan) under which employees of the rep will acquire stock in what has been a privately held company over the next eight years. At the end of that period, employee vesting is expected to be at the 100 per cent level and the employees will then own at least 60 per cent of the company. Stock ownership will accrue to each employee based on company contributions to the ESOP and vesting rights, as outlined by the plan.

Avery-Knodel currently represents 72 television stations, most of them in medium-sized markets, and reports that it generated time sales of \$80 million in 1984. Up to now, the sole stockholder in the company has been Robert Ducley, a vice president of the firm based in New York. The other officers are Robert J. Kizer, president, also based in New York, and F. Robert Kalthoff, based in Chicago, who recently succeeded retiring co-founder J. W. (Bill) Knodel as chairman.

# One Buyer's Opinion



**Geller**

## Sees beer ban leading to more pressure groups

**T**he dictionary defines a do-gooder as "a well-intentioned but naive and often clumsy and ineffectual social reformer."

Such a group of do-gooders has embarked on a project which it calls "SMART." It's an acronym for "Stop Marketing Alcohol on Radio and TV." Its purpose is to persuade the members of the United States Senate and House of Representatives to pass legislation which would prohibit the advertising of beer and wine on radio and television. The SMART people claim that such a law would cause a drastic decrease in the consumption of alcohol by the American people, especially by our young men and women. This, they say, would result in less drunken driving and the saving of hundreds of thousands of lives.

But just how "smart" is this theory? These simplistic assertions combine perverted logic with wishful thinking. Realistically, the only result of such legislation would be a change in the media plans of brewers and wine makers. Broadcast schedules would have to be eliminated and the budgets would be allocated entirely to the newspaper, magazine and outdoor media. It would have no effect whatsoever on the sales of beer and wine. I know that our young people are smarter than SMART. They will *not* switch from beer to Coke merely because they won't see any Miller commercials featuring Joe Namath.

**All doctors agree that caffeine** is a powerful stimulant and that drinking too much coffee may result in extreme nervousness and dangerous palpitations. I assume that some group may start to plan a project called "SCAT" (for Stop Coffee Advertising on Television) and will lobby congressional leaders to introduce a resolution prohibiting television stations from selling time to the coffee companies.

A recent survey conducted by a prestigious research company disclosed that when kids eat too many hamburgers, they get sick. It wouldn't surprise me to read about the formation of an Anti-Hamburger Association (AHA!). Their members may also go to Washington and demand that Congress pass a law to prohibit McDonald's and Burger King from advertising their products on radio and television.

I'm sure that our representatives in Congress are smart enough to base their decisions on facts and not on fancy. They will not be swayed by emotion, hysteria or catchy slogans. It's important to remember that the legislation approved by Congress in 1971 which prohibits the advertising of cigarettes on radio and television does *not* constitute a precedent for a similar law involving beer and wine. All cigarette advertisers are required to include the following statement in their advertising messages: "WARNING! The Surgeon General has determined that cigarette smoking is dangerous to your health."

I don't know of any doctor in the world who would declare that a glass of beer or wine is dangerous to any person's health. It's unfortunate that some people drink too much. But this is strictly a social problem. It will not be solved by merely making the broadcast media the scapegoat.—**Jack Geller**, vice president, media director, Weiss & Geller, Inc., and professor of communications, City University of New York

# Media Professionals

## Making the medium fit the message



**Louise Gainey**

Vice president,  
Media director  
Beber, Silverstein  
& Partners,  
Miami

Louise Gainey, media director at Beber, Silverstein & Partners in Miami, works to give her clients' broadcast advertising "a programming environment comparable to the kind of compatible editorial environment we use for their print advertising."

Since 1982, for instance, the agency has placed commercials for Norwegian Caribbean (cruise) Lines in *Love Boat*, "which serves, in effect, as a 60-minute wrap-around for our 30-second commercial. We use this year-around, 52 weeks, because the ships sail every week. And we need the full network because Norwegian's cruise passengers come from every size of city and town, and market-by-market spot would miss a good many of them." And ever since the cruise line has been on *Love Boat*, she adds, viewer awareness and attitude levels have continued to climb.

Another kind of synergistic TV buy Gainey reports is the *Miami Herald's* sponsorship of local primetime news breaks on the network affiliates in the market. The affiliates give the headlines of "the stories we'll be covering for you at 11," then the *Herald's* commercial reminds viewers to read the *Herald* for the full details of these late-breaking stories. Says Gainey: "Since the commercials themselves are also about the latest news, they maintain the same high attentiveness levels among the viewers that the newcasts themselves generate."

She adds that the client gets a good pricing break, "because this is another 52-week buy that we initially offer to all three local affiliates, pitting one against the other to see who comes up with the best offers. But it can wind up on two or even all three affiliates, depending on budget."

And a few years ago, she recalls, the agency placed the Miami-Dade tourism account into late evening newcasts in northern markets in January and February "with the proviso that the weather segment had to include our Miami temperatures to make those viewers up north eat their hearts out."

Gainey has also used radio to target cruise prospects effectively with the help of listener contest promotions. To promote two jazz cruises on the Norway when the sailing date was approaching and there were still vacancies available, contests were run on one jazz station in New York and another in New Orleans. Listeners were challenged to identify the artists from the music they played on the air. And the artists were some of the same name jazz musicians that would be in the orchestra during the cruise. It worked well in both markets and bookings went up in time for departure.

executive in Chicago, and became assistant sales manager of the Chicago CBS sales team in 1981.



**Bill Smither** has joined Avery-Knodel Television as vice president, corporate development, based in New York. He moves in from Selcom Radio where he had been senior vice president, national sales manager.

**William J. Denton** has been named sales manager of Christal Radio's Los Angeles office. He first joined Christal in 1979 as an account executive in San Francisco and now returns to the

company from McGavren Guild Radio where he had been an account executive in Los Angeles.

**Paddy O'Brien** has been named to head the new Minneapolis sales office just opened by Hillier, Newmark, Wechsler & Howard, and **Darlene Johnson** has been promoted to manager of the Charlotte sales office. Johnson had been an account executive in the Atlanta office before transferring to Charlotte last April. O'Brien joined Hillier's Chicago office in 1983 as an account executive and Minneapolis sales specialist, and before that had been a broadcast supervisor for Grey Advertising in Minneapolis.

**S. Christopher Theodoros** has been appointed manager of the Boston sales office of Republic Radio. He moves in from an account executive's post with Kadetsky Broadcast Properties, a regional radio rep operating in New England.



**Alan Harrison** has been appointed vice president/New York sales manager at Torbet Radio. He steps up from New York sales director, a post he's held for the past three years.

**Joyce Lannin** has been named manager of religious advertising for Katz Television in Los Angeles. She steps up from assistant manager to succeed **Win Uebel**, who is retiring after 28 years with Katz.

**Glenna S. Pluchak** has been promoted to sales manager of the Miami office of Blair Television. She transfers from sales in the Dallas office.

# WKRN-TV

Nashville,  
Tennessee  
ABC Channel 2  
announces the  
appointment of  
Harrington, Righter  
and Parsons, Inc.  
as national  
representative.

# hrp

Aggressively selling for the  
finest television stations in America

## Stations



**William L. Fowler** has been named vice president, operations for Park Communications' 14-station radio division. Fowler originally joined Park in 1973. He most recently was general manager of KNOX AM-FM Grand Forks, N.D.

**Michael O. Lareau** has been appointed president and chief operating officer of Grace Broadcasting, Inc., Rochester, N.Y., and **Allan Rothfeder** becomes vice president and chief financial officer. Rothfeder had been chief financial officer of the cable TV division of Capital Cities Communications, and Lareau has been president of Grace's WOOD AM-FM Grand Rapids, Mich.



**Clayton Kaufman**, general manager of WCCO Radio, Inc., Minneapolis-St. Paul, has been named a vice president of the company.

Kaufman joined WCCO as a news writer in 1951 and has held posts in promotion, research, broadcast operations and sales management before being named general manager in 1983.

**Constance L. Edelman** is now general manager of WBBG and WMJI(FM) Cleveland. She had been station manager of the two Jacor Communications properties.

**Howard Kennedy** has been named general manager of Lee Enterprises'

WSAZ-TV Huntington-Charleston, W. Va. He had been station manager at KOIN-TV Portland, Ore., and was also president of the Portland Advertising Federation.



**Vincent T. DeLuca** has been appointed general manager of WOKR-TV Rochester, N.Y. He moves in from Flint, Mich., where he had been president and general manager of WJRT-TV.

**Thomas Bryson** has been named president and general manager of WJRT-TV Flint. He first joined Knight-Ridder Broadcasting as director of news and public affairs for WTEN-TV Albany-Schenectady-Troy, and has most recently been vice president, news, for the company.

# WHY BE A LITTLE FISH IN A BIG POND?



## FAST FOOD SELLS FASTER IN TUSCALOOSA.

Tuscaloosa, Alabama is the 24th richest fast-food ADI\* in the country, 11th richest for General Merchandise\*\* and beefing up even more.

By 1988:\*\* Effective Buying Income and Total Retail Sales will each increase 46%. So if you're selling fast food, take a good, long look at WCFT-TV in Tuscaloosa.

## WCFT-TV DOMINATES THE MARKET.

And we've got the facts and figures, including the #1 News to help you bite a big chunk of a fat new market.

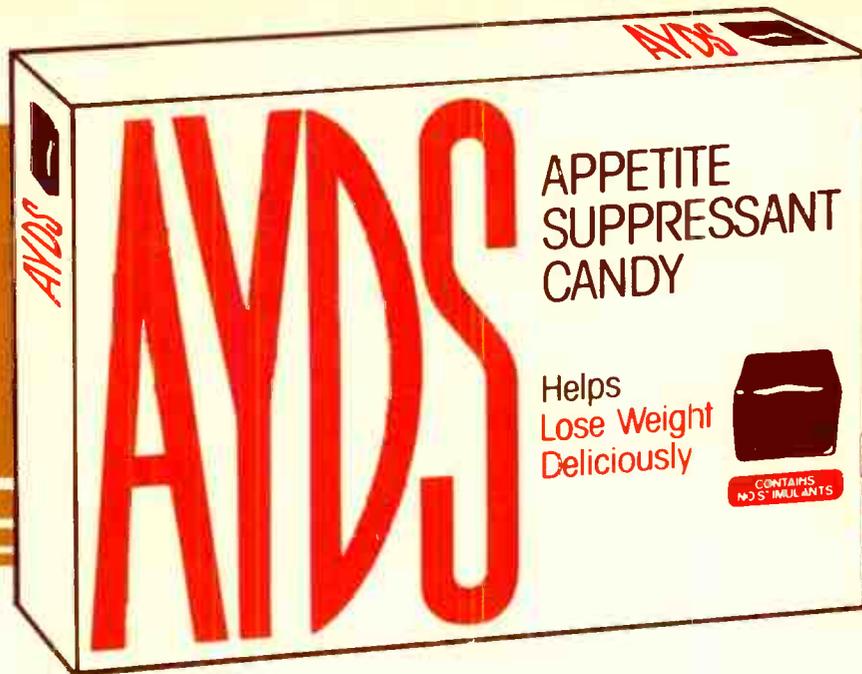
## BE A BIG FISH.



**BEAM COMMUNICATIONS**

WCFT-TV, CBS, Tuscaloosa, AL  
WDAM-TV, NBC, Laurel, Hattiesburg, MS  
KYEL-TV, NBC, Yuma, AZ El Centro, CA

Represented by  
Avery-Knodel Television  
Sources: \*Market Statistics, 1984. Sales Per Household  
\*\*Sales & Marketing Management  
1984 Survey of Buying Power.  
1983-88 Projections  
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TOP 100 TV & RADIO  
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Lets you select the specific exec you want ...GM, GSM, PgM ... their individual names updated weekly.

**THE RADIO LIST**

Means flexibility. Top 70 mkts., top 200 mkts., or smaller mkts., AM or FM, daytime or full time.

**THE RADIO LIST**

Get labels for 1 or all of 18 talk and music formats ... alphabetized by mkt., call letters or zip-code.

**THE RADIO LIST**

Order pressure sensitive labels, your own imprinted labels or envelopes, or individualized letters.

**THE RADIO LIST**

Basic cost (market order): **\$75.** per thousand pressure sensitive labels. Add \$30./M for zip-coding.

**THE RADIO LIST**

The only mailing list maintained by BF/Comm. Services -publishers of RADIO PROGRAMMING PROFILE.

**THE RADIO LIST**

"Received more response from top 200 mkts. using list than I ever achieved before."- From Studio B.

**THE RADIO LIST**

"I have not had such successful direct mail experience in my 14 years..."- O'Connor Creative Svs.

**THE RADIO LIST**

Get order forms from Bill Fromm, **THE RADIO LIST** - (516) 676-7070. 7 Cathy Ct., Glen Head, NY 11545.



**Daniel G. McCarthy** is now general manager of WHO Broadcasting Co., Des Moines, supervising operations of WHO-TV and of WHO and KLYF(FM). He joins Palmer Communications from Seltel, where he had been vice president, southwestern regional manager.



**Gene McHugh** has been appointed general sales manager of WATL-TV Atlanta.

He comes to the Outlet station from Cox Communications' WSB-TV Atlanta, where he had been national sales manager.

**Ralph E. Butler** is now general sales manager of KSNW-TV Wichita, Kans. He came to the station in 1972 and now moves up from national sales manager.

**Annette Lynn Hollister** has been promoted to vice president/director of research for the Group W Television Station Group.

She joined Group W in 1972 as group research manager for television sales following posts with Petry Television and with TeleRep.

**Anne Murray** has been named district director, affiliate relations for the CBS Radio Network. She had been new production supervisor in the CBS Operations and Engineering Division.

**Charles R. Slavik** has been named vice president and general manager of WOWO and WIOE(FM) Fort Wayne, Ind. He comes to the Price Communications stations from San Antonio, where he had been general manager of KONO and KITY(FM).

*Channel 2 News  
Winner of five Illinois  
1985 UPI Awards*

*Best Newscast  
"The 10 o'clock News"*

*Best Investigative Report  
"Churn & Burn"*

*Best Sports  
"The Big Clinch"*

*Best Documentary  
"Dead Wrong"*

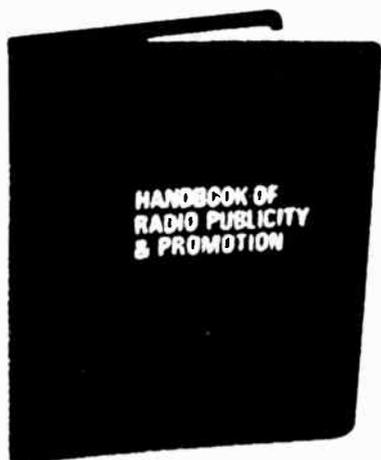
*Best Feature  
"Rise of the Right"*

*First the viewers, now the judges  
have made us #1.*

CBS **CHANNEL 2 NEWS**  
**WBBM-TV CHICAGO**

Awarded by the  
Illinois State United  
Press International

## A GREAT RADIO PROMOTION SOURCEBOOK



The MUST book to help you boost ratings and increase sales and profits.

- A giant 400-page handbook
- Over 250,000 words
- Over 1,500 on air promo themes
- Over 350 contests, stunts, station and personality promos

\$36.45 for thousands of dollars of stimulating, revenue-producing ideas.

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Gentlemen:  
Please send me HANDBOOK OF RADIO PUBLICITY & PROMOTION @ \$36.45 each.

A check for \_\_\_\_\_ enclosed.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_

## New Stations

### Under Construction

**WXXV-TV, Gulfport, Miss.;** Channel 25; ADI, Biloxi-Gulfport. Licensee, Four-O-Inc., 2200 15th Ave., Gulfport, 39501. Telephone (601) 863-2525. Robert I. Ratcliff, president and general manager. Target air date, May 1985.

### On the air

**KLBY(TV) Colby, Kans.;** Channel 4 ADI, Wichita-Hutchinson. Licensee, Channel 4 Broadcasting Ltd. (LP), 990 Range, Suite 4, Colby, Kans. 67701. Telephone (913) 462-7535. Dr. Wolfram J. Dochtermann, general manager; Cindy Baxa, regional sales manager. Represented by Hooper Jones, Chicago. Air date, September 4, 1984.

## Buyer's Checklist

### New Representatives

**Hillier, Newmark, Wechsler & Howard** has assumed national sales representation of KWNZ(FM) Reno and KRTR(FM) (formerly KSHO) Honolulu. KRTR carries an adult contemporary format and KWNZ offers "hot adult contemporary" music.

**Katz Radio** is now representing KISS(FM) San Antonio and KFXM and KDUO(FM) San Bernardino, Calif. KDUO offers an easy listening format, KFXM features Music of Your Life, and KISS programs adult AOR music.

**Republic Radio Sales** has been appointed national sales representative for WCLS(FM) Detroit, WLRQ AM-FM Nashville, and for KNSS(FM) Reno. KNSS broadcasts country music, both Nashville stations simulcast a "light rock-less talk" format, and WCLS is an adult contemporary station.

**Torbet Radio** has been selected as national sales voice for Bahakel Broadcasting stations in six markets. They are WDOD AM-FM Chattanooga, Tenn.; WXYL Charleston, S.C.; KXEL and KCNB(FM) Waterloo-Cedar Falls, Ia.; WKIN and WZXY(FM) Kingsport, Tenn.; WABG Greenwood, Miss.; and WLBJ AM-FM Bowling Green, Ky. WLBJ, WKIN, KXEL and both Chattanooga stations feature country music, and WXYL and WABG offer

modern country formats. KCNB and WLBJ(FM) are adult contemporary stations, and WZXY is a CHR station.

## New Facilities

**Gannett Broadcasting Services** and **Southland Broadcasting Co.** have joined forces to build a new 1,609 foot antenna tower near Bithlo in Orange County, Fla., scheduled to go operational in mid April for WSSP(FM) Winter Park, WCKS(FM) Cocoa Beach, and WHOO(FM) Orlando. Said to be the tallest radio tower in Florida, three more radio stations and two TV station antennas may be added later.

## New Hours

**WSMW-TV Worcester, Mass.,** has expanded its unscrambled commercial broadcast hours from 3½ hours a day weekdays to continuous standard broadcasting from 5:30 a.m. to between 5 and 7 p.m., when preview subscription programming begins each evening.

## New Affiliates

**The RKO I Radio Network** has added KLZI(FM) Phoenix, and **RKO II** now feeds WKSR Pulaski, Tenn. and WZZB(FM) Centerville, Miss.

## Transactions

**Bell Broadcasting Co.** has completed purchase of four **Sillerman Morrow** radio stations for \$10.3 million. The stations are WALL and WKGL(FM) Middletown and WJJB(FM) Poughkeepsie, both New York, and WRAN Randolph, N.J.

**Affiliated Broadcasting, Inc.,** a subsidiary of Affiliated Publications, Inc., has completed acquisition of KFYE(FM) Fresno, Calif., from **Sunbelt Communications, Ltd.** of Colorado Springs for \$6.7 million.

**SOQ Broadcasting Corp.** has contracted to transfer WEZG AM-FM North Syracuse, N.Y. to **Lorenz Broadcasting Corp.** for \$1.35 million. Broker in the transaction is Americom Media Brokers, Inc., Washington.

**'Wall Street Report'**  
appears on page 201.

***Every sign on, we figure  
we have the chance to make  
some fine communities  
even better.***

Every day, when the Fetzer stations sign on in their respective communities, we look forward to another chance to meet the challenge of making some fine communities even better.

Being a part of each community, we enjoy the opportunity to bring continued public services to our neighbors. It takes everyone's efforts to anticipate and help solve community problems — and doing more than our share is our goal. In public service, we encourage our competitors to hustle too because when community problems get solved, we all benefit.

And, with everyone participating, we get a fresh, new look at it every day.

It's another reason why the Fetzer stations look forward to every sign on, every day.

And so do the audiences we serve!



***The Fetzer Stations***

**WKZO**  
Kalamazoo,  
Michigan

**WKZO-TV**  
Kalamazoo-  
Grand Rapids

**KOLN-TV**  
Lincoln,  
Nebraska

**KGIN-TV**  
Grand Island,  
Nebraska

**WJFM**  
Grand Rapids,  
Michigan

**WKJF**  
Cadillac,  
Michigan

**WKJF-FM**  
Cadillac,  
Michigan

**KMEG-TV**  
Sioux City,  
Iowa

# We deliver the media schedule you want for less money...period!



**When it comes to efficient, effective media buying,  
we deliver!**

Media service is our specialty. Our professional staff offers you a national placement capability few agencies or advertisers can match. We will execute your plan...as requested. Or, we will help you develop an effective plan, and execute it as requested. And, our spots run!

**We deliver added savings with our Media Bank.**

Once your schedule is developed and you approve it, we can use the added leverage of our multi-faceted Media Bank, where appropriate, to increase your savings. It can give you unbeatable efficiencies.

**We deliver service...lots of it.**

From marketing plans to media plans to everything you need to help make your media expenditure an efficient and effective one...we'll do it with you or for you. From efficient buying to post-buy analysis, it's all part of our professional service to smart advertisers.

**We deliver professionalism backed by a solid  
reputation for excellence.**

Media General Broadcast Services may be a new name in the business, but Media General isn't! We're part of a well-established FORTUNE 500 Communications Company, with a strong financial and management base.

**Media General Broadcast Services, Inc.**

630 Third Avenue, New York, New York 10017, (212) 916-8600

April 15, 1985

Section Two

# CableAge

## **Few cable systems taking advantage of 5% rate hike**

Approval for healthy increases less difficult

**C8**

## **Cable's DBS role appears as certain as DBS' future**

Programmers, MSOs find the bird in their court

**C13**

## **Agencies want both steak, sizzle in cable ad buys**

Better industry coordination pushed at CAB

**C16**

### **WALL STREET ANALYSIS**

**Lowered Cox estimate, TCI uptrend**

**C22**

### **CORPORATE PROFILE**

**Long-term debt eyed in Heritage analysis**

**C25**

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

Over a period of two decades  
Television Age International has achieved  
a dominant position in the international broadcast  
scene. Here are some of the reasons why:

- 1. The largest documented circulation of any publication in the field.**
- 2. More advertising lineage than any other publication in the field over the past 20 years.**
- 3. The only publication with full staffed offices in London, New York and Hollywood, as well as active correspondents in major capitals throughout the world.**
- 4. The only publication with a digest of feature articles in three languages – French, German, Spanish, and at times in Italian.**
- 5. Produced and edited by a staff of professionals. Published by Television/Radio Age, with 30 successful years in the industry.**

## **TELEVISION AGE INTERNATIONAL**

### **London**

100 Fleet Street  
London EC4Y 1DE  
01-353-8624/8625

Adrian Ball,  
European Correspondent

### **New York**

1270 Avenue of the Americas  
New York, NY 10020  
212-757-8400

Alfred J. Jaffe, VP & Editor  
Sanford Josephson, Ed. Director

### **Hollywood**

1607 El Centro, Suite 25  
Hollywood CA 90028  
213-464-3552

Paul Blakemore, VP

# LOST IN LONDON?

The new **London Media Guide** will help you find your prospects and clients "pronto."

The **London Media Guide** contains:

- London Advertising Agencies
- London Broadcast Companies
- London Production Companies
- London Program Distributors
- London Airlines
- London Restaurants
- London Airlines, News Services, and other important numbers.

To order your copy, write to:

## **Television/Radio Age**

1270 Avenue of the Americas  
New York, NY 10020

Single copy \$8.  
Multiple copies discounted.



April 15, 1985

# CableAge

Rule or no rule, system operators are having better results in justifying rate increases to their franchising authorities—without having to lean on the Cable Communications Policy Act.

## **Few systems avail selves of 5% rate hike 8**

The financial and programming resources of the cable industry will be needed if DBS is to survive, according to industry observers—but the commitments seem to be coming slowly and cautiously.

## **Cable's DBS role as certain as DBS' future 13**

Agency and advertising executives, speaking at the recent Cable Advertising Conference, called on the industry for coordinated efforts in ad sales, research and promotion.

## **Agencies want both steak and sizzle 16**

Merrill, Lynch is lowering its 1985 earnings estimate for Cox Communications because of a slowdown in pay cable unit sales.

## **WALL STREET ANALYSIS**

## **Lowered Cox estimate, TCI uptrend 22**

Heritage Communications' recent issuance of additional common stock is regarded as an effort to provide additional equity for better creditor protection.

## **CORPORATE PROFILE**

## **Long-term debt eyed in Heritage analysis 25**

## **DEPARTMENTS**

NewsFront 6

New advertisers 19

Appointments 29

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

# Rebuilding? Save Money With JERROLD

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:

- No respacing of trunk amplifiers
- No major equipment costs
- No prolonged construction

Regardless of the make or vintage amplifiers now in your system, Jerrold can show you how to rebuild economically. If you have STARLINE 20 equipment, you'll realize the biggest savings with Jerrold STARLINE SJ-330 drop-ins. Other amplifiers can be replaced easily and economically by a complete STARLINE SJ-330 station. Detailed information on what you will need and what savings you can achieve is contained in a new Jerrold STARLINE 20 SJ Series brochure - yours for the asking.

And Jerrold has other possibilities for you too. For longer cascades and greater channel capacity, there's Jerrold Century III Feedforward amplifiers and the Jerrold STARLINE X Series. Whatever your specific needs, there's a reliable, low-cost Jerrold product to satisfy them.

Send for the Jerrold STARLINE 20 SJ Series brochure, today. Call or write: Jerrold Division, General Instrument Corporation, 2200 Byberry Road, Hatboro, PA 19040. (215) 674-4800.

**JERROLD**  
You know we'll be there.



**R**emember, 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.



**GENERAL  
INSTRUMENT**

© General Instrument 1984

# NewsFront

## Interactive program guide, 'video juke box' slated

Two interactive services using laser disc technology are expected to go on the market to cable systems in about a month, according to Michael C. Perine, president of Laser Television Systems, Beam Communications, Key Biscayne, Fla. The "video jukebox" is a joint venture of Beam, a broadcast station owner, and a yet unnamed partner. The program guide is Perine's own operation.

The music service, he tells CABLEAGE, allows the viewer to enter a code by telephone requesting a specific music video from a menu on the screen. The system, or possibly a broadcast TV station in off-hours, would lease or purchase a \$30,000 equipment package and pay a yet undetermined monthly fee. With up to 16 disc players and 10 videos to a disc, there would be an inventory of 160 videos. Perine is negotiating for an advertising sales rep, and the viewer would see only advertising interspersed with the menu until a viewer orders a video. He says eight requests can be stacked at a time, with data on the screen indicating how many requests are in. Laser technology, Perine notes, allows access in less than half a second.

The system, Perine says, could market the "jukebox" as a free, subscription or pay-per-view service.

**Video program guide.** Perine expects to market his video program guide as a substitute for the print guide. He notes that, with systems spending 30-50 cents per guide delivered, a 70,000-subscriber system spending \$21,000 a month on the basis of 30 cents per guide would save some \$216,000 per year with the video program guide.

This on-screen guide would be substantially different from the current Electronic Program Guide in that it would be oriented to pay services only, contain previews of all programs on the pay services and would allow viewers to call up specific previews and scheduling information, with the specific requests interspersed with standard information for the day. Each movie has a four digit code, and a specific channel and date can also be called up for that day's schedule using a four digit code.

Perine says this guide is system specific in terms of program services included, graphics and text and that it could be a major tool in promoting pay-per-view—not to forget offering teasers for services the viewer does not subscribe to. The equipment costs \$18,500 and can be leased or purchased, or acquired by a combination of the two. It would cost \$500 a month for an outright lease, he says, and the monthly software rate is expected to run \$3,000 regardless of number of subscribers.

If operators insist on basic service information,

Perine concedes, the format may be altered to include schedules and/or promotional material.

The guide has been tested for about three months at Miami Cablevision (Americable Associates/Tele-Communications Inc. joint venture) and at independent operator Cable Satellite Ltd., Key Biscayne, Fla. Perine says waiting time has averaged only about 30 seconds for interactive guide information. The music service is about to be tested in these two systems, he reports, and both will go into Storer Cable's Sarasota, Fla. system within 30 days.

## Nickelodeon's adult look

Nickelodeon is no longer being sold to advertisers as strictly a children's program service now that National Geographic Society's *Explorer* has come into the fold for three hours every Sunday night. National Geographic is handling the ad sales for the 5-8 p.m. show, and Richard Harter, its director of television advertising sales, reports about 40 per cent of the availabilities are taken so for the first 13 weeks. And the advertisers are aiming at an adult audience.

IBM is taking a major position, Harter reports, and Ford and Chrysler are among those on board. He declines to name five package goods advertisers who have written the show into their media plans. He tells CABLEAGE that 30 second spots are selling at an average of \$3,500. He notes that this is not an underwriting-type situation for these advertisers but that they are advertising product to Nickelodeon's 25 million households, with their judgements based on the audiences drawn by National Geographic's public broadcasting specials, which also will continue.

Neither Nickelodeon nor National Geographic executives will specify the financial arrangements made between the two parties. National Geographic is selling six minutes per hour, and there is one local minute available. Reportedly about 20 per cent of the production is being done on an original basis for the program and there is a \$1.5 million production budget for original programming in the first year.

## CAB study hits daytime TV

Cabletelevision Advertising Bureau has put together a study that shows how 20 per cent of a daytime TV schedule diverted to cable can substantially improve reach and frequency. Jack Hill, CAB vice president, research, delivered the results of two case studies, based on special A. C. Nielsen tabulations, at the recent Cable Advertising Conference in New York. There are a total of six case studies in this project.

In one of these, he started with a daytime TV schedule—a \$6 million annual plan for an automatic dishwashing detergent, reportedly delivering less than 50 gross rating points a week and just half of all households with a woman 25-54 in four weeks, with an average frequency of 3.7. He reported the figures

showed overall reach, with 20 per cent diverted to cable, improved from 51 to 58 per cent in the total U.S. and 69 per cent in pay cable households, the latter in which daytime is 9 per cent underdelivered and where consumption of automatic dishwashing detergent is 15 per cent higher than the average.

Hill said the cable schedule by itself achieves a reach of 44 per cent with a frequency of 2.1 in cable homes. The revised schedule reportedly delivers more homes reached effectively—three or more times—than the original plan, going up from 28 to 30 per cent in the total U.S. and from 26 to 34 per cent in cable homes.

In cable homes, Hill reported, there was a 34 per cent gain in rating point delivery, 39 per cent in reach, and 35 per cent in effective reach. Hill also pointed to the less cluttered environment of cable.

Hill tells CABLEAGE that eight cable networks, including one superstation, were included in the research. They were mostly the largest networks, he says, declining to name them.

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## Guide mailing problem

New guidelines governing second class mailing privileges may change the relationship between system operators and cable guide publishers, according to David Stefanic, publisher of *TV Host*. Second class privileges are necessary to assure delivery of the guides to subscribers within 48 hours after receipt by the Postal Service, he says.

The Postal Service is denying second class privileges to cable guides that are perceived as being an auxiliary investment of the cable operator, Stefanic says. "In order for *TV Host* to meet the requirements which are being formulated to allow cable guides second class status we must clearly demonstrate to the Postal Service that *TV Host* and other guide publishers are fully independent publishers with no interest, financial or otherwise, in the cable systems which they serve or vice versa," Stefanic wrote in an memo to his affiliated cable operators.

Among the guidelines cable guide publishers must follow to attain second class status are: newsworthy stories and expanded areas for public interest information, in addition to program listings and the right to choose advertising materials independent of the affiliated operator, according to Stefanic.

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## Satellite scrambling bar?

The cable industry and much of Congress thought they had settled the matter of home reception of satellite signals last year when Congress passed the Cable Communications Policy Act. Not so, say two members of Congress who have introduced legislation to bar unregulated satellite signal scrambling.

Rep. Judd Gregg (R-N.H.) introduced HR-1769 on one day, calling for a two-year moratorium on the

encryption of cable programming beamed by satellite, and Rep. Billy Tauzin (D-La.) introduced HR-1840 the following day to require cable operators and others transmitting satellite signals to make them available to home viewers with satellite dishes.

In the cable act last year, Sen. Barry Goldwater (R-Ariz.) won inclusion of a provision that said viewers were free to receive any signals that were not scrambled. As a result of that change, HBO and Showtime/The Movie Channel have initiated steps to encrypt their signals so that home viewers cannot receive them free.

The two new measures, introduced as two satellite organizations held a joint convention in Las Vegas, would change the intent of the cable act. Tauzin is a new member of the House Telecommunications Subcommittee, but Chairman Tim Wirth (D-Colo.) was not considered likely to entertain the legislation.

Jim Mooney, president of the National Cable Television Association, accused "backyard dish merchants" of "seeking to impose the whole welter of rate regulation and other regulatory intrusion we just got rid of in cable." They are trying to expropriate cable television programming for their own use, he said.

Gregg's suggested moratorium would allow for "the development of marketing systems" for charging dish users for the signals, and Tauzin's would require that dish users be given access to scrambled signals "at reasonable prices, terms and conditions." He disagrees with Gregg and says, "I do not see this issue being resolved in the marketplace. To the contrary, an anti-home earth station campaign has been launched by many in the recently deregulated cable television industry."

Tauzin says he voted for the cable act, which led to much deregulation of the industry "in large part on the premise that there was competition to cable," but it appears that operators "may not, in fact, be willing to accept competition from satellite earth stations."

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## New service for cable

Frazier, Gross & Kadlec, the Washington-based consultant, has opened a new division for market research services for the communications industry. "This is the first time we will be offering this service for the cable television industry," explains Susan D. Harrison, vice president of Frazier, Gross & Kadlec, and head of the new division. She says the consultant has performed similar services in the past for other branches of the communications industry, such as cellular radio and the broadcast television.

The consultant's market research services for the cable industry center in on the cable system operator as a potential client. "We will provide custom market surveys of subscribers, with the aim of recommending ways to retain subscribers, how to attract new subscribers, what is the most desirable mix of services, pricing, and tiers," Harrison says. "We will be using focus groups, telephone surveys and mail questionnaires."

Getting approval for healthy increases in basic rates reported less difficult

# Few cable systems taking advantage of 5% rate hike

By JOSEPH DUNN

April 15, 1985

## CableAge

**T**he automatic annual 5 per cent basic rate hike allowed systems under the Cable Communications Policy Act of 1984 apparently hasn't inspired much immediate action. Many operators scorn this easy 5 per cent as "peanuts" and feel they can do better in negotiations with their franchising authorities. Under the act, this 5 per cent increase is allowed without approval of the franchising authority unless the franchise has a provision fixing the rate for a specified period of time.

For those who cannot swing bigger rate hikes because of recent prior raises, the 5 per cent is viewed as better than nothing. In some cases, though, it is ignored if the system involved is turning a good dollar. But those seeking more are allowed to provide a rationale for the additional revenue, and in some cases they're not encountering too much resistance.

Centel Cable has been "fairly aggressive" in going after basic rate hikes since S66's advent, and according to Al Kurtze, group vice president, cable TV, in some cases, "we're going for more than 5 per cent."

Kurtze points out that Centel feels it needs additional earnings in just about all its franchising operations and "the

cumulative 7 or 10 per cent we ask for on top of the 5 per cent has met with moderate success in some areas and failed in others. It's surprising how city officials are disposed to acknowledge that the city got a lot of concessions during franchising and now know they no longer have that leverage," he says. In addition, he observes, most also have a sense of what is reasonable in rate requests compared to what they're getting in programming.

Generally, Centel has gotten basic rate increases of 5 to 10 per cent either annually or every 18 months, but the company knows it will have to be patient with its new franchises, which number about 50. Kurtze says they're locked into two- or three-year rate freezes in these areas as part of franchise terms.

### Determining rates

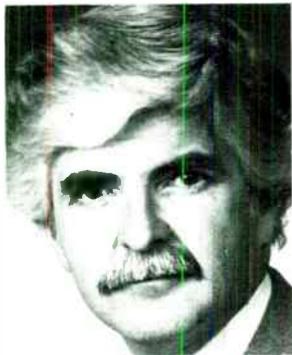
The criterion used by Centel in determining rates is a "marketplace thing," he says. "We assess relative market values and look at the product we're offering—12, 22 or 54 channels. We also look at adjacent cable companies and what their rate structures are." Kurtze says Centel does not offer new program services in advance of rate hikes—"just occasionally if we're doing a rebuild, for example. We don't hold

**"We assess relative market values and look at the product we're offering—12, 22 or 54 channels. We also look at adjacent cable companies and what their rate structures are."**



Al Kurtze  
Group vice president, cable TV  
Centel Corp.

**“We will be conducting quite a lot of research in the next two years determining what our prices should be under a deregulated scenario. With 265 communities, we can do a lot of testing to determine what levels should be.”**



Dale Parker  
Vice president of marketing and programming  
Heritage Communications

one kind of business hostage to another.”

Kurtze notes that there is some uncertainty among franchising authorities as to what the impact of the cable bill is because they failed to keep themselves informed during all the debates and the final compromises of S66. He recalls notifying a franchising authority that pursuant to law, Centel was raising rates 5 per cent, and the response came back, “What law?” When it was explained, Centel got a breezy “Looks good to us,” he says.

Good customer service has helped keep resentment down among subscribers when they’re hit with a rate hike, he notes. “Any rate problems we’ve ever had can be tied to service problems. If you’ve given good service, they’ll listen to your story. We’ve found this to be true in our telephone properties, too.”

Kurtze says community goodwill is still a top priority and as an example relates an incident where a franchising authority reminded Centel, which was asking for an automatic five per cent raise, of a regular rate increase it granted three months earlier. “They asked us to wait six months for the 5 per cent instead of 90 days, and we thought this was reasonable,” he says.

James H. Feeney, vice president—operations for Tribune Cable, believes basic cable rates are so low that even if they went up to \$15 “we wouldn’t see much price sensitivity.” Beyond that, a reaction would be expected, he says.

Basic rates ideally should be in the \$12 to \$15 range, he says, noting that the 5 per cent automatic hike is really only beneficial in the “more mature systems.” He says efforts are under way in a “couple of new systems,” to get more than 5 per cent. In most cases, he adds, a 5 per cent increase amounts to 45 cents or less, which just about gets them even with programming costs.

Feeney says Tribune does not look for

rate hikes in mature systems that have been generating good cash flow, have high penetration of 75 to 80 per cent and still offer 12 channels. But, there’s a pitfall here, he observes, because when you don’t impose a rate hike in three or four years, “people have a tendency to get used to it.”

The need for rate increases generally comes out in the budgets of systems managers. This need has been surfacing with greater regularity, he says, in view of inflation, higher programming costs and increasing royalty fees. Tribune Cable, for the most part, has not felt any appreciable subscriber erosion following rate hikes. He says new programming was brought in in the past to soften the blow and “get approval from the cities. But, on a 5 per cent hike, we don’t do that any more.”

#### Relieved officials

Dale Parker, vice president of marketing and programming at Heritage Communications, believes that quite a few city government officials are re-

lieved that S66 takes the onus of “levying” rate increases on their constituencies from them and places it squarely on the cable operator. But the 5 per cent is hardly enough to pay for escalating basic programming costs in his opinion.

And, prior to S66, he notes, Heritage was raising basic rates at least 10 per cent every year in the communities it serves with hardly any subscriber backlash. The increases usually coincided with the beginning of the viewing cycle each September and were augmented with new programming offerings to ease any subscriber resistance to having to pay an additional \$1 or less under the increased basic rate.

Heritage is preparing for 1987 when it will no longer be regulated in most of its communities. But, Parker observes, “The marketplace will decide what the price will be, and our feeling is that it will be somewhat higher than it is now.” Basic rates at many of Heritage’s systems are \$10 a month or less.

“We will be conducting quite a lot of research in the next two years determining what our prices should be under a deregulated scenario. With 265 communities, we can do a lot of testing to determine what levels should be,” he asserts.

But, Parker notes, Heritage feels “like the rest of the industry” that basic is underpriced considering the great variety of entertainment and information it provides. “We suspect program suppliers also will increase rates substantially, and our aim is to maintain and improve our operating margins.”

Heritage will continue to work closely with city officials “with or without S66,” he says, because community goodwill remains an important responsibility. “There will be no blanket policy of raising rates because we will review each community and determine rates based on discussions with our general managers, who maintain close contact with the

**“We never surprised anyone. We generally let subscribers and state authorities know of our plans to raise basic rates at least 30 to 60 days in advance, and that’s appreciated.”**



Bruce Clark  
Vice president and director of operations  
Colony Communications

communities and subscribers."

Parker says rate increases at Heritage aren't always determined by "bottom line" considerations. "We want a reasonable and fair price for what we are offering. We don't want to have a service that is underpriced or get less than a fair return on our investment."

Heritage has displayed flexibility with some communities that have balked at basic rate hikes in the past. "It was no more complex than a city government telling us that they didn't want to burden their subscribers." But, in the main, Heritage was able to get its price hike by adding new programming and reinstating popular programming that may have been substituted for one reason or another, he adds.

The addition of new programming also is the buffer Heritage uses to keep subscriber regression well below the 1 per cent line whenever it institutes new basic hikes. "Our people are trained to respond by either pointing to new programming or with other explanations that are acceptable to subscribers," he says.

#### Political fights ended

From the point of view of Larry Lewis, regional manager and vice president of operations for the southeast region of Cox Cable, he's not going to miss the annual confrontations with city governments for basic rate increases one bit. Although the 5 per cent may be sufficient in some areas he oversees, Lewis breathes a sigh of relief that the days of "political" infighting over rate hikes are becoming ancient and unpleasant history.

"In the past six or seven years, rate increase requests were never considered economic issues but were always political issues. Whenever, we need an immediate increase, we'd have to start the process a year in advance and leverage it so it would provide something for the city. You'd have to have two public hearings and then risk rejection if one council member out of 10 decided to vote against you," he says.

What was missing in the entire process, Lewis states, was the fact that the decision to grant a raise rested on only a few people whereas the subscribers, who had no vote, in all probability would have accepted a rate hike based on what they were getting.

Lewis states unequivocally that there will be no doubling of rates in 1987 and that common sense will prevail. He predicts that the multi-package environment will have to be made much more attractive from a price/value ratio standpoint.

He asserts, "There are only so many dollars set aside in the home that will be spent on entertainment. Pay services

will come down in price and basic will rise to support an MSO's investment," he says. But, no matter what the future environment, he says, it would be "absolutely insane not to touch base with city officials regarding any kind of rate revisions."

Lewis says that on average Cox got rate increases ranging from 50 cents to \$1.50 every two to three years. And Cox did not resort to softening the blow with new programming in every instance—"only about half the time." Instead Cox depended on a stable local management that had very good public relations and political relations. And, "it was only in the large franchises" that new programming was needed. The smaller ones didn't require that technique."

Adding programming services is not always a viable thing to do today, he adds. Several years ago much of the satellite programming was obtained free

Cable TV, says the automatic 5 per cent basic rate increase is hardly enough to cover costs or the rate of inflation and has hurt the industry. "Operators are saddled with 5 per cent and that's all they're getting because this law was enacted."

Lewis says Wometco applied for rate increases in all its systems recently and, except for one, got all it asked for. And, he adds, he does not intend to ask for the automatic 5 per cent on top of what he got because that would be "greedy." Wometco has 45 systems and some 300,000 subscribers.

Whenever Wometco needed rate increases, which he says has become fairly regular now in view of climbing programming costs, it would go to city councils and offer optional services instead. This tactic was good enough to convince commissions to come up with rate increases at later dates, Lewis ob-

## "We're now receiving approvals to rebuild and nearing the end of negotiations with Reading in this regard." When the rebuilds come on stream the basic rate will climb \$2 to \$9.95.



Nate Smith  
Vice president of operations  
ATC Reading Division

or at very little expense. But, "All the services have risen in cost about 400 per cent from three or four years ago. Couple this with the cost involved in royalties for imported distant signals and it's almost prohibitive for some MSOs today," he observes.

As an example of how people are the true determinants in whether a basic rate hike is justified, Lewis cites a case this past year when Cox's request for a \$4 rate hike from \$7 to \$11 was turned down despite 28 channels of basic service.

"After being turned down, we tiered basic up and offered 12 channels of basic service at \$7. We got bad press and dropped about 700 or 800 customers. But they're now coming back. People realized we were underpriced in the beginning," he reports.

#### Severe limitation

John M. Lewis, president of Wometco

serves.

"We've learned it's not healthy to go to the well too often. If you're getting good revenues per subscriber per month and keeping enough for cash flow, you don't need to keep running to city councils for rate hikes. We learned to manage our cash flow very nicely and one way was to do away with packages or discounting long before the industry did. We've kept our bottom line healthy. We learned about pitfalls the hard way in the past and we don't fall into them anymore," he says.

Like most of his cable peers, Lewis says city councils that the MSO deals with and subscribers overall are reasonable when it comes to shelling out more for basic cable "if they perceive the service is worth paying for."

When it comes time to ask for a rate increase, automatic 5 per cent or not, Lewis says, "we just don't send a cold letter. We have community rapport because, after all, our system manager

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probably goes to church with the city council president each Sunday."

Lewis says Wometco has never experienced subscriber regression after rate hikes, because "we attempt never to ask for an increase that could hurt subscribers. If you have to do that you're managing the system poorly," he says.

Cablevision Systems' philosophy dictates that basic rates remain as low as possible, which is in conformity with its balanced programming structure, says Jim Kofalt, senior vice president—cable operations. Apparently, Cablevision subscribers are choosing other more expensive tiers of services because Cablevision has not had to raise basic rates at all in many of its systems, Kofalt reports.

But, when the bottom line dictates, Cablevision is not hesitant in seeking relief such as the \$1.50 basic rate hike last year in Connecticut. And, Kofalt adds, in systems where Cablevision is

"We never surprised anyone. We generally let subscribers and state authorities know of our plans to raise basic rates at least 30 to 60 days in advance, and that's appreciated. In addition, we are able to justify our increases by convincing people it's needed to keep our business ongoing and viable.

"We've found most communities will work with us under these circumstances. And a lot of our success can also be attributed to our constant upgrading of systems that have gone from 12 to 20 to 34 to 54 channels. People perceive this as an investment and tend to accept subsequent rate increases as a normal course of doing business," he asserts.

The one thing Colony rarely does, Clark reports, is put in a lot of new programming prior to a basic rate increase because "that can turn out to be a trap. We don't do that as usual procedure. If you do people will expect more programming each time you ask for a rate

operating costs." But, he points out, rate increases are never determined automatically by system managers. "They all have to be coordinated by the home office."

Clark says that Colony has never been "talked out" of asking for a rate increase, but "We have on some occasions had to resubmit rate bids with more detailed information.

"People are willing to listen and act on a request when they know your track record. If it's been good, you generally get your rate request okayed. Authorities find it good business in return for efficient and consistent good service and so do we," he says.

The Reading division of American Television and Communications is in a rather unique situation and might even make an interesting case history for any cable TV historian who may be studying some of the classic battles between system operators and cities over rate hikes. It seems that since day one, which was back in 1963, Reading never had rate regulation. And today with penetration at 70 per cent there and in the 22 communities around the city, Nate Smith, vice president of operations of the Reading division, attributes the steady year-to-year growth to the fact that ATC never foisted untenable rate hikes on its subscribers.

"We charged what the product was worth in the market," he says. At present, Reading subscribers are paying \$7.95 a month for basic, which consists of 12 channels and two premium channels. This compares to \$5.95 in 1974 shortly after ATC purchased the system and "only a couple of dollars in 1963," Smith estimates.

However, he notes that of the 22 other communities where there is "some rate regulation," ATC plans to invoke the automatic 5 per cent increase among seven of them, "but only to bring these areas up to the \$7.95 paid by the majority of ATC subscribers." In most cases, this would amount to an increase of about 30 cents. The Reading division has some 52,000 subscribers.

Smith says plans are underway to increase channel capacity throughout the Reading division to 37 channels, which would include five premium channels. "We're now receiving approvals to rebuild and nearing the end of negotiations with Reading in this regard," Smith states. When the rebuilds come on stream the basic rate will climb \$2 to \$9.95.

He says there have never been any hassles when ATC invoked rate increases or any meaningful subscriber regression: "With inflation so high in other areas, it appeared that our subscribers didn't resent our hikes, which were low in comparison." □

## **"We've learned it's not healthy to go to the well too often. If you're getting good revenues per subscriber per month and keeping enough for cash flow, you don't need to keep running to the city councils for rate hikes."**



John M. Lewis  
President  
Wometco Cable TV

below authorized levels for basic, they might ask for increases in the near future.

Kofalt notes that Cablevision "always tries to offset any perceived negativism brought about by rate hikes by adding or providing other consumer benefits." But, he notes, "We don't seek or justify rate increases in programming. It is always sought on a basis of need."

Cablevision has not experienced too much churn following rate increases.

### **Preparatory work**

Colony Communications has had very little unfavorable reaction whenever it has implemented a basic rate increase at any of its systems, and one of the main reasons, says Bruce Clark, vice president and director of operations, has been a careful and painstaking cementing of good community relations.

raise. We justify our rate increases by showing good faith in our commitment of service to the community. And, that is generally acceptable."

Apparently so because Clark maintains that subscriber regression is "considerably less than 1 per cent on basic cable" whenever a rate hike has gone into effect. "We've never experienced a great rolloff of subscribers, and there are several reasons for this including a marketing effort of personal phone calls to subscribers who have canceled. This has been very effective in changing minds. Also, when we give 30 or 60 days notice, we begin a concerted drive to sell new subscribers at the new rate."

On average, Clark says, Colony has asked for basic rate increases every two to 2½ years ranging from 50 cents to \$1 on basic. "We've only asked when we absolutely had to in order to cover our

Programmers, MSOs find the bird in their court; will they swing at it?

# Cable's DBS role appears as certain as DBS' future

**D**irect broadcast satellite, if it ever becomes a business, will have plenty of participation from the cable television industry if for no other reason than that established cable companies have the marketing track records and financial foundations that those familiar with both industries believe DBS needs in order to survive.

"Nobody is going to succeed in DBS without a cable partner," declares Barbara Dalton Russell, vice president of Prudential-Bache Securities. "The next wave of serious attempts at DBS will be with cable companies."

Robert Wussler, executive vice president of Turner Broadcasting System, comments, "If ever there is going to be a DBS industry, the programming will come from cable. No one could afford to program any other way. It is frightfully expensive undertaking. Just the cost of the satellite alone is mindboggling. Look at Comsat, a billion dollar company. They didn't have enough money."

The outlook for DBS seemingly took a negative turn when the five-channel service of United Satellite Communications Inc. (USCI) went dark on midnight March 31. Whether it will return to the airwaves apparently depends on its ability to get additional financing. Tele-Communications Inc. reportedly has walked away from negotiations to acquire the service, but the prospect of its returning to the bargaining table has not been entirely ruled out.

One possibility that had been discussed was bringing in additional partners, and American Television and Communications has been identified as a leading candidate. USCI's owners, Prudential Insurance and General Instrument have invested \$70 million in two years and have only 10,000 subscribers to show for it. Meanwhile, an observer states TCI "wanted USCI at fire sale prices. If the deal doesn't go through, it will be because it wasn't cheap enough for [TCI president] John Malone."

When reports of TCI's takeover of USCI first surfaced at a meeting of the board of directors of the National Cable Television Association in early March,

Malone's plan included TCI owning and operating the K-band service and using its extensive network of marketing and installation people to market and install the service in TCI franchise areas where provision of cable would be too expensive. Other cable operators could offer the same service through TCI on a sub-contract basis in their own franchise areas.

## Time's interest

Speculation has abounded for several years about Time Inc.'s possible interest in DBS. Currently the more than 1 million private earth station owners and Home Box Office are in a tussle over reception of the popular pay service. HBO is beginning to scramble its satellite signal, apparently in response to demands from Hollywood to protect its product from theft. But some think the



**Ed Taylor, chairman of Satellite Syndicated Systems, says the time is ripe for cable programming distribution to DBS. His company plans to launch a 100-watt satellite to serve the DBS industry but hasn't signed a construction contract.**

HBO scrambling plan is the Time subsidiary's first step into the DBS market.

HBO, meanwhile, tells CABLEAGE "We are working hard right now on a business plan and we are not talking about it."

At ATC, Time's cable operator subsidiary, a spokesman responds to inquiries from CABLEAGE by saying, "We don't want to talk publicly about DBS at all. There are just too many negotiations going on right now."

Other top cable programmers whose names have been kicked around in discussions about cable industry leaders looking at DBS included Showtime/The Movie Channel Inc. and ESPN. But, again, through spokesmen, both of those companies aren't talking for the record about their plans.

A year ago, there were plenty of reports about the top cable programmers, both basic and pay, banding together to provide a conglomerate of their services on one satellite in a consortium manner. But nothing ever came of the idea, and those involved say there are no serious talks going on.

How big a business will DBS be when it grows up? The estimates vary from five million homes to 15 million homes. At best, DBS would be a supplemental service to cable, whose subscribers are climbing up to the 40 million mark. In fact, TCI alone has more than five million subscribers. So the nation's leading cable operator already has more subscribers than the entire DBS industry could have at maturity.

## Antitrust implications

It seems that ever since there were private earth stations and HBO was satellite delivered, the Time Inc. subsidiary has been at loggerheads with SPACE, the Society of Private and Commercial Earth Station owners. The organization has contended from the start that HBO has been unfairly refusing to do business with the private earth station owners, who can obtain HBO's satellite signal without paying for it. SPACE, of course, has taken the position that its membership is willing to pay for the service, but HBO won't allow them.

Now, HBO has announced plans to scramble its signal. M/A-Com built decoders have been sent to HBO affiliated cable operators. But the decoders are apparently incompatible with most existing private earth station equipment in place, meaning that most private earth station owners would have to buy a new earth station or extensively and expensively retrofit their existing equipment if they can get their hands on the HBO decoders.

Trade assessments indicate that the



**Robert Wussler,**  
*executive vice president of  
Turner Broadcasting  
System, holds, "If ever  
there is going to be a DBS  
industry, the  
programming will come  
from cable. No one could  
afford to program any  
other way."*

M/A-Com equipment is incompatible with 70 per cent of the private earth stations in the field. Mark Medress, assistant vice president of the M/A-Com Video Group, says M/A-Com has a consumer version of the Video Cipher II descramblers that it has sent to HBO affiliates. "The consumer version is designed to interface with a large percentage of existing private earth stations," Medress says. He adds that M/A-Com engineers are working with TVRO dealers to improve design.

"When someone like HBO scrambles with Video Cipher II it can't be descrambled without HBO's permission," says Medress. The digital hardware has to be individually authorized by satellite to accomplish descrambling.

Medress notes his company has been in discussions with nearly all pay service programmers.

Having completed the shipment of 11,000 descrambler units its affiliated cable systems, HBO will begin testing its scrambling system on HBO and Cinemax western feeds in March and April, according to the company. The test is being done in four separate phases, with each phase involving all descrambler units receiving a particular feed during interstitial programming periods between features.

SPACE is particularly interested in any kind of cable industry joint idea to provide DBS service. "Any concept that allows cable operators to market HBO or any cable service in its franchise area where there is no cable is like having the

fox guard the chickens," says Fred Finn, a partner in the Washington law firm of Brown and Finn, counsel to SPACE. "Had cable operators provided lines to all homes in their area in the first place, perhaps there wouldn't be a home satellite business."

Satellite Syndicated Systems, meanwhile, is planning to launch a 100-watt satellite to serve the DBS industry. The company has a construction permit for 1990 but hasn't signed a construction contract yet, says Ed Taylor, SSS chairman. The company plans to offer 16 transponders for sale on a condominium like basis, for what could be \$10 million pertransponder, Taylor says.

"While it appears the DBS industry is down and out, the time is ripe for the cable industry to use its more than \$1 billion in programming for distribution to DBS," Taylor says. "It wouldn't necessarily have to be a consortium, but a scrambled service in franchised areas would be the true meaning of wireless cable. For \$500 to \$600 for a dish, subscribers wouldn't get traditional local signal improvement, local origination or regional independent stations as they would if they subscribed to cable, but they would get the full range of the satellite services. If an operator wants to pass on his right to participate in his franchise area, someone else might be found to provide the service.

"There is no reason why we as an industry should allow our programming to be distributed by others."

Taylor says the only reason that HBO is scrambling its signal now is to stop the rampant piracy. It is a move that HBO is making under intense pressure from Hollywood and cable operators, Taylor says. "We are getting a little smarter about stopping piracy," he says.

HBO scrambling plans have serious implications for Showtime/The Movie Channel, which has said it has long range plans to scramble but hasn't said much more than that and probably won't have any system in place before 1986. "As a cable operator, I can tell you that there are going to be a lot of people who say that if HBO scrambles and Showtime doesn't, they are going to drop Showtime from their channel lineup," Taylor says. But Medress reports showtime has signed a contract with M/A-Com and that the equipment will be ready by the end of the year.

The long range success of DBS depends on obtaining more than the five million subscribers some think is the outer limit for the service at maturity. "Five million subscribers couldn't pay for the programming costs," he says. "The rates would have to be outrageous or the DBS company couldn't make it. The software in this case is more expensive than the hardware."

Taylor sees DBS as strictly a rural phenomenon designed to serve areas too expensive to lay cable to reach. He sees little use of DBS in urban areas not serviced by cable. "The only way I could see DBS being used in the cities is to compete with the growth of unfranchised SMATV until cable can be brought to the neighborhood."

Special services such as The Playboy Channel or Black Entertainment Television would have an interest in DBS in areas of the country where opposition to providing the service by cable operators would exclude growth of the services, Taylor says.

"In areas where the cable operator feels The Playboy Channel is too controversial to put on his channel lineup, the channel can be provided on an individual manner through the DBS service," Taylor says. "These services can pick up one or two million subscribers nationwide this way."

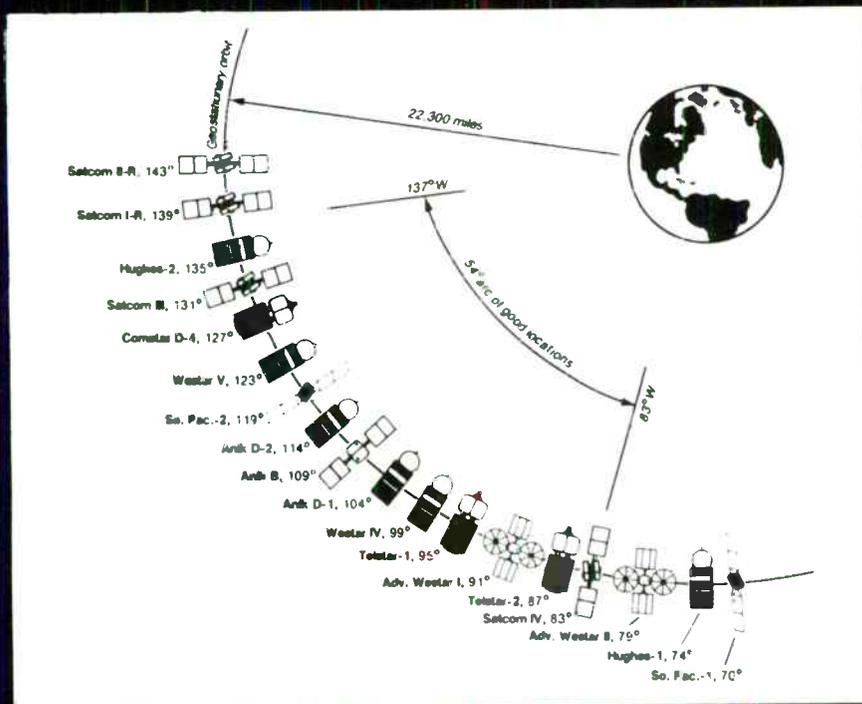
Despite all the speculation, many questions about DBS remain. Currently, the number of private earth station owners is growing by about 40,000 per month, but no one can realistically predict if that growth will continue. Equipment manufacturers predict the price of systems will go down to between \$1,000 and \$2,500 as volume increases and technology advances. More and more retailers are talking about selling the equipment. But advances in the areas of marketing, installation, service and pricing still haven't been worked out. □



**Barbara Dalton Russell,**  
*vice president of  
Prudential-Bache  
Securities, asserts,  
"Nobody is going to  
succeed in DBS without a  
cable partner. The next  
wave of serious attempts  
at DBS will be with cable  
companies."*

# What Broadcasters Should Know About Satellites

by John P. Taylor



A second volume of articles by Television/Radio Age's John P. Taylor, expert on satellite transmission.

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Coordinated efforts in sales, research promotion called for at CAB confab

# Agencies call for both steak, sizzle in cable ad buys

**A**gencies and advertisers appear to be taking a more schizophrenic stance on cable as an advertising medium, vacillating between the steak and the sizzle. On one hand they speak of cable's unique creative opportunities in targeting audiences, providing a special environment and countering the growing clutter on its broadcast counterpart. But many of the same executives who speak of creative buying also take the perspective that cable is just another means of delivering television and that cable budgets will continue to grow only with the help of a universal approach to audience measurement.

This picture was drawn at the two-day Cable Advertising Conference in New York, which demonstrated the growing interest in cable advertising by its attendance alone, which continues to grow despite declining attendance at other trade shows in the industry. According to Cabletelevision Advertising

Bureau representatives, the first day—aimed at system operators only—drew 650 attendees vs. last year's 475. With the second day also including agency, advertiser and network people, total combined attendance was over 1,200, compared with about 1,100 last year.

## Conflicting perspective

Nowhere did the conflict between steak and sizzle become more evident than in a "firing line" session where agency and advertiser executives had their say. For example, Michael Drexler, executive vice president, director of media and programming at Doyle Dane Bernbach, contended at one point that advertisers shouldn't just look at cable in terms of ratings or for lower cost-per-1,000. But later he asserted that cable's most immediate need is for research. Pointing out that the household diary underreports cable, he indicated

the forthcoming people meter being investigated by three research firms may be the answer—or maybe even the personal diary.

Drexler criticized cable networks for their lack of a common approach to presenting audience numbers. He also suggested an improved means of defining cable audiences geographically, noting that the ADI (Area of Dominant Influence) may not be adequate for the medium.

His call for a consistent audience measurement approach was echoed by Peter J. Spengler, vice president, advertising services, Bristol-Meyers, and by Gordon L. Link, executive vice president, director of medical services USA, McCann-Erickson. Link, for example, pointed out that a common yardstick was the reason for the growth of broadcast TV and that the RADAR studies came along to solidify radio's position. He contended, "We should try to get a consensus in the advertising community, as well as the cable community, as to what the definition of value is."

With most of the seven panelists having taken the "creative" approach of sponsoring cable network programs that offer suitable product environment, the general consensus of the value of such an approach ran a shade above lukewarm. Only Link expressed solid enthusiasm with this approach. A couple others spoke of disappointment or only moderate success. The general rule, though, was "only when it fits a very specific need."

Cable's overall ability to segment the audience was also brought into question. Link stated cable's ability to reach the 12-24 age group is particularly good, and Hilary Hinchman, vice president, director of advertising services, Sterling Drug, added, "When you get over age 24, narrowcasting is not the way to use cable."

Perhaps a more unique use for cable is in counteracting a growing problem that advertisers have with broadcast—clutter. In a luncheon address, Keith L. Reinhard, chairman and CEO of Needham Harper Worldwide, held, "The time has never been more ripe to advance cable's cause now that network television is causing deep concern with its move to 15/15s, its rapidly rising production costs, its rapidly mounting clutter.

"Think of it for a moment. When the networks confront us with 15 second lengths, they convert their medium more to mere *tell*vision. As important as telling is to the process, any good salesman knows that selling requires much more. It seems to me, then, that cable is presented with a unique and timely opportunity to provide us with

**Dan Ritchie: Wants industrywide promotional channel**



**Jack Clifford: Selling interconnect concept**



**Keith Reinhard: Sees 'sellavision' role**



# ESPN.™ THE NETWORK FOR THE GUY WHO PAYS THE BILLS.

There are networks for the wife. And channels for the kids. But there's only one network for the guy who pays the bills. ESPN. . . The Total Sports Network.™

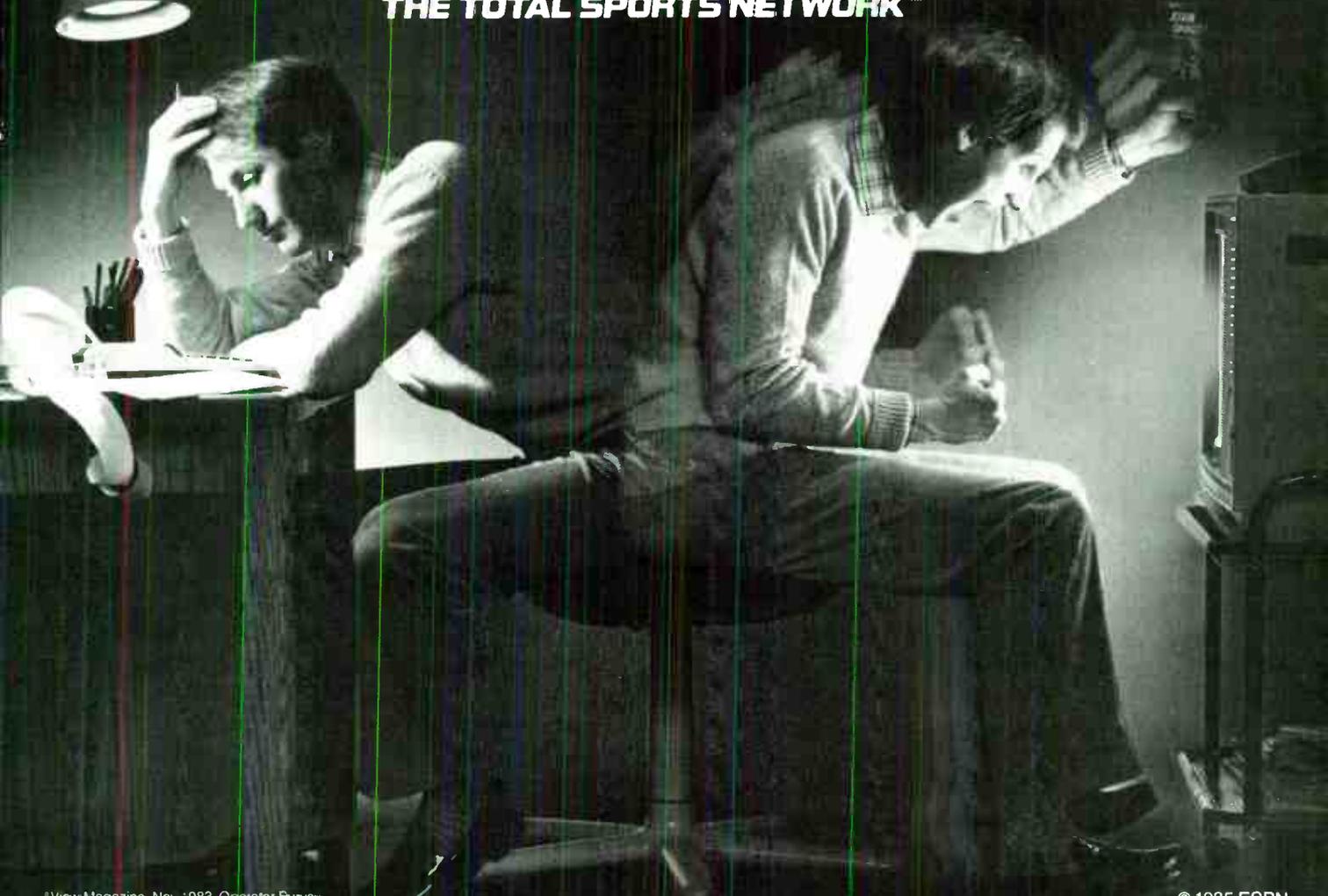
ESPN is your hook to hook up the house. Men are the decision makers behind over 69% of the cable hook-ups today. And only ESPN gives men the big time sports they want any time they want to watch it. Boxing 52 weeks a year. College football and basketball. Tennis, golf, the USFL and more.

In fact, in a recent survey, Multichannel News found ESPN viewers willing to allocate over \$8 of their monthly bill just to receive ESPN. Perhaps that's why operators like yourself found ESPN to be the one basic service that's most attractive to subscribers and that does the most for lift.\*

So sell the wife the movies. Give the kids cartoons. But sell the man ESPN. The Total Sports Network — for the guy who pays the bills.

## ESPN™

### THE TOTAL SPORTS NETWORK™



sellavision. If the networks provide us with the opportunity to merely drop our "business card," can cable then provide us with that all-important opportunity to make a "business call"? If cable gets only one-tenth of the audience but delivers an audience that is 10 times more involved or receptive, the numbers will work out just fine."

In fact, during the panel, Marcella Rosen, senior vice president, media director, N W Ayer, offered cable an approach—longer commercials for the same money as broadcast's shorter ones. She also said she'd like to see the cable networks sold jointly in order to give the agencies a bigger rating to deal with—perhaps in the form of roadblocking with several networks across the 10 p.m. time period, for example.

But she drew no support for her fellow panelists on the roadblocking concept. Drexler held, "I don't think it works because you're dealing with distinctly different audiences." And David K. Braun, director, media services, General Foods, added that he had declined a couple such proposals based on the same premise Drexler mentioned. He held, "To buy tonnage numbers on networks that seem to be very different doesn't give us much confidence."

As moderator, Spengler asked if the other panelists felt that establishing a 20 per cent commission would help the cable services grow at a faster rate. He got a unanimous "no."

As for the creative side of cable, panelists unanimously saw the medium being handled at their establishments by innovative people, rather than those who are "just punching out numbers."

### Cable investments up

Buying philosophies aside, the proof of the pudding was a straw poll that showed all queried spending more in cable this year than in 1984. Biggest increases were mentioned by Drexler, with a 60 per cent increase to 7 per cent of TV billings, and Hinchman, whose drug firm went from under 1 per cent to nearly 3½ per cent. The overall average was about 5 per cent of TV billings.

On an industrywide basis, Robert H. Alter, CAB president, told the gathering that this year cable advertising revenues will be about \$¾ billion, more than 230 per cent greater than three years ago, and is projected to reach \$2.7 billion by 1990. He said the fastest growing audience segment in all of television is advertiser supported cable—up 39 per cent from last year.

Abridging the "liberated viewer" theme of the convention, Daniel L. Ritchie, chairman and CEO of Westinghouse Broadcasting and Cable, called for a "second liberation—of letting everyone know what we've already created for

them—of persuading them to give it a try." He made the specific recommendation for putting together an industry-wide channel with nothing but promotional feeds from the networks.

### System operator's share

In terms of systems' growth in advertising sales, CAB chairman Jack Clifford, who is chairman and CEO of Colony Communications, spoke of operators now putting aside their old franchising rivalries and cooperating in interconnects: "Interconnects are a logical extension of the credibility the medium has built up as an advertising vehicle. Buyers are now aware that cable is a good buy; interconnects help them to buy cable. The availability of an interconnected market attracts people and advertisers who before had no interest in cable strictly from a logistics viewpoint, such as national spot advertisers who simply must buy the market. And the responses we receive from our local advertisers indicate that buying the interconnect helps immediately to expand their marketing area, to include not only the community in which they do business, but also neighboring communities in which the advertiser had never committed any dollars."

Bucking this trend of thought in one of the breakout sessions was Phil Guarascio, senior vice president and director of media management, Benton & Bowles. He asserted, "Four or five years ago I thought that interconnects were going to be the main wedge to get national advertisers to buy cable at a local level. Now I see cable more as a local medium for action-oriented advertising." He spoke of advertising calling for a telephone or mail response or a results-oriented approach utilizing the Universal Product Code and computers to gauge results at the supermarket checkout counter.

Two of his co-panelists called for greater professionalism by operators. Yolan Toro, senior vice president, director of local broadcast, buying department, Wells, Rich, Greene, urged operators to develop adequate paperwork in the proof of performance area—timely affidavits showing the exact time a spot ran.

Deborah Gonderli, senior vice president director of research, Western International Media, complained of phone calls to systems that are handled by persons who do not know who handles inquiries for advertising information: "It's hard to deal with a medium that annoys you." Meanwhile, David H. Harkness, vice president, director of marketing, Nielsen HomeVideo Index, said his firm is testing out a way, in cooperation with CAB, to make advertising information available on the top 500

systems but declined to elaborate.

In yet another breakout session, Ira B. Tumpowsky, senior vice president, group supervisor of cable, Young & Rubicam, called for at least some basic research from operators—even if only a demographic description of subscribers and a general description of viewing habits compiled from bill-stuffer questionnaires.

### Show biz approach

Madelyn Mix Bonnot, advertising sales manager for the Cox Cable New Orleans Interconnect, reported sales progress without resorting to actual viewing numbers. She said a broadbased study establishing awareness of various cable networks, whether they're viewed from time to time and average number of hours of overall TV viewing will generally cost under \$5,000 for a system. Tumpowsky and another panelist said they would accept such data.

"We don't want to start submitted availabilities on a cost-per-1,000 basis," Bonnot held. "We do better as a conceptual sell. Ninety per cent of our business is done with local and regional advertising agencies, and there are a lot of older buyers who bought FM years ago when it didn't have any numbers."

She also reported success with using in buyers to see a "dog and pony act" and giving out premiums such as ESPN jackets. She asserted that it works well because broadcast doesn't use this show business approach any more. □

### Marcella Rosen: Combined network sales?



### Mike Drexler: Hits uncoordinated research



# New Cable Advertisers

January-March 1985

The list of new advertisers on cable networks in the first quarter of this year indicates activity that is substantially more spread out among the networks than in the past. Particular note may be taken of the frequency in which The Nashville Network and The Weather Channel appear on the list.

Also, because of their recent activity in advertising sales, a few networks have been added to the list. They are Dow Jones Cable News, a text service that has been more aggressively seeking advertising revenue; The Silent Network; C-SPAN and The Learning Channel.

Also notable is the increased frequency in which major television advertisers appear on the list. Majors spreading their activity to additional cable networks include Procter & Gamble, Warner Lambert and Kellogg.

A.C. Delco	Campbell-Ewald	USA
A.H. Robins	Mil-Moore	CBN, TWC
Air Jamaica	NA	SPN
Alaska Tourism	Foote Cone & Belding	USA
Alberto Culver	Draper Daniels	USA, ESPN
Allegheny International	Burton Campbell	USA
All State Insurance	Leo Burnett	TWC, USA, TNN
Alpo	Weightman	USA
American Beauty Products	In house	BET
American Express	Ogilvy & Mather	Dow Jones, MSG
American Home Products	J.F. Murray	USA, TWC
American Honda	Dailey & Assoc.	TNN
American Motors	Compton	TWC
Anheuser Busch	D'Arcy, MacManus & Masius	TNN
Apple Computers	Chiat/Day	USA
Arby's	NA	ESPN
Arm & Hammer	R. J. Palmer	USA
Armour Dial	Foote Cone & Belding	TWC, USA
Arrow	AC&R	USA
AT&T	Young & Rubicam	FNN
AT&T Long Distance	Young & Rubicam	FNN
Bahamas Tourism	Tige Branch	TWC
Barclays America	NA	ESPN
Beecham Labs	Boclard	USA
Benihana	NMA	ESPN
Benjamin Moore	NA	ESPN
Bristol Myers	Boclard	USA

Brut Cadillac	NA D'Arcy, MacManus & Masius	ESPN USA
Campbell Soup	Ogilvy & Mather	USA, Silent Network, TNN
Campus Sportswear	Della Famina	USA
Canandaigua Wines	Towne Silverstein & Rotter	USA
Cannon Business Equipment	Densu	FNN
Cannon Films	Martin & Benedict	USA
Carnation	Dailey	TWC
Casio	Doremus	CBN, TWC
CBS Records	Wunderman Ricotta Kline	USA
Charles Schwab	Larry Butner	Dow Jones
Chesebrough-Ponds	Clifford Botway/ Wm. Esty	USA, TWC
Clorox	Foote Cone Belding	USA
Coca-Cola	NA	ESPN
Columbia Pictures	Ogilvy & Mather	USA
Consumer Report	Ogilvy & Mather	Dow Jones
Continental Baking	J. Walter Thompson	USA
Conwood Tobacco	Tucker Wayne & Co.	USA
CPC International	NA	TNN
CPI Inc.	NA	TNN
Dairyland Insurance	P. Starr Productions	TNN
Dannon	Marsteller	USA
Dunlop Tires	P. Starr Productions	TNN
Dry Sack Sherry	NA	MSG
Eatery Airlines	Campbell-Ewald	TWC, C-SPAN
EJT Media	NA	TNN
Elizabeth Arden	NA	ESPN
Emergy Air Freight	J. Walter Thompson	TNN, USA, FNN
Esquire	BBDO	USA
Evinrude Motors	Freckman	TNN
Fairfield TV	NA	TNN
Field & Stream	NA	SPN
Fingerhut	BBDO direct	TNN
Fisher Pen	NA	SPN
Fonatur/Ixtapa	In-house	TWC
Ford Motor Co.	J. Walter Thompson	TWC
Foster Grant	Geer Dubois	USA
Fram Oil Filters	SFM	USA, ESPN
Frito-Lay	Tracy-Locke	USA
Gates Rubber	Ogilvy & Mather	TNN

G. D. Searle	Ogilvy & Mather	USA	La Quinta Hotels	Tracy Locke/BBDOTNN,	USA
General Foods	Grey	USA	Lee Jeans	Bozell & Jacobs	USA
General Mills	Neeham Harper & Steers	USA	Life Magazine	NA	SPN
General Motors	Campbell-Ewald	TWC	Lipton	TJL	USA, TWC
Georgy Hormel	Chuck Ruhr	USA, TNN	Living Classics	Direct	Learning Channel
GMAC	Campbell-Ewald	USA	Lloyd's Hearing Aids	Direct	Silent Network
Golf Digest	Direct	USA	Lorus	NA	ESPN
Good Housekeeping	Joe Gans	USA	Luzianne Tea	Rosenfeld, Sirowitz, Lawson	TNN
Goodyear Tires	J. Walter Thompson/ In-house	TWC, TNN	Magnastitch	Direct	Silent Network
Grapefruit 45	World Communications	USA	Mattel	Ogilvy & Mather	USA
Hanes	Jordan Case & McGrath	USA	Mature Marketing Group	Eikoff & Co.	TNN
Hartford Insurance	NA	ESPN	Maybelline	Lake Spiro Shurman	USA
Hayes Microcomputer Products	Independent Media Services	FNN	McDonald's	NA	ESPN
HBO	Kobs & Brady	TWC	McDonnell Douglas	Direct	C-SPAN
H.I.S.	Leber Katz	USA	Memorex	Leo Burnett	USA
Holiday Inn	NA	SPN	Menley & James	BBDO	TWC, CBN
Honda	Media Buying Services	USA, TNN	Mentholatum	Jordan Case & McGrath	CBN
Hormel & Co.	Ruhr	TNN	Merle Haggard Video	Direct	TNN
Hospitality Inn	Mingus Media	TNN	Mexico Tourist Council	Dancer Fitzgerald Sample	TWC
Hunt Wesson	SFM	USA	Michelin	NA	TWC
Inside Sports	Direct	USA	Microwave Cookbook	Direct	Learning Channel
International Spike Co.	Rosenfeld Sirowitz Lawson	TWC	Moet & Chandon	NA	ESPN
Isuzu	SFM	ESPN, TNN	MTD Products	NA	ESPN
Italcable	JFP Assoc.	TWC	Nabisco	Ohlmeyer	USA, TWC
ITT	Needham Harper Steers	FNN	National Dairy Association	McCann-Erickson	CBN
Jamaica Festival of the Arts	Creative Network	USA	National Dial-It	Direct	Dow Jones
Jamaica Tourism	Young & Rubicam	TWC	<i>National Enquirer</i>	Compton	TNN, USA
JCI Records	RNF Media	TNN	National Liberty Marketing	Grey direct	TNN
S. C. Johnson	J. Walter Thompson	USA, TWC	National Welding School	Stephenson	USA
Jetto Concepts	RNF	USA	NCR	NA	ESPN
Johnson Outboard Motors	Marketing Group Inc.	TNN	Nestle	NA	ESPN
Kawasaki	Kenyon & Eckhardt	TNN	Nutrition Center	NA	SPN
Kellogg	Leo Burnett	TWC	Owens-Corning	Ogilvy & Mather	TWC
KFC	Young & Rubicam	TNN	Pack-O-Fun	NA	SPN
Kimberly Clark	Foote Cone Belding	Weather Channel	PADI	NA	SPN
Kodak	J. Walter Thompson	USA	Paramount	Diener Hauser Bates	USA, CBN
Lane Enterprises	NA	TNN	People Magazine	Media Basics	USA
Lane Furniture	Martin Agency	USA	Pepsi/Mountain Dew	BBDO	TNN
			Polaroid	DeWitt Media	CBN

Polygram Records	Direct	TNN
Power for Living	In-house	TWC
Porsche	NA	ESPN
Procter & Gamble	Dancer Fitzgerald Sample Henderson Benton & Bowles	TWC
Pro-Hardware	NA	ESPN
ProServe	Direct	USA
Prudential Bache Securities	Kenyon & Eckhardt	FNN, TWC
Quaker Oats	J. Walter Thompson	Weather Channel
Quaker State	Kenyon & Eckhardt	USA
Quasar	NA	ESPN
Radisson Hotels	NA	ESPN
Ralston Purina	Gardner Advancers	TWC, USA
Ramada Inns	Needham Harper Steers	TWC
RCA	Leo Burnett	USA
Richardson-Vicks	Young & Rubicam	TWC
Ricoh Copiers	NA	ESPN
Ross Labs	P. Starr Productions	TNN
Royal Copiers	NA	ESPN
Samuel Goldwyn	NA	ESPN
Schering-Plough	Lake Spiro Shurman	TWC
Sears	Needham Harper Steers, Ogilvy & Mather	USA, TWC
Security Tire Chain	Direct	TWC
Seven-Up	N. W. Ayer	USA
Sherwin-Williams	NA	ESPN
Showtime/The Movie Channel	J. Walter Thompson	TNN, USA
Smithsonian Magazine	NA	SPN
Softsheen Products	Brain Storm	BET
Solgar	NA	SPN
Spalding Sports	Hill, Holiday, Connors, Cosmopulos	USA
S. S. Pierce	Overland	USA
Standard & Poors' Stock Buyers' Guide	Larry Butner	Dow Jones
State Farm Insurance	Needham Harper & Steers	USA
Sterling Drug	SSC&B, Cunningham & Walsh	TNN, TWC, USA, CBN
Sterns & Foster	Bloom	USA

STP	Grey	TWC
Tappan	Brouillard	CBN
Teleflora	Dailey	USA
Tennis Magazine	Direct	USA
Thompson Medical	Compton	TNN, USA
Thoro Systems	HCM	ESPN, USA
Time Inc.	International Communications Network	BET
Top Fifty Hits	Direct	Learning Channel
Toyota	Dancer-Fitzgerald- Sample	TNN
Travelers Insurance	Ally & Gargano	USA
Tri Star Pictures	Diener Hauser Bates	USA
Tru-Temper Hardware	Burton Campbell	CBN
TWA	NA	ESPN
Union Carbide	Leo Burnett	USA
Union Fidelity	NA	SPN
United Airlines	Leo Burnett	USA, TWC
United Parcel Service	Ammirati Puris	USA
U.S. Air Force	Hameroff/Milenthal	USA
U.S. Army	N. W. Ayer	USA
U.S. News & World Report	Ellen Tuck & Springer	TNN
USA Today	NA	SPN
Universal	Doyle Dane Bernbach	USA
Warner Brothers	Grey	USA
Warner Lambert	JWT	BET, TWC
Weber Grills	Grant Jacoby	USA
Weber-Stephens	Grant/Jacoby	TNN
Western Union	NA	ESPN
W. F. Young	J. Walter Thompson	TWC
Wilson Sporting Goods	Leo Burnett	USA
Women's Tennis Association	Direct	USA
Wrangler	Dancer-Fitzgerald- Sample	TNN
Wrigley	BBDO	USA
Wynn Oil	NA	ESPN
Xerox	Needham Harper Steers	FNN
W. F. Young Co.	Brouillard	CBN
Ziff Publishing	N. W. Ayer	TNN

Abbreviations: BET: Black Entertainment Television, CBN: CBN Cable Network, ESP: Entertainment & Sports Programming Network, FNN: Financial News Network, MSG: Madison Square Garden Network, SPN: Satellite Program Network, TNN: The Nashville Network, TWC: The Weather Channel, USA: USA Network

# Wall Street Analysis



## Lowered Cox estimate

The research department at Merrill, Lynch is lowering its 1985 earnings estimates for Cox Communications because of a slowdown in pay cable unit sales. "We expect first quarter earnings to be flat, including a few cents per share in capital gains," says the group in a report on the media compiled by William Suter, Peter Falco and Lisa Noveck. "We continue to rate the shares 'neutral' for the intermediate term and 'buy' for the long term."

Estimated operating earnings for 1984 are \$3.20 a share, including about 20 cents a share from the sale of the Baltimore radio station WLIF in the first quarter and sales of four small Illinois systems because of Cox's decision not to pursue the cable franchise for Chicago in the fourth quarter. For 1985, the researchers are estimating earnings for Cox will be \$3.40 per share.

The operating profit margin on the cable business was flat in 1984, largely because of the estimated loss of \$2.5 million for *On Cable* magazine, which Cox acquired last year. "Although we expect a \$2 million loss for *On Cable* this year, we believe that margins may improve as the newer Cox cable systems move from the building stage to improved levels of revenues, cash flow and profits. To help compensate for slower growth or now slight month-to-month declines in pay units, Cox has worked hard at improving overall operating efficiency. Cox has achieved good basic market penetration for some of its new systems, but trends in pay units are quite disappointing so far in 1985. Offsetting this somewhat is that basic rates are being raised more rapidly with the help of the new cable bill."

The Merrill, Lynch analysts estimate that average monthly revenues per subscriber will increase this year to \$23.75 versus \$22.40 in 1984. Increase in depreciation is also slowing as building of new systems is completed,

they say. After increasing by 20 per cent in 1984, depreciation should rise by just 15 per cent in 1985, they add. "That trend should help growth of cable profits, which we expect to increase by about 20 per cent in 1985."

Operating income in 1984 was \$55 million after depreciation, a 20 per cent increase over 1983. Merrill, Lynch is predicting operating income for Cox in 1985 to be \$65 million, or another 20 per cent increase. The analysts are projecting a 5.7 per cent increase in Cox basic subs this year, to 1.625 million, an increase in pay units of only .2 per cent to 1.56 million and a 38.3 per cent jump in mini-tiers to 350,000. Average monthly rate stands to increase by 6.1 per cent while total revenues are expected to increase by 13.6 per cent to \$460.3 million. Costs will also increase, by 11.9 per cent to \$303.8 million.

## TCI continues uptrend

Tele-Communications Inc. the nation's largest cable system operator, reported revenue increases of 29 per cent for the year ending Dec. 31. Revenues were \$449.4 million in 1984, compared with \$347.2 million for the previous year. Operating income of \$107.6 million was \$23.1 million more than 1983. "This increase is a result of aggressive acquisition efforts, expansion of existing systems and expansion of pay TV and other services offered to customers by the company," the company says.

Earnings from continuing operations were \$16.9 million while earnings per share for continuing operations were 38 cents.

TCI, meanwhile, agreed to sell six cable systems in the Tulsa, Okla. area to United Cable Television in exchange for newly issued United Cable common stock. TCI is already one of the principal shareholders of United. The systems represent more than 11,500 subscribers and serve the communities of Drumright, Sand Springs, Bristow, Sapulpa, Jenks, Glenpool, Keifer, Catoosa, Owasso, and portions of Tulsa and Creek counties. The acquired cable systems will be managed by Tulsa Cable, a subsidiary of United Cable. The acquisition will bring Tulsa Cable's subscriber base to about 130,000 and make it the ninth largest cable system in the country.

## Acton, Daniels make deal

Acton Corp. has sold a group of its California cable systems to a limited partnership of Daniels & Associates for between \$15 million and \$17 million. George M. Phillips, Acton president, says the bulk of the proceeds will be used to reduce long term debt and current obligations. In conjunction with the sale of the properties, Phillips says that Acton has agreed with its lenders to reduce its credit line from about \$48 million to about \$40.5 million and to further reduce the credit line an additional \$10 million by Sept. 30.

The systems serve 10 franchise areas in Los Angeles and San Bernardino counties. The buyer is Foothills Cablevision Ltd., a private limited partnership of



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Daniels & Associates and Integrated Resources. The systems serve about 13,200 basic subs and pass about 42,000 homes. The 29-channel systems east of Los Angeles have about 562 miles of plant.

Daniels already owns the nearby system in Redlands. The acquisition could allow for consolidation of some operations and marketing programs. Daniels says it will increase the equity value of the system by expanding the physical plant, rebuilding it to 54-channel capacity, adding new programming services, improving penetration and reducing marketing and operational costs.

## Comcast earnings climb

Comcast Corp. reports 1984 revenues were up 22 per cent and earnings rose 35 per cent. Revenues for 1984 were \$103 million, compared with \$84.4 million for 1983. Net earnings rose to \$12.1 million, equivalent of 96 cents a share, compared to \$9 million, or 77 cents a share for 1983. Cash generated from operations rose to \$34 million, a gain of 42 per cent over the \$24 million for 1983.

The company's operations served a total of about 475,000 basic subscribers, of which about 138,000 were served by systems managed for limited partnerships of which subsidiaries of the company are general partners. The company estimates that its owned or managed systems serve communities with about 947,000 homes, and about 851,000 homes passed.

## CapCities, ABC reviewed

In a report written before the acquisition of ABC by Capital Cities Communications, Merrill, Lynch analysts William Suter, Peter Falco and Lisa Noweck predicted steady earnings increases from Capital Cities' cable investments. The company purchased what was then called Cablecom General in 1981 and has embarked on an extensive rebuilding and upgrading program since then. "Good revenue and profit growth continues in the cable division, which is being helped by the upgrading of systems and selected offerings of more pay services in franchises that the company feels can earn an adequate return on those investments," the analysts say. "Expense growth should slow in 1985 and later as the expansion program winds down, the earnings growth should accelerate."

Operating income from cable grew 25 per cent to \$2.6 million in 1984. The Merrill, Lynch analysts are projecting a 60 per cent jump to \$4 million in 1985. Revenues, which increased 13.8 per cent in 1984, will grow another 18 per cent to \$90 million, while costs will increase 16.7 per cent to \$86 million.

Meanwhile, the Merrill Lynch group says the video enterprises division at ABC will show the biggest swing in earnings for 1985 among ABC divisions. "The loss is expected to decline from \$45 million in 1984 to about \$23 million in 1985, helped significantly by the absence of the loss from experimental pay television in Chicago [TeleFirst], closed in 1984. The \$45 million loss in 1984 includes a loss on ESPN of more than \$3 million from

the date of its acquisition in June, of which Nabisco absorbed \$669,000. For all of 1985, we estimate that ESPN will lose about \$6 million. We expect a loss of slightly more than \$6 million in the first half, and we expect the second half to be at least breakeven, if not to be in the black. That projection is based mostly on an increasing level of revenues from more advertising and from higher rates being paid by cable systems carrying the ESPN service."

## SSS reports '84 gains

Satellite Syndicated Systems says its earnings increased 9.6 per cent, while earnings per share remained the same. Yearend earnings for 1984 were \$3.4 million, an increase of \$302,000 over 1983. Cash flows provided from operations in 1984 amounted to \$5.8 million, or \$1.02 per share, compared with \$4.9 million, or 95 cents per share in 1983. Revenues for the year were \$21.9 million, an increase of \$773,000 over 1983 revenues of \$21.1 million.

"Although overall revenues increased 4 per cent for the year, net income was offset by a 7 per cent increase in operating expenses incurred in the startup of several new ventures," says Edward L. Taylor, chairman and chief executive officer. The new ventures include Star Ship Stereo; Rocky Mountain Systems, a telephone interconnect company of which SSS owns 60 per cent; and the acquisition of several cable television systems.

The company also reports that it has so far acquired 86 per cent of the stock of the Satellite Program Network. The company has secured a new revolving line of credit for \$8 million from Chemical Bank of New York. SSS has borrowed \$7.2 million of the new credit to refinance the company's prior acquisition of cable systems.

## Cableguard revenues doubled

Cableguard Inc., the home security system sales and monitoring company, says its revenues nearly doubled to \$4.6 million in 1984. Cableguard president James L. Smith attributes much of the company's fiscal 1984 results to strong sales of home and commercial security systems in its Dallas-Fort Worth, San Antonio, South Florida, Tucson and Atlanta markets. Sales backlog stood at more than 5,000 units as of Dec. 31. As most of these systems are installed during 1985, they will boost the company's current 8,000 subscriber base to more than 13,000 subscribers.

Revenues for 1984 totaled \$4.6 million, compared with \$2.2 million during 1983. The company, however, is still losing money. "Because of Cableguard's continued use of company funds to sustain its startup operations, which last year included Phoenix and New Orleans, the company experienced a net loss for the year of \$2.4 million, compared to a loss of \$2.6 million for the previous year," Smith says. He says the rate of growth of these planned losses is now being reduced by net revenues generated by the San Antonio and Dallas-Fort Worth operations.

# Corporate Profile

## Long-term debt, stock issue notable in Heritage analysis

A salient feature of Heritage Communications is its long-term debt, at \$79 million. Also, in October 1984, it issued additional common stock, and this can be regarded as an effort to provide additional equity to give better protection to the creditors.

The common stock is traded on the New York Stock Exchange, and at the close of March 25, 1985 the price was 24<sup>3</sup>/<sub>8</sub> per share. The indicated dividend rate is 5 cents, resulting in a yield of 0.2 per cent. Earnings for 1984 were 62 cents per share, from operations, and this is a record high figure. At this rate the price/earnings ratio is 39.3 times, and earnings/price return is 2.5 per cent.

The equity per common share as of June 30, 1984 was about \$6.67, and when this figure is used the indicated dividend rate is 0.7 per cent. When the 62 cents per share earnings figure is used the price/earnings ratio is

10.8 times, or an earnings/price return of 9.3 per cent is obtained.

The attainment of record highs in 1984 in respect to revenue, operating income and net earnings suggests that the company is a growth situation, and this lends an element of support to any attempt to justify the price of the stock. Consolidated revenue in 1984 gained 22 percent over 1983, and operating income was 34 per cent over 1983. Per share earnings from operations gained 38 per cent over 1983. In 1984 revenue from the cable TV operations gained 25 per cent and cable TV operating income advanced 26 per cent. The company's wholly and partially owned cable TV systems served 440,668 subscribers at the close of 1984, for a 20 per cent gain over 1983. Pay subscribers were 315,552 at the close of 1984 for an annual gain of 21 per cent. There were 248,761 wholly-owned subscribers at the end of 1984, an annual gain of 16 per cent and wholly-owned pay subscribers closed 1984 with 182,517, for an annual gain of 15 per cent.

For the communications products business segment, revenue in 1984 had an annual gain of 19 per cent, while the segment's operating income gained 35 per cent over 1983. These improvements were due to the acquisition of Da-Lite Screen.

## Heritage Communications

August 31, 1984

	Estimated homes passed by cable	Basic subscribers(1)	Basic Service saturation(2)	Pay subscriber units(3)	Pay television saturation(4)
<b>Wholly-owned systems:</b>					
Iowa					
Metropolitan Des Moines	113,000	55,800	49%	57,250	103%
Clinton/Illinois	25,100	17,100	68	10,300	60
Other	58,200	31,200	54	18,500	59
Texas	118,900	58,550	49	41,350	71
Mississippi/Alabama	30,900	23,350	76	9,100	39
Colorado	16,450	15,000	91	6,600	44
Ohio	22,100	13,450	61	7,000	52
Minnesota/Wisconsin	12,950	11,650	90	4,300	37
Other	40,300	11,200	27	21,500	192
<b>Total wholly-owned</b>	<b>438,400</b>	<b>237,300</b>	<b>54</b>	<b>175,900</b>	<b>74</b>
<b>Partially-owned systems:</b>					
Iowa(5)	167,850	96,600	58	72,100	75
Indiana	125,600	66,500	53	35,050	53
Colorado	9,300	8,050	87	2,950	37
Michigan	14,000	7,350	52	9,900	135
Texas	7,500	6,000	80	4,050	67
<b>Total partially-owned</b>	<b>324,250</b>	<b>184,500</b>	<b>57</b>	<b>124,050</b>	<b>67</b>
<b>Total</b>	<b>762,650</b>	<b>421,800</b>	<b>55</b>	<b>299,950</b>	<b>71</b>

(1) Basic subscribers include "equivalent" subscribers, "a number derived by dividing basic cable service revenues for multiple units with centralized billing by the average monthly charge for basic residential service. (2) Basic service saturation is derived by dividing basic subscribers by homes passed by cable. (3) Pay subscriber units include each pay service which is bought by a basic subscriber. Therefore, the total pay subscriber units of any system could be greater than the number of basic subscribers of such system, depending upon the number of pay services offered for sale by such system. (4) Pay television service saturation is derived by dividing pay subscriber units by basic subscribers. (5) Includes nearly systems in other states.

James M. Hoak, Jr., president of the company comments on the outlook for 1985, "The momentum in most of our businesses is very good. Cable television revenue growth is expected to continue at a very good rate with the prospect of some margin improvement. Our book manufacturing operation is very strong, and our meeting room products businesses continue to exceed our expectations."

Results for the fourth quarter of 1984 reinforce the impression of a growth trend. Operating income for the company as a whole was 44 per cent from 1983; for the cable TV segment, it was up 18 per cent from the like

**"Cable television revenue growth is expected to continue at a very good rate with the prospect of some margin improvement."**



James M. Hoak, Jr.  
*President  
Heritage  
Communications*

1983 quarter; and for the communications products business segment, the 1984 fourth quarter was 86 per cent over the 1983 like quarter. For the company as a whole, net earnings before income taxes for the 1984 fourth quarter were 66 per cent over the like 1983 quarter and net earnings were up 43 per cent.

Revenue for the company as a whole for the 12 months ended June 30, 1984 was \$111.6 million, of which 45.1 per cent was from cable TV operations and 54.9 per cent from communications products. Cable TV revenues in 1983 were 42.5 per cent; in 1982, they were 37.4 per cent; and in 1981, they were 35.6 per cent. The balance each year was from communications products.

Operating income for the company as a whole in 1984 was \$16.9 million, of which \$13.1 million, or 77.9 per cent, came from cable TV and communications products provided \$6.6 million or 39.2 per cent. The corporate segment of the company had an operating deficit of \$2.9 million in 1984, which was 17.2 per cent of the total operating income.

For 1983, the cable TV share of operating income was 82.7 per cent; 75.2 per cent in 1982; and 72.7 per cent in 1981. The share of the communications products segment was 38.9 per cent in 1983, 47.6 per cent in 1982 and 44.9 per cent in 1981. The corporate segment operating

deficit share of the total operating income was 21.6 per cent in 1983, 22.8 per cent in 1982 and 17.7 per cent in 1981.

### **Three-year gains**

For the period of time from 1981 through the first half of 1984, operating income as a proportion of revenue for the company as a whole varied from a low of 10.9 per cent for 1981 to a high of 12.3 per cent for the 12 months ended June 30, 1984.

For the cable TV segment, the low figure was 22.2 per cent for 1981 and 1982, and the high was 24.4 per cent for the 12 months ended June 30, 1984. For the communications segment, the low figure was 7.3 per cent for the 12 months ended June 30, 1984, and the high was 8.4 per cent for 1982.

On June 30, 1984, assets of the company were \$161 million, of which \$110.6 million, or 68.7 per cent, were in the cable TV segment. The figure was 68.2 per cent at the close of 1983, 68.3 per cent at the close of 1982 and 64.9 per cent for 1981. The communications products share of assets was as high as 29.8 per cent at the close of 1981 but dropped steadily to 21.6 per cent on June 30, 1984. The corporate segment share was at a low of 5.3 per cent at the close of 1981 and gained steadily to 9.7 per cent on June 30, 1984.

When interest is allocated among the segments according to their use of assets, when the net income is allocated among the segments according to their contribution to operating income, and the two for each segment are combined and divided by the assets at the end of the year, the result is an estimate of the return on assets for each segment as for the company as a whole.

When this procedure is applied to the company, the estimated return on assets for the company as a whole for the 12 months ended June 30, 1984 is 6.8 per cent; for 1983, it is 7.1 per cent; for 1982, 8 per cent; and for 1981, 6.3 per cent. For the cable TV segment, it is 7.7 per cent for the 12 months ended June 30, 1984, 7.8 per cent for 1983, 8.5 per cent for 1982 and 6.7 per cent for 1981. For the communications products segment, it is 6.7 per cent for the 12 months ended June 30, 1984, 9.2 per cent for 1983, 12 per cent for 1982 and 8.1 per cent for 1981. For the corporate segment, the figures were minus 4 per cent for the 12 months ended June 30, 1984, minus 7.3 per cent for 1983, minus 16.2 per cent for 1982 and minus 8.5 per cent for 1981.

When the net income, as allocated among the segments, is divided by the equity, then allocated among the segments according to use of assets, an estimate of return on equity is obtained. For the company as a whole these estimates are 10.7 per cent for the 12 months ended June 30, 1984, 11.1 per cent for 1983, 14.1 per cent for 1982 and 18.6 per cent for 1981. For cable TV, the figures are 13.9 per cent for the 12 months ended June 30, 1984, 13.5 per cent for 1983, 15.5 per cent for 1982 and 19.8 per cent for 1981. For the communications segment, the figure for the 12 months ended June 30, 1984 is 10.7 per cent; for 1983, 17.5 per cent; for 1982, 25.8 per cent; and for 1981, 23.6 per cent.—**Basil Shanahan**

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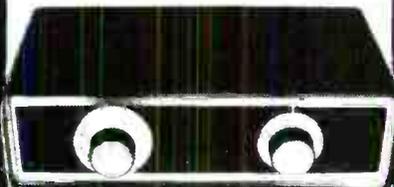
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# Appointments

**Crawford Rice**, senior vice president of broadcast services, Daniels & Associates, 2930 East Third Avenue, P.O. Box 6008, Denver, CO 80206-0008. *From: Executive vice president, Gaylord Broadcasting Co.*

**Edward H. Campbell**, vice president, construction, Warner Amex Cable Communications, 5 Century Parkway West, Bluebell, PA 19422. *From: President and general manager, Warner Amex of Milwaukee.*

**Bruce M. Massey**, president and general manager, Warner Amex of Milwaukee, 1610 North Second Street, Milwaukee, WI 53212. *From: President and general manager, Warner Amex of Houston.*

**James U. Daley**, president and general manager, Warner Amex of Houston, 8400 West Tidwell, Houston TX 77040. *From: Vice president of operations for Houston.*

**David K. MacDonald**, vice president, cable, The Times Company, NYT Cable TV, 1250 Haddonfield Berlin Road, Cherry Hill, NJ 08034. *From: Director of NYT Cable TV.*

**Fred Simon**, vice president, business development and promotions, The Disney Channel, 4111 West Alameda Avenue, Burbank, CA 91505. *From: Senior vice president of computer marketing, Atari Inc.*

**Judith Anderson**, founder and president, Cable Communications Corp., 310 West 72nd Street, Suite 4-E, New York, NY 10023. *From: Director of new business development, HBO.*

**Jerry D. Henshaw**, vice president of engineering/research and development, United Video, 3801 South Sheridan, Tulsa, OK 74145. *From: Vice president of computer technology.*

**Susan Grant**, vice president of sales, Magnicom Systems, 1177 High Ridge Road, Stamford, CT 06905. *From: Director of regional sales and marketing, Turner Broadcasting System.*

**Peter L. Jones**, vice president and general manager, Gulfstream Cablevision of Pasco County, P.O. Box 325, Port Richey, FL 33568. *From:*

*Executive vice president and general manager, Rhode Island CATV Co.*

**Paul Wedeking**, vice president, ELRA Group Consulting Division, 725 Greenwich, Suite 300, San Francisco, CA 94133. *From: Director, planning and development for Marin County's refranchising, Viacom Cablevision.*

**Chuck Hurley**, southeastern regional vice president, Nationwide Cable Rep, Pylon Park One, Suite 280, 5301 North Federal Highway, Boca Raton, FL 33431. *From: Vice president, turnkey sales.*

**Jon Leland**, owner, The Leland Company (video marketing and promotion), 140 West 83rd Street, New York, NY 10024. *From: Director of creative services, United Satellite Communications Inc.*

**Tim Miller**, director of on-air promotion, Home Box Office, 1100 Avenue of the Americas, New York, NY 10036. *From: Director of on-air promotion, Cinemax.*

**Ron Tropp**, director of business affairs, Playboy Video Corp., 8560 Sunset Boulevard, Los Angeles, CA 90069. *From: Vice president, legal affairs and associate general counsel, Embassy Pictures.*

**Larry Benson**, technical director, NYT Cable, 1250 Haddonfield Berlin Road, Cherry Hill, NJ 08003. *From: General manager of technical support, Sony Corp.*

**Shukti Majumdar**, personnel director, NYT Cable, 1250 Haddonfield Berlin Road, Cherry Hill, NJ 08003. *From: Personnel manager, UA-Columbia Cablevision of New Jersey.*

**Bruce M. Richardson**, director of product planning, Artel Communications Corp., P.O. Box 100, West Side Station, Worcester, MA 01602. *From: Product marketing manager, Wang Labs.*

**Edward C. Frey**, director of sales, business-to-business corporate development, Cable News Network, 6 East 43rd Street, New York, NY 10017. *From: Market manager, Business Week magazine.*

**Tim Miller**, director, on-air promotion, Home Box Office, 1100 Avenue of the Americas, New York, NY 10036. *From: Director, on-air promotion, Cinemax.*

**Dale C. Kline**, manager of main frame



David K. MacDonald



Fred Simon



Judith Anderson



Bruce M. Richardson



Pieter de Bruijn

## Appointments *Continued*

systems, Paralex Corp., PO Box 12339, Winston-Salem, NC 27117. *From: Systems analyst.*

**Linda F. Beal**, administrative manager, Continental Cablevision of Saint Paul, 84 South Wabasha Street, Saint Paul, MN 55107. *From: Attorney-examiner, U.S. Equal Opportunity Employment Commission.*

**Hal Steward**, corporate technical support manager, Cableguard Inc., 200 Chisholm Place, Suite 104, Plano, TX 75075. *From: Operations manager.*

**Sean O'Keefe**, system manager for San Antonio, Cableguard Inc., 200 Chisholm Place, Suite 104, Plano, TX 75075. *From: Sales manager for San Antonio.*

**John Sullivan**, system manager for Tucson, Cableguard Inc., 200 Chisholm Place, Suite 104, Plano, TX 75075. *From: Sales manager for Tucson.*

**Laura Rosen**, sales manager, Cable Networks Inc., 3500 Oak Lawn, Suite 400, Dallas, TX 75219. *From: Sales manager of San Antonio office.*

**Ronald F. Re**, sales manager, Vision Cable Co. of Rhode Island, Colony Communications Inc., P. O. Box 969, 169 Weybosset Street, Providence, RI 02901. *From: Territorial sales representative, Greater Boston Cable Corp.*

**Pieter de Bruijn**, marketing and sales manager, General Cable Co., 411 West Putnam Avenue, Greenwich, CT 06836. *From: Strategic business director.*

**Cathy Johnson**, associate director of program development, The Disney Channel, 4111 West Alameda Avenue, Burbank, CA 91505. *From: Manager of standards and practices.*

**Marilyn C. Morrison**, manager of standards and practices. The Disney Channel, 4111 West Alameda Avenue, Burbank, CA 91505. *From: Manager of compliance and practices for NBC.*

**Seth Morrison**, marketing manager, Cable TV Puget Sound, Cascade Building, Suite E, 2316 South State Street, Tacoma, WA 98411. *From: Marketing manager, Warner Amex Cable Communications.*

**Bruce Binkow**, publicity manager, Playboy Video Corp., 8560 Sunset Boulevard, Los Angeles, CA 90069. *From: Account executive, Rogers and Cowan.*

**Ronald D. Upchurch**, engineering manager, United Cable of Colorado, 6850 South Tucson Way, Englewood, CA 80112. *From: Director of engineering, Houston Cable Television.*

**Janet G. Baser**, director of research, Multimedia Entertainment 75 Rockefeller Plaza, 22nd floor, New York, NY 10019. *From: Director of TV stations research, NBC.*

**Leo Sopicki**, cable stores supervisor, Rogers Cablesystems of California Inc., 7441 Chapman Avenue, Garden Grove, CA 92641. *From: Area executive.*

**Diane Hennessy**, account executive, Rogers Cablesystems of California Inc., 7441 Chapman Avenue, Garden Grove, CA 92641. *From: Sales representative, Banker's Systems.*

**M. Katharyn Villare**, program production supervisor, Greater Boston Cable Corp., 7B Wheeling Avenue, Woburn, MA 01801. *From: Production assistant, Colony Communications, Lowell.*

**Terry Burnett**, installation supervisor, Copley/Colony Cablevision of Costa Mesa Inc., 200 Paularino Avenue, Costa Mesa, CA 92626. *From: Freelance engineer/designer.*

**Michele A. DeStaffan**, northeastern sales manager, Regency Cable Products, East Syracuse, New York, 13057. *From: Assistant to the president, Manhattan Cable.*

**Elizabeth Overmyer**, east coast production manager, Ohlmeyer Productions, Ohlmeyer Communications, 9 West 57th Street, New York, NY 10019. *From: Production manager, Olympic special projects, ABC Sports.*

**Anne Hallager**, associate producer, Ohlmeyer Productions, Ohlmeyer Communications, 9 West 57th Street, New York, NY 10019. *From: Production assistant.*

**Amanda Marmot**, manager, creative affairs, Embassy Home Entertainment, International, 1901 Avenue of the Stars, Los Angeles, CA 90067. *From: Script reading consultant.*



Cathy Johnson



Marilyn Morrison



Seth Morrison



Janet G. Baser



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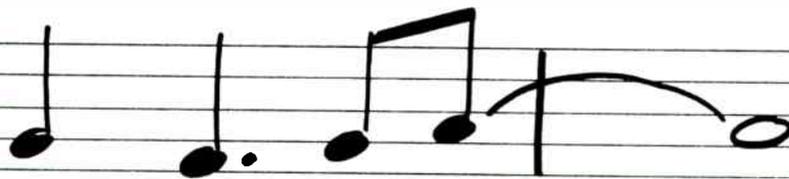
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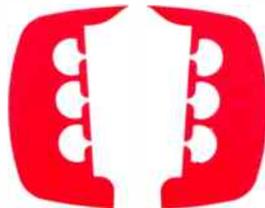


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# Wall Street Report

## Viacom confirms respect from investment section in recent stock offering

The investment community's appraisal of Viacom International Inc. was recently confirmed when the company put out a two-million share common stock offering, and all of those shares were snapped up in a day or so. In fact, Viacom had a provision to issue an additional 300,000 shares, and these were all sold, too, with all shares going at 39 $\frac{5}{8}$ ¢. Explaining the offering, a company spokesman told TV/RADIO AGE, "Eighty per cent of our debt was tied to floating interest rates. This was an opportunity not only to reduce the exposure to floating interest rates but also to strengthen the capital structure."

### Viacom International Inc.

	Five Years ended December 31, 1984 (000\$)				
	1984	1983	1982	1981	1980
<b>Revenues:</b>					
Cable television	\$183,696	\$151,501	\$112,860	\$ 85,193	\$ 66,321
Broadcasting and other services (1)	83,598	119,785	122,271	89,589	61,647
Program distribution	53,072	47,676	51,099	45,918	41,329
Intercompany elimination	—	(3,385)	(4,812)	(4,217)	(3,443)
<b>TOTAL</b>	<b>\$320,366</b>	<b>\$315,577</b>	<b>\$281,418</b>	<b>\$216,843</b>	<b>\$165,854</b>
<b>Earnings from operations:</b>					
Cable television	\$ 27,578	\$ 22,171	\$ 19,322	\$ 15,731	\$ 14,809
Broadcasting and other services (1)	23,929	18,416	16,813	9,855	5,943
Program distribution	23,097	17,431	19,135	18,771	18,644
Equity in pre-tax earnings of affiliated companies (1)	8,949	1,488	—	—	—
Corporate expenses	(11,096)	(14,652)	(11,509)	(10,463)	(8,437)
<b>TOTAL</b>	<b>\$ 72,457</b>	<b>\$ 44,854</b>	<b>\$ 43,761</b>	<b>\$ 33,894</b>	<b>\$ 30,959</b>

(1) Revenues and expenses for 1984 and for the last four months of 1983 do not include revenues or expenses of Showtime/The Movie Channel Inc., formed September 1, 1983. From September 1, 1983, the Company's share of Showtime/The Movie Channel's pre-tax earnings is included in "Equity in pre-tax earnings of affiliated companies." Fifty percent of the revenues and expenses of the originally owned Showtime Entertainment were included in consolidated revenues and expenses for the first eight months of 1983 and for prior years.

For the year ended December 31, 1984, Viacom reported earnings increases for all three of its major business entities—cable television, broadcasting and other services and program distribution. Total net earnings were \$30,597,000, compared with \$28,129,000 in 1983. Primary common share equivalents were \$2.27 and \$2.14. Total revenues were \$320,366,000, compared with \$315,577,000. The company reports compounded growth rates of 23 per cent in revenues and 24 per cent in net earnings.

### International venture

A recent venture for the company's Viacom World Wide Ltd. subsidiary was acquisition of a 19 per cent interest in Nippon Cablevision Systems Co. One of

the more successful cable operators in the U.S., Viacom states it will take an active role in helping that company develop cable system operations in Japan.

In addition, Sumimoto Corp., one of the Japanese partners in Nippon Cablevision, and Viacom have come to a longterm agreement "to develop business opportunities in Japan's emerging cable television industry." This agreement will include such services as franchise analysis, business planning, equipment evaluation, engineering, construction and system operations.

Viacom owns and operates four TV stations, five FM radio stations and two AMs. The latter includes WKDJ Memphis, acquired at the end of last year for some \$1.5 million, pending approval of the Federal Communications Commission.

In the program distribution area, the company reports that in the 1984 fiscal year 27 per cent of program distribution revenues was attributable to foreign operations and export business.

### Cable is stable

With cable television now the largest portion of the company in both revenues and operating income, Viacom is the 10th largest multiple system operator in the country. Compared with other MSOs in the top 10, it has relatively little capital expenditure ahead for upgrading to state-of-the-art. Some 80 per cent of the company's subscribers are on systems with 30 or more channels.

Viacom holds a 50 per cent interest in Showtime/The Movie Channel. As of December 31, the two pay services combined had some 8.5 million subscribers. The pay TV operation recently obtained a \$150 million revolving credit/term loan agreement without the guarantees of its parent companies.

## Commission (from page 50)

turned on this one as well.

The first public signal of dissatisfaction with the swaps NPRM came at a Senate Communications Subcommittee hearing at which Folwer testified. He was grilled closely by Sens. Ernest "Fritz" Hollings (D-S.C.), ranking minority member on the subcommittee, and Wendell Ford (D-Ky.).

Ford said the swaps would "undermine, if not destroy, a 30-year policy." That policy was made in the public interest by the FCC with the full support of Congress, he said. And, he argued with Fowler, public broadcasters are not in the position to determine what the best interest of the public is. "If you offered enough money, you could get anybody," he said, adding that he thinks the issue raises "significant legal questions."

Hollings fears that the viewing public could be hurt in the long run by an effort to benefit a few public stations in the short run.

## Fairness doctrine

Patrick says he has all but made up his mind that the FCC has failed to make its case that the fairness doctrine was not codified by Congress and that therefore the commission is not free to eliminate or make major changes in it of its own volition. Many of his colleagues and most observers on Capitol Hill agree.

Patrick says, "My tentative conclusion is that it probably was codified, that Congress probably did intend to codify the fairness doctrine with the 1959 amendments. And if I reach that conclusion finally and definitively, then that certainly limits the extent to which the commission can act on the docket. We did our homework . . ."

He is, however, sympathetic to the request for relief from the fairness doctrine and fully supports proposals to repeal it and give broadcasters full First Amendment rights. Most of his colleagues appear to agree with him on this matter.

Quello, who notes he was first among the current commissioners to "come out squarely for repeal" of the doctrine, nevertheless concludes that "from what I've seen so far, I'm afraid the fairness doctrine is part of the statute." Rivera says he suspects that the doctrine is not only statutory, it has been clarified and the commission has no authority to alter it.

Fowler appears to be separating himself from the issue, saying "I have never, ever taken a position as to whether the fairness doctrine is codified. . . . I've always questioned the need for a fairness doctrine, but my mind is not

so unalterably opposed to entertaining the contrary viewpoint that my mind is made up." Dawson demures.

Rivera predicts the agency will end up sending a recommendation for repeal to the Congress along with the record it has established and indicating its belief the doctrine is unconstitutional because it has a chilling effect on broadcast journalism. Quello agrees, saying, "If you ask me to guess what will happen, I would say the most that would happen is that the commission will give Congress a strong recommendation to repeal the fairness doctrine."

Apparently reading the same scorecards, but without expressing an opinion on the issue, McKinney adds that the commission has been very much aware of the political reality involved in addressing the doctrine that Congress holds near and dear. "I think the item is fraught with political realism," he says. "I think everyone here at the agency knows it, and I think the outcome will take cognizance of it."

McKinney also has given a great deal of thought to the takeover issue and notes the uncomfortable position that hostile takeovers, such as those threatened against CBS by Ted Turner and a group of conservatives headed by Sen. Jesse Helms (R-N.C.), have forced on the agency.

Friendly takeovers, such as the acquisition by Taft Broadcasting of Gulf Broadcasts, and the Capital Cities Communications acquisition of ABC, pose few problems for the commission other than transferring the license and studying to make sure that its rules limiting ownership and barring certain cross-ownerships are followed.

## Hostile takeovers

Hostile takeovers, such as the CBS threat and the threat by a dissident group to buy out Storer and liquidate its assets, pose other problems that the commission is going to have to address, McKinney says. The FCC's central purpose, he says, is to position itself so that it is in a "neutral" position, its policies and rules neither helping nor hindering hostile takeovers, which it should consider none of its business.

"A hostile takeover is one that will generally be opposed by the current owner or the current licensee," McKinney explains. "And that corporation will use whatever means are at its disposal to slow the process. To the extent it succeeds in slowing the process, it therefore ties up huge amounts of money that would be used to buy stock from individual stockholders. If it can slow the process down sufficiently, the process will never occur, which may well be why we've never had [a hostile takeover case] before.

"So it seems to me," he adds, "the commission has to look at how it can be a neutral player in the process rather than a protector of the current licensee. I don't think the law intends for us to protect the current licensee."

Fowler adds, the "The task at hand then would be to devise a procedure which comports with the statute and provides a full, fair and equitable process in which to make a public interest determination. It could not be prejudiced either for or against any party which participated."

Fowler's colleagues generally agree with that position, emphasizing that the agency's first duty is to guard "the public interest." Dawson suggests the commission might consider forming a trust into which the license is placed while the wrangling over a hostile takeover is worked out.

Quello adds that perhaps the stock should be placed in trust and says other questions the commission may have to address are what to do with tender offers, and at what point control is assumed to be in effect.

But, Quello adds, on an individual basis, "to me there would be a heavy burden of proof on the hostile takeover artist. Is it a qualified broadcaster . . . or others out to make money by taking over a network?"

## Commissioners' special concerns

Beyond those major questions are the rest of the non-underbrush items the commission faces this year, and those special concerns that each commissioner holds.

On one of them the broadcasting industry appears to have little support in its opposition to the fee schedule that the FCC has proposed in response to a suggestion by the administration's Office of Management and the Budget. The commission argues persuasively for it, and there appears to be general acceptance of the idea, if not the details, on Capitol Hill.

John Summers, president of the National Association of Broadcasters, opposes the suggestion but not in the fiery way that would suggest he thought the association had a chance of blocking it. "Fees always present a problem for broadcasters. I think the schedule the commission sent up there doesn't reflect any real analysis of the present-day situation in regulation," Summer says. The fee schedule presented, he adds, "was something that was taken off the shelf and dusted off and has been sitting for four or five years."

A lot of deregulation has taken place since then, he adds, and the industry should not be in a position of having to pay for what the government should not be imposing on it in the first place. The

annual fees range from \$200 for a 1,000-watt radio station that Summers says no longer exists to \$9,000 for a TV station in the biggest market. Summers says, "I think it should be a lot lower across the board, but particularly for the small radio stations."

Fowler defends the schedule, saying, "The concept is that where people derive benefits which are direct in nature, for government services that are performed, it makes sense to attempt to recoup part of the cost of those services. In devising this fee schedule, we've attempted to make it a reasonable schedule with fairly modest fees overall."

The schedule devised would allow the FCC to recover about one-half its budget. McKinney says the levels of assessments will not hurt any broadcaster, since they are weighted according to size.

If such an assessment would harm individual broadcasters financially, he says, "I'm not sure they should be in business to start with."

Later this year, McKinney hopes to be able to resolve the dispute over the interference that channel 6 causes to FM noncommercial broadcasters. "We drew a final conclusion on that last fall and both parties have asked for reconsideration," McKinney says. "Both parties have requested a stay, and we have

stayed, and frozen FM and channel 6 applications pending the outcome of the reconsideration."

### Clear channels

Although the commission has yet to reach agreement with Mexico over use of the clear channels along the border it shares with the United States, McKinney says the agency "should be able to move forward on that" issue. He notes that an agreement has been reached with Canada on all but one of the seven clear channels in dispute. The one overlaps with Mexico.

Daytime broadcasters, already the beneficiaries of policy changes in the commission earlier this year, could benefit further by the resolution of the Canadian clears, McKinney says. "Daytime broadcast stations are today the predominant users of those Canadian frequencies in the daytime."

Rivera takes issue with the action the commission took earlier this year on the daytimer question. The agency gave daytimers equal weight along with minorities for the new FM stations that it has added to the spectrum. Rivera sees the action as a pattern of doing away with minority preferences. "I see that as a direct attack on the preference for minorities without disguising it as other

things," he says.

He, and others note that the commission was considering even more favorable treatment for daytimers than finally came out. His objections and those emanating from Congress apparently forced reconsideration before the final vote was taken.

Apparently the commission was considering giving the daytimer not only a preference equal to that now given minorities, but also would not have required the operator to divest the AM station. In addition they would have been given a separate preference for past broadcast performance. As one critic noted, that would have "rigged any comparative proceeding in such a way that it would be impossible for anybody but a daytimer to win."

Rivera says, "There has been a great insensitivity, in my view, to the needs of the minority community. The commission has merely been paying lip service to this need."

Just as Rivera has been fighting battles for minorities on the commission, each commissioner has his or her own special subject to push before the commission.

Dawson's concern right now is that the commission do something to simplify the comparative renewal process. "I think the commission has dealt for a

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number of years in slight enhancement and moderate preference to the point the courts have even suggested to us it is difficult to make any sense of it," she says. She gives the agency high marks for its deregulatory activities, but says the comparative process "is the last bastion in terms of making sense of our processes."

She also cites another proposal that she would like considered, to have all users of the spectrum, broadcasters and others, share all parts of the spectrum instead of the current policy of reserving a chunk for broadcasters, another for land mobile, and another for amateur radio and other uses.

"We have great needs for spectrum, and we must make sure we are utilizing every piece of spectrum that we can to the fullest extent possible for all services," she adds. There is just as much potential for broadcasters to share their spectrum with others as there is some for sharing in other parts of the spectrum, he says. "If there is enough spectrum out there to create an 80-90 (the docket allocating hundreds more FM stations) or to create a low-power television service, there's enough spectrum out there to share." Patrick reiterates his concern about the lines between services becoming fuzzier while the commission continues to assign them a place in the regulatory scheme. "Technology is blurring all these distinctions, and it is no longer easy to distinguish broadcasting from common carriage," Patrick says. "Therefore, it is no longer easy to determine exactly how we are going to regulate these particular services. I think the commission is going to have to address that question of how we deal with hybrid services."

Quello would like to eliminate comparative renewals and special commission rules that treat broadcasters as special businesses, such as laws concerning fraudulent billing. "If broadcasters are in violation of the law, they should go to jail and be fined like any other business, including utilities, monopolies, magazines and newspapers," Quello says. "Only broadcasting is threatened with complete loss of business for violation of FCC rules."

One other suggestion by Quello will not be popular with broadcasters. He believes the commission should consider relieving small and medium-sized cable systems of some of the must-carry requirements. He specifies "repetitive duplicated carriage of signals from public broadcasting and religious stations."

He says, "Some small cable systems are required to carry three or four of each of these categories, some of them repeating a good part of what already has been broadcast, thus preventing any introduction of additional service." □

## Senate (from page 52)

Still, a Senate staffer doesn't necessarily see a dilution of attention to broadcast issues on the subcommittee. Acknowledging that the chairmanship of the Armed Services Committee will consume much of the time Goldwater has been able to spend on communications issues in the past, the staffer says that even if there were some overriding broadcast interest beyond the beer and wine issue presented to the Hill, Congress is going to be preoccupied for much of the year with the budget and deficits.

More action may come from the other side of the subcommittee, where Sen. Ernest "Fritz" Hollings (D-S.C.) remains the ranking member. Diverted last year by his entry into the presidential sweepstakes, Hollings is expected to make some noise this year on the issue of the FCC proposal to allow educational VHF TV stations to swap their location on the dial with a commercial UHF station.

An aide close to Hollings says, "We're very concerned about this public TV swap. It will really hurt public broadcasting. It will create a class of rich stations and a class of poor stations, and those poor ones are not going to stand as good a chance of getting federal money." Not only are the public stations who were not in the VHF band in the first place going to have trouble, he says, even some VHF public stations in the lesser markets where there is not a shortage of valuable VHF space "are not going to get a lot of money for them" and will face a similar problem in getting additional federal funding.

Possible initiatives from the Democratic ranks include a bill that would ban such swaps or an amendment to the FCC authorization bill that is before the Senate and which already has been the subject of a hearing. "We're thinking of several things," the staffer says.

## Fairness doctrine

Packwood is not giving up on his effort to have broadcasters freed from the strictures of the fairness doctrine. He is expected to reintroduce this year the measure that he lost on last year. A Senate source says that although it doesn't have any more chance to win this year, he'll take the step "to keep the issue alive as a legislative issue."

Ironically, however, Sen. William Proxmire (D-Wis.) beat Packwood to the punch by introducing S-22, which would accomplish the same ends. Packwood, unsuccessful in Congress and knowing that the FCC's ability to tinker with the law is doubtful, is looking now to the courts to settle the issue.

Buoyed by favorable statements in

the Supreme Court's decision last year involving the right of public broadcasting stations to air editorials, Packwood hopes his hearings last year and the FCC's notice of inquiry, dominated by two days of en banc hearings earlier this year, have formed a basis for a favorable judicial approach.

Summers also expects "a major test of the constitutionality of the fairness doctrine" and thinks it will come within the next five years. "That will probably be one of the most significant cases in the history of communications law. It is going to determine whether the government stays in the content business to the extent it is in it or whether it is forced to get out of the content business." The NAB won't start the action, but he expects someone who "is faced with a good set of facts in a fairness situation, or even a section 315 situation" to carry the fight. He thinks the courts "might even look at [the issue] differently today" than when it decided the benchmark *Red Lion* case upholding the doctrine.

Although the FCC could possibly conclude that the fairness doctrine was not codified by Congress and that it could take action to soften or eliminate the doctrine itself, there appears to be little doubt even within the FCC that it would have that power. Commissioners and others already are positioning themselves for an expected conclusion that the doctrine was codified, however sloppily, and that the FCC will be in a position to present its record to the Hill and ask for repeal.

Even if the FCC concluded on legal grounds that the doctrine was not codified, most observers would not expect it to take that position because of political considerations.

As one Hill staffer put it, "I think that the FCC understands that if they were to repeal the fairness doctrine, even partially, that the volume of the outcry from Congress would make what happened on [telephone] access charges, or financial interest [and syndication rules] or multiple ownership (12-12-12) look like little whimpers."

## Diminished activity

Otherwise, like the last Congress, the Senate Communications Subcommittee is not expected to be an active corner of Congress this term. Even the fight over public broadcasting funding, which was the subject of presidential vetoes last year with Goldwater positioned against President Reagan, is expected to be less contentious.

Expected out this year is a compromise between the Goldwater-backed funding levels and the more restrictive levels proposed last year by House Republicans led by Rep. Michael Oxley

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(R-Ohio) and backed by the administration this year. A straight compromise between the two figures is expected, with Goldwater caving in this time in light of an earlier presidential veto of legislation to help farmers. As one staffer puts it, the veto of the farm bill means "I don't think he would have too many problems vetoing a public broadcasting bill again if we didn't come up with a compromise with the people on the other side." No hearings are planned on the Senate side.

### TV deregulation

Quite unlike last term, however, there will be no initiatives from any parties this term to try to bring a TV deregulation bill to the floor of the Senate. The last time, Goldwater was out of the chute with two of the first measures that passed the Senate, including S-55 deregulating TV.

Even the broadcast industry has dropped that issue from its agenda this year. "They're not pushing us to pass another S-55," one Senate staffer says. "I don't think they want to get into the kind of fight like they got into last year on the House side."

Jack Valenti, president of the Motion Picture Association of America, is circulating about the Hill again, pushing for a renewal of last year's effort to get a surcharge added to blank video tapes and videocassette recorders to help the movie industry recover some of the lost revenue due to the videotaping practice. There is no word on possible action by the Senate Judiciary Committee, which has jurisdiction over that issue.

### Other legislation

Among other broadcast-related legislation are measures introduced by Sen. Robert Byrd (D-W.Va.) and William Armstrong (R-Colo.) to bring TV to the Senate floor proceedings (S-Res. 29 and S-Res. 81), by Sen. Alfonse D'Amato (D-N.Y.) to establish an Office of Ethnic and Minority Affairs within the FCC (S-312), and by Goldwater, to warn state and local governments about undue regulation of home satellite receivers (S-Res. 35).

Although the broadcast arena within the Senate appears quiet as the cherry blossoms bloom, one staffer cautions, "You look at it right now and it looks quiet. Maybe a little later in the year, it may look like one of the busiest year's we've had. You can't tell." Another predicted, "There are bound to be issues that come out of left field. They always do. Something will come up down at the commission, and then people run here and generate interest on one side or another. And I'm sure something will surprise us, but who knows what." □

### House (from page 54)

subcommittee to focus on broadcast takeovers, either hostile or friendly, but the staffer says there are "very, very important questions" involved that must be watched.

The broadcasting industry faces something of a dilemma in the House Telecommunications Subcommittee. On the one hand it wants some action this year on at least modifying the must-carry situation; on the other hand it wants to stave off several pieces of legislation that have or will be introduced and which it considers unfriendly to its interests.

Aside from the Nielson bill (see Senate report) dealing with beer-and-wine advertising, broadcasters also face other threats of bans on advertising. One is HR-760, introduced by Rep. Samuel Stratton (D-N.Y.) on Jan. 28 to ban the advertising of any tobacco product on TV and radio, an effort to get at the unrestricted advertising of "smokeless tobacco" and cigars. Another is HR-1381, introduced by Rep. Henry Waxman (D-Calif.) in the House and S-538, introduced by Sen. Howard Metzenbaum (D-Ohio) in the Senate. They are identical bills introduced on Feb. 28 to require warning labels on aspirin containers and a 48-word warning on all advertising for products containing aspirin.

The Stratton bill would simply "prohibit the advertising of any tobacco product on any medium of electronic communication." It is aimed primarily at commercials touting the various forms of chewing tobacco, which have come under fire recently as a potential health hazard.

In addition to the health aspects, which haven't reached the level of cause celebre yet, the smokeless tobacco issue involves the same type of moral dilemma facing members in the beer-and-wine issues. Stratton's bill, which will be handled by Waxman's Health Subcommittee of Energy and Commerce, isn't considered to stand much of a chance of passage this year.

But since the bill will have to be considered by the Wirth subcommittee due to its broadcast implications, any action by that panel on the beer-and-wine issue or any other broadcast-related measure becomes fair game for a Stratton-bill amendment.

### Aspirin bill

Facing the same consideration procedure, but considered to have a better chance is Waxman's aspirin bill. A zealot on health issues in addition to being a member of the Telecommunications subcommittee, Waxman has greater influence, at least in the initial stages, than does Stratton.

The 48-word warning in HR-1381 and S-538 is: "Warning: This product should not be given to individuals under the age of 21 years who have chicken pox, influenza, or flu symptoms. This product contains aspirin or another salicylate which has been strongly associated with the development of Reye's syndrome, a serious and often fatal childhood disease."

John Summers, president of the National Association of Broadcasters, explains the problem as broadcasters see it: "I think no one can quarrel with the objectives of the legislation. However, to require in our advertising a 48-word



Discussing potential ban of beer and wine advertising on television during a taping of CBS-TV's "60 Minutes" are interviewer Morley Safer, l., and National Association of Broadcasters president Eddie Fritts.

disclosure or warning is just totally unrealistic. In most radio spots you couldn't read 48 words so they are distinguishable in a 30-second spot, or certainly not in a 10-second spot. Likewise, in television, if you have to allow the opportunity for someone to read 48 words, there is no way your spot can be effective."

As a compromise, Summers is offering "some well-produced public service announcements alerting the public to the danger . . . We would certainly be pleased to cooperate with [the members of Congress] in being a conveyor of that kind of message."

Noting the current attacks on commercials dealing the beer and wine, tobacco products and now aspirin, Summers adds, "Advertising just seems to be the first thing people think of when they have a problem: 'Let's do this or that to advertising.' That's not necessarily the best way by any means. There very often are much more effective ways to achieve your objective. In this case, the objective is to educate the public about the possible consequences of administering aspirin to young children."

Like beer-and-wine commercials, aspirin-containing products comprise a major source of advertising revenue for broadcast stations.

When the Wirth subcommittee takes up the question of beer-and-wine commercials shortly after the NAB convention, it plans to do so in a manner that also could settle the issue of smokeless tobacco ads and perhaps even the aspirin ads.

After meeting with "everybody on all sides" of the issue, one well-placed staffer says the hearings the Telecommunications Subcommittee plans will focus on four or five key issues. "One is whether or not there is a causal relationship" between advertising and alcohol consumption. "It's fairly clear to us that all the studies, those cited by either side, indicate that exposure to ads and use of alcohol are causally related, that there is a significant statistical relationship there.

"Now the question becomes, 'Is that statistically significant relationship one of any social significance? And just how meaningful is that statistical relationship?'" he continues. Then, he says, "Even if there is a cause and effect relationship, alcohol ads show one side of the issue of alcohol consumption, which is: drinking alcohol is a positive thing. And if you characterize alcohol consumption as a controversial issue of public importance, whether there is a causal relationship or not, is that issue

something that is fundamentally important enough to make sure that the other side of that issue is also aired through counter ads." In other words, the fairness doctrine would be invoked.

That issue then expands the matter beyond beer and wine and into the other ban or warning suggestions. Noting that the issue is a complicated one, he asks, "where do you draw the line in terms of the application of the fairness doctrine to other products. And it brings squarely back on the table the FCC's 1974 decision ruling that the fairness doctrine won't be applied to product advertisement."

Other questions inherent in the consideration, he adds, are "what would be the economic disruptions and the program disruptions in the broadcasting industry" and "to what extent is a limitation on certain types of advertisements such as this constitutional." He quickly notes on the constitutionality question, however, that the ban on cigarette advertising has never been challenged on constitutional grounds.

He suggests that broadcasters can stave off action on smokeless tobacco and aspirin ads much the same way it is doing with the beer-and-wine issue, through voluntary public service an-

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nouncements. Wirth, an aide says, "has been very impressed with the efforts of broadcasters with respect to alcohol."

In fact, people in key positions all over Capitol Hill are looking to the broadcast industry's PSAs on drunk driving as their escape hatch.

### Fee schedule

The fee schedule that the FCC sent to the Hill for consideration as part of this year's bill authorizing funds for the agency for fiscal year 1986, which begins next Oct. 1, was taken almost verbatim from last term's S-55, which passed the Senate in the opening days of the term in 1983 and then was left to die in the House Energy and Commerce Committee in the midst of waging war with the broadcast industry over the deregulation issue.

Given that, the schedule is expected to sail through the Senate once again. From the Democratic side in the Senate: "I don't see a lot of problems, except to fine-tune it." From the majority GOP side: "Obviously, we don't see any major

### New awards



**Joel Chaseman**, president, *Post-Newsweek Stations*, front l., was first recipient of TRAC's Donald H. McGannon Public Interest Telecommunications Award (named after late president and chairman of Westinghouse Broadcasting & Cable). Chaseman received award at luncheon in New York and promptly announced that P-N would fund an annual grant of \$5,000 to station or station group "creating worthwhile locally produced children's program series that is actually watched by a substantial number of children in the age group for which it is designed."

Also pictured are, clockwise from rear l.: Dr. Everett C. Parker, TRAC president Samuel Simon and Earle K. "Dick" Moore of Moore, Berson, Lifflander and Mewhinny, who received TRAC's Everett C. Parker Public Interest Telecommunications Award.

problems with it; it's cost-of-regulation fees, it's not a spectrum fee." The only question is whether senators feel it can stand alone without being linked to further deregulation, as contained in S-55.

The question of survivability, then, rests in the House. From the minority GOP side: "On the broad conceptual level, I think it has significant support. But when you look at the details, outsiders come in and make objections about a specific detail or another, and if too much of that happens, the whole thing may fall apart."

### Rest of the plate

The rest of the Telecommunications Subcommittee's plate is familiar, as are the arguments. One old effort has been given extra impetus, however, by a U.S. Court of Appeals, which ruled in March that the FCC's refusal to enforce children's programming guidelines on broadcasters was within the agency's discretion, especially given the commission's explanation that other TV services are providing children's programming.

That, a Wirth aide says, "certainly goes to suggest that the FCC is not going to be under increased pressure from the courts to improve children's television. Therefore, Congress is probably the forum for achieving change there." He notes that "without trying" last year, Wirth got 80 cosponsors to a bill that would have required at least one hour of quality children's programming each day.

Wirth, who remains "extremely committed" to the issue, told a national meeting of the Parent-Teachers Association that he intended to keep pushing the subject of "public interest programming," which he says the users of the public airwaves owe to the public, especially the young. His continued push comes in the face of reduced federal funding for public broadcasting, the only good source now for quality children's shows.

Among the spate of bills introduced on the opening day of the new Congress Jan. 3 was HR-150, by Rep. Mickey Leland (D-Tex.) a senior member of the Wirth subcommittee. The bill is a repeat of an effort he tried to get attached to the deregulatory bill that failed in the last Congress. This year, however, it attempts to bring parity in equal employment opportunities between broadcasting outlets and cable TV systems.

Last year's cable policy act provided the cable industry with EEO requirements for the first time, but in doing so applied requirements more stringent than those that had been in force for

broadcasters. Now Leland wants to extend the guidelines embodied in the cable act to broadcasters. Subcommittee leaders want to keep it off the FCC authorization bill, which they want "as noncontroversial as possible," but there will be support for it in another form.

Commissioner Henry Rivera adds fuel to the minorities controversy when he criticizes the FCC on which he sits. He accuses his fellow commissioners of almost systematically destroying the minority preferences that have been added to spectrum allocation proceedings in recent years. Citing recent action to give daytime broadcasters as much preference in obtaining new FM stations as minorities have had, Rivera says, the original 12-12-12 decision from the FCC last year had to be forced back by Congress for reconsideration in part because it would not have given minorities a preferential treatment. As a result of the pressure, under reconsideration the FCC provided incentives to include minorities in ownership groups by allowing the purchase of a 13th station.

Leland also has introduced HR-152, which also is a repeat from last year. It would provide tax preferences to minorities in the acquisition of certain broadcast properties. The bill has been referred to the House Ways and Means Committee, which failed to approve it last term. A similar measure, HR-308, one which would go beyond tax preferences, was introduced by Rep. Cardiss Collins (D-Ill.), another subcommittee member. Her measure was referred jointly to Ways and Means and the Telecommunications Subcommittee.

Two other broadcast-related bills are expected to go nowhere. HR-761, introduced by Stratton, would provide free radio and TV time to candidates for federal office, and House Concurrent Resolution 4, a nonbinding measure introduced by Rep. Frank Annunzio (D-Ill.), would express the sense of the House denouncing films and broadcasts that "defame, stereotype, ridicule, demean, or degrade ethnic, racial, and religious groups."

Tauke and Tauzin have teamed up with another version of their effort to deal with the comparative license renewal question (HR-1977). A key staffer for the subcommittee's GOP side says a clear majority, even on the enlarged subcommittee, would support the Tauke-Tauzin bill of last year.

That bill, of course, would have to be passed over the objections of the broadcasting industry, which opposed it last year. It would not go as far as the industry wants and would have the effect of recodifying existing law that the industry would like to eliminate.

But the aide says, "They want risk-free for life and that never exists." □

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## Staffers (from page 56)

Division, becoming chief in 1981. When the MMB was created in 1982, Eads was appointed chief of the Audio Services Division. Eads' government service even predates his FCC days. He began his work career as an economist with the U.S. Forest Service. His master's in economics is from Duke University.

Of three other bureau chiefs who deal with broadcast issues at the FCC, Peter Pitsch's job as chief of the Office of Plans and Policies often would appear to be the most obscure. He describes it as a bureau that "provides economic and engineering support" for the commission. The work of OPP "often-times takes the form of longer-range studies that analyze issues that often cut across bureaus and offices and which will remain important issues for the commission to consider over the next couple of years," he says.

It was his office that did the study work on spectrum management. On a shorter term basis, his office also gets into some of the agenda items brought before the commissioners, often providing a perspective different from that of the bureau handling the item.

The OPP office numbers two lawyers, including Pitsch, seven economists and four engineers. He fits in well with the

current FCC management, saying, "I'm very committed to the idea that we should generally not regulate unless there is first a problem in the marketplace [and] that we can improve on the situation."

A lawyer by training (Georgetown University-1976), Pitsch also holds an undergraduate degree in economics. He joined OPP's counterpart at the Federal Trade Commission after becoming a lawyer and joined the personal staff of one of the commissioners the following year. In 1978 he became a staff attorney in the agency's Bureau of Consumer Protection.

Pitsch is more typical of the high-ranking Washington bureaucrats in that he has used the "revolving door" that characterizes work in Washington. But Pitsch made a full revolution. He left the FTC in 1979 to join a law firm and in 1980 served on the FTC transition team for newly elected President Reagan. In 1981, he joined the FCC and became OPP chief, a political appointee who stayed.

### Chief scientist

Bob Powers has a Ph.D. in physical chemistry from the University of Wisconsin (1960). While that does not particularly suit him for work at the FCC,

## The work of OPP often takes the form of longer range studies that cut across bureaus and offices.

it does make him a scientist and qualified to head the Office of Science and Technology, making him the chief scientist.

As such, Powers is responsible for all the scientific studies on the use of the spectrum, an important duty in the past few years as the FCC has studied ways to squeeze the most use out of the spectrum. His bureau tells the commissioners just how far they can effectively go.

Powers began his government career with the National Bureau of Standards in 1960 and stayed there until 1968, when he joined the Commerce Department as assistant secretary for Science and Technology. He joined the Office of Telecommunications in 1970 and the FCC in 1975.

Powers' first FCC job was as senior scientist in the Cable Bureau. He joined OST in 1979 and was made chief in 1983, after serving as acting chief for eight months.

### General counsel

The newest member of the top staff echelon on broadcast matters at the FCC is Jack Smith, who became general counsel last October. In taking over the job, he brought a dramatic change to the office as it was handled by his predecessor, Bruce Fein.

One of Smith's first activities as the FCC's chief lawyer was to meet with McKinney and convince him to take jurisdiction over the notice of inquiry on the fairness doctrine. That was an initiative begun by Fein. Smith, a quiet man, believes the general counsel should not initiate policy. It should instead provide sound, legal advice to the commission and check agenda items to make sure they are based on sound legal footing, he believes.

The FCC also was Smith's first job, starting in 1974, after he left the Marine Corps. He had received his law degree from George Washington University in 1971, with the intent of getting into criminal law. He began his career in the general counsel's office but soon was assigned to the Common Carrier Bureau to defend the bureau's decisions in court. In 1981 he became deputy chief of Common Carrier, in charge of operations. He became chief in 1983, just in

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# In the Picture

## David Berger



*Senior vice president and corporate director of research at Foote, Cone & Belding unveiled the agency's "Grid" at the Advertising Research Foundation as "a lens through which we can see what triggers consumer purchase: thinking or emotion." It's a trigger that's different for each product.*

## FC&B researcher describes new tool that shows how people relate to products

When Dave Berger, corporate director of research for Foote, Cone & Belding Communications, explained his agency's "Grid" to the Advertising Research Foundation at its mid-March convention in New York, he was talking about a development that's been six years in the making, counting both testing and actual use, and one that he says is now being used in the agency's 56 offices in 37 countries to help plan advertising and develop its creative product.

Berger describes the Grid as "a product-centered approach that's fallen on fertile soil at our agency, because it gives us a fix on how people relate to products. Lifestyle segmentation can be helpful with some categories. Lifestyle can cut deep. But the Grid cuts deeper."

On paper, FCB's Grid is a pretty simple looking quadrant with an X and Y axis, just like junior high math. But don't let such seeming simplicity fool you. Each product and service category has a different position on the Grid, and it's that Grid position that guides the copy writer by helping him determine whether to concentrate on logical product benefits or demonstrating practical product use, or, instead, hitting the emotional button—looking for something about the product or about the experience of using it than can best be expressed by imagery or emotion. "The Grid," says Berger, "gives us a chance to look at a client's product, at the competition and at the consumer who uses the product with new insight. It's not the picture itself, but a lens through which we can see the picture with new clarity."

## How it works

The Grid, or quadrant, does this, explains Berger, by providing a way to categorize any product or service by the degree of consumer involvement, thinking, and/or emotion involved in the purchase decision. It's a way to assign any product to a location in one of four areas of the Grid: high level of consumer involvement and thought required for a

purchase decision; low involvement, but still more rational thought than emotion used in the decision; low involvement but more emotion than thought used; and high involvement but more emotion than thought invested in the buying decision.

Thus, a 35 mm camera or life insurance fall into the high involvement-think quadrant. That tells the copywriter that a prospect is willing to sit still and read the details and how-to's of a long list of product features. That's something a consumer would be pretty unlikely to do for a popsicle, say (which falls in the low involvement category). She also would probably not be willing to read a lot of copy about a liquid household cleaner, which, though a rational purchase on the "think" side of the Grid's "think-feel" line is also on the low-involvement side. There are products like the high-involvement family car, adds Berger, "whose purchase involves almost equally high levels of both rational thought and emotion."

In six years of testing and using the grid, he says, "We've found that the relationship of people to products is a better guide to a successful advertising approach than which lifestyle group its users fall into. We've found that clustering people by how they relate to the various product categories is more effective than clustering them by lifestyle. The Grid gives us a more focused picture of the people we're aiming our advertising at."

## Series of key questions

A product is located on the Grid with the help of a series of key questions posed to consumers, explains Berger. When the agency's research theorists first decided their Grid showed promise in 1979, he says, "We went through a long development process to see which questions gave us the right 'think' and 'feel' and 'involvement' levels for each product category. We started with about 50 questions, did our pilot studies in 1981, and narrowed the 50 down to eight."

One, for instance, instructs respondents to indicate on a scale of one to seven whether "The last time I bought (insert name of product), my brand choice was mainly logical and objective, or not logical and objective at all."

Berger says that quantitative studies confirmed that these and the seven other questions used by Foote, Cone's researchers "were the ones that could place each type of product in close to the same position on our Grid, no matter how many times these same questions were put to different groups of consumers about the same product."

And the Grid, he adds, also offers flexibility. That is, a product's position on the Grid will differ if the respondents are split into two different groups: one group being those who've used the product before, and the other made up of those who have heard of it but have never actually used it. "This way," he says, "the Grid tells us to take one approach if we're trying to reach new prospects who have never experienced the product, and a different approach if our goal is to re-stimulate repeat purchase."

time to handle the agency's involvement in the break-up of AT&T.

### Law and regulations

Within Smith's office is another lawyer often mentioned by commissioners, primarily because she is the one they see the most of due to the nature of her job. Sue Steiman offers a sharp contrast to Smith's almost laconic style, and talks about herself with embarrassment. She joined the commission in 1976 after receiving her law degree from George Washington University.

She began in the former Opinions and Review section of the FCC, joining the general counsel's office a year later when that section became that office's Adjudications Division. As assistant general counsel for law and regulations, Steiman heads a staff within the office that reviews all the agenda items for "legal sufficiency" before they are presented to the commissioners for action. As such she works with the commissioners and their legal assistants, offering advice on whether there is a legal problem concerning an item or a suggested change in the item.

"I look at virtually every single item" that goes to the commissioners, she says.

### Chairman's office

Asked to name the most influential and best staffers at the FCC, each commissioner will name his or her own personal staff. One personal staff has an impact on the entire commission, however, and three members of that staff—in the chairman's office—are singled out for attention.

Dan Brenner is in the unusual position of having served in a close policy position with two conflicting FCC chairmen—Fowler and his Democratic predecessor, Charles Ferris.

Ferris hired Brenner as one of his assistants in 1979, and Brenner remained in the eight-floor office when Fowler replaced Ferris in 1981, eventually serving as Fowler's unofficial speech writer and close advisor.

A stand-up comic in some of Washington's smaller nightclubs in his off hours, Brenner is the person responsible for spicing Fowler's speeches with clever turns of phrases and levity. Fowler often has stopped in mid-speech to chuckle over a phrase he has just read and to credit Brenner for it.

Brenner was with a private law firm when Ferris tapped him for the FCC. He received his law degree from Stanford in 1976 and majored in communications at the same school. He also has published several articles in the field of broadcasting.

Tom Herwitz is another of Fowler's legal assistants, joining the chairman's office in 1983. As was Brenner, Herwitz was plucked from a private law firm for his first job in the FCC. He has since become a close advisor and confidante to the chairman.

Herwitz received his law degree from the University of Pennsylvania in 1981. His involvement in broadcasting precedes the FCC, however.

As an undergraduate at Williams College in Massachusetts, Herwitz was president of the college radio station, WCFM-FM. He went on to study broadcast communications at Stanford University before going for his law degree.

The CBS Foundation awarded him a fellowship while he was in law school. The fellowship is given to "students with potential to become intellectual leaders in the fields generally related to the technical, creative or managerial functions of CBS, Inc."

Another influential member of the chairman's office is the newest member

of the staff, having joined only last October. Ray Strassburger is special counsel to the chairman for congressional affairs.

As such, Strassburger serves as the office's liaison with Congress, arranging meetings between Fowler and various members of Congress and keeping Fowler informed of legislative activities that will have an impact on the agency.

He also is a lawyer (Duke-1969) and has a background in communications. He came to the commission from the Times Mirror's Washington corporate office, where he was assistant director specializing in legal and legislative matters.

Strassburger joined Times Mirror in 1981 after serving as a counsel on the Senate Commerce Committee, working on Communications Act legislation. He began his law career at the FCC, however, working in the General Counsel's office from 1973 to 1977.

### Press secretary/advisor

Press secretaries for government agencies often become close advisors to the heads of those agencies, and Bill Russell is no exception. Russell has become such a close confidante of Fowler's that his title has been expanded from director of the Office of Public Affairs to that of Office of Congressional and Public Affairs.

The full commission had to pass on the action and did so last November, merging the legislative affairs function of the General Counsel's office with the congressional correspondence function of the chairman's office.

The inclusion of the two functions into one expanded bureau thus merged all of the FCC's own communications activities. But it also puts Russell in charge of advising the commission on legislation and then coordinating the commission's view on that legislation. The office also handles legislative inquiries.

Russell is no less qualified to perform those duties than he was to head the FCC's main contact with the news media. He came to the FCC in 1981 from his own financial and public relations consulting firm. He drew Fowler's attention as Fowler's administrative assistant while Fowler served on Reagan's transition team, in charge of legal and administrative agencies.

Before forming his own firm, Russell worked in the 1978 campaign of Sen. John Warner (R-Va.) and was an administrative aide to Gov. James Holshouser of North Carolina. Russell holds an undergraduate degree in political science from the University of Tennessee (1969) and studied law at the University of North Carolina. □

### Family symposium in Washington



**The U.S. Senate Caucus on the Family**, U.S. Department of Health and Human Services and RKO Television jointly sponsored a symposium, "Families in Transition," a followup to RKO's Changing Family documentary series. From l.: Pat Servodidio, president, RKO Television; Dodie Livingston, HHS commissioner; Sara Lee Kessler, WOR-TV New York news anchor; Sen. Jeremiah Denton (R.-Ala.); and Sen. Dennis DeConcini (D.-Ariz.)

# Inside the FCC

## Mark S. Fowler



*Chairman, Federal Communications Commission, in a recent speech before the National Conference of Black Lawyers—Communications Task Force in Washington.*

## Economy has been shifting away from manufacturing and toward information

Over the last two decades we've seen a dramatic shift in the economy, away from manufacturing and towards the production, structuring and distribution of information. This change may not make America an "information economy," but one devoted to *both* manufacturing and information.

More efficient transmitting and processing of information is not only an industry in and of itself, it can markedly improve the efficiency of smokestack industries.

The central fact of the communications marketplace is rapid technological change. This has not always been so.

In 1934, when the Communications Act was passed, it appeared reasonable to regulate broadcasters and common carriers under a federal regulatory policy that can be characterized by the word "constraint." The technology of that era seemed to call for government sanctioned limits on licenses.

Take common carrier regulation. The fundamental premise was that the industry was a natural monopoly.

This premise led policymakers to conclude that entry and exit regulations were essential for widespread service at reasonable prices. Similar policies were pursued by the states for intrastate services.

The notion of limits, of constraint, also held sway in the area of broadcasting. Broadcast regulation was premised on the limited band of useful spectrum available for radio transmissions. Congress charged the commission with the task of licensing qualified entities for limited terms of service based on the amorphous "public interest" standard. One observer in 1930 described this standard as "about as little as any phrase that the drafters . . . could have used and still comply with the constitutional requirement that there be some standard to guide the administrative wisdom of the licensing authority."

## Technological changes

These two segments of the communications industry have grown dramatically. Today they touch the lives of virtually every American. Technological change has brought substantial competition to all segments of the communications industry.

For instance, the monopoly of AT&T in the telephone industry began to crumble with the development of microwave technology in the 1950s. Microwave offered a cost effective alternative to laying cable across the country.

Development of satellite communications has also let in new entrants. And in the near future we'll see non-common carrier fiber optic systems with tremendous information carrying capability.

Each of these developments has altered historical cost relationships in the industry. Commission policies in favor of new entry permitted entrepreneurs to build and interconnect their facilities with existing carriers. And with new entry, the old arguments about natural monopolies carry less and less weight.

America's ability to continue to produce jobs and opportunities is tied to our adeptness at developing, and more importantly, implementing new technologies. In the communications industry, FCC policies can facilitate or hinder this process. We've decided to make it work by reducing the degree of government involvement. Although few differ with our objective, many have questioned our specific policies.

## Broadcasting diversity

In telecommunications, the commission has generally been able to encourage market forces without having to consider issues of diversity of viewpoint and ownership. In broadcasting, of course, the aims are different. Diversity of viewpoints—a free market of ideas, so to speak—is a policy goal. Alongside *viewpoint* diversity is *ownership* diversity. Two licensees, in theory, are better than one for making sure that the public gets diversity.

Now, this isn't true necessarily for entertainment formats. For those of you familiar with the economic literature concerning radio program formats, you know that *more* concentrated ownership can actually lead to *more diverse* programming. That is, if one person controlled the programming on *all* the radio stations in a market, there would be more incentive to have different program services than in a situation where many stations are all nibbling at the same audience.

On the other hand, monopoly ownership of all broadcast facilities runs afoul of our view of how media of mass communications should be controlled. We fear undue concentration, and we don't permit it to develop.

The drive to include new players in the mass media is of special concern to the black community. The historic causes of minority noninvolvement in broadcasting stem from many sources—lack of capital; unfamiliarity with the gamesmanship of the

licensing process; an old boy network among buyers and sellers of broadcast properties; and, in some cases, I do not doubt, race prejudice by those instrumental in the financing, construction or operation of a facility.

## **Mandated racial preferences**

It is my sincere belief that someone should not be favored by the government, generally speaking, because of the color of their skin, absent a showing of direct past injury on account of race. I think that it is in the longterm *worst* interest of racial equality to mandate preferences. Absent narrow exceptions, irrefutable racial preferences violate the equal protection clause of the federal constitution.

I also realize that I am not the last word on this subject. The Congress and the courts have an important say in this debate. Indeed, as head of an agency of Congress, I am sworn to enforce and apply criteria established by the Congress, even where I oppose those criteria. I can and will do my duty in this regard. I suppose that I'll just have to agree to disagree with some, if not most, in this audience on this score.

In employment matters, I take a more activist role. I strongly believe in the commission's anti-discrimination provisions. A consistent violator of EEO laws has no business being a commission licensee. I have not and will not hesitate to use the full enforcement arm of the agency to root out bad actors in the employment area. As you know, during my term as chairman, the FCC on its own motion *raised* the zone of reasonableness in employment levels for cable operators. We have not been shy about putting bad broadcast EEO records before administrative law judges. And we intend to implement the EEO goals of the 1984 Cable Act with vigor. I invite you to comment on our proposed approach in this area.

Employment discrimination on account of race, sex, or any other non-job related basis is a distortion of market forces. It denies the most qualified individual for a job his or her rights in the marketplace. As grantees of federal licenses, broadcasters have a direct obligation to meet this nation's commitment to employment equality.

## **Ownership opportunities**

*Employment* opportunities for minorities also can lead to greater *ownership* opportunities. As blacks and others get experience in top management, they develop the business expertise and track record to attract financing on their own.

This process is evolutionary and slower than many, including myself, would like. I'd love to look back over my term as chairman and report astronomical increases in minority ownership of licensed facilities. There's no inherent reason why minority ownership should lag so far behind in broadcasting and other

communications industries. And we will see improvements, particularly in new grants for radio and TV stations. I expect many of the new FM radio outlets in Docket 80-90 will be licensed to minority applicants.

But the cost of existing broadcast facilities today makes faster progress difficult for any individual entrepreneur of any race. This is the hard reality. So while I am committed to minority ownership, the mammoth dollars involved in buying facilities means that progress in this area will most likely lie with new facilities and lower priced existing facilities.

Of course, minority input in the mass media does not always rely on ownership of broadcast facilities. The success of black performers in programming in the 1980s is undeniable.

The reality is that the Number 1 program on U.S. television stars and happens to be about a black family. The Number 1 grossing motion picture worldwide stars and happens to be about a black performer. And popular music is experiencing an infusion of successful black artists—from Michael Jackson to Prince to Tina Turner to Sade to Lionel Richie—not seen since heyday of Motown in the 1960s.

## **Programming route**

All of this bespeaks opportunity for black expression in the mass media. There is no reason why this cannot be linked to black enterprise. Again, there is a way to go. Programs from black-owned syndicators are not yet widely accepted. The Black Entertainment Network, which is one of the older cable satellite services, is not as widely carried as some newer services are. This paradox—tremendous popularity of particular black performers and limited sales of programming produced by blacks—is a cruel one.

It is not one that the FCC causes or can cure. But, unlike ownership of million dollar UHF or multi-million dollar VHF stations, programming is a field with relatively low entry barriers.

These notions of enterprise and entry are linked to freedom, economic freedom. But it is more than that. The freedoms which make our country more dynamic than any other in the world are not solely economic. Freedom of religion, association, ideas and property are also part of the bulwark which supports America. I need not stress to this group that blacks for many years were denied an opportunity to share fully in these freedoms by both law and custom. Thank God that era is behind us.

But economic freedom remains the key. I believe that the era on which we are embarking will produce more opportunity than we have ever seen before. These opportunities will be there for those—black or white—who can figure out what services the public wants and brook the risks of turning that knowhow into a reality.

The success or failure of each entrepreneur will, of course, be based on the market's—and that's really the public's—view of the worthiness of each venture, which is as it should be.

# The Series That Senators Watched

We all know American families spend much of their leisure time watching television. RKO Television, however, decided to have television watch American families.

In a 32-hour series, "The Changing Family," RKO Television focused on four families trying to cope with child rearing and caring for aged parents, taxes, the workplace, and other problems. The series was not only the recipient of numerous awards, but in March of this year served as the stimulus for a symposium on "Families in Transition," sponsored by the Senate Caucus on the Family, the Health and Human Services Administration, and RKO Television. Prior to discussing policies for the promotion of family stability, panel members viewed the RKO documentary and heard testimony from the families who appeared in the series.



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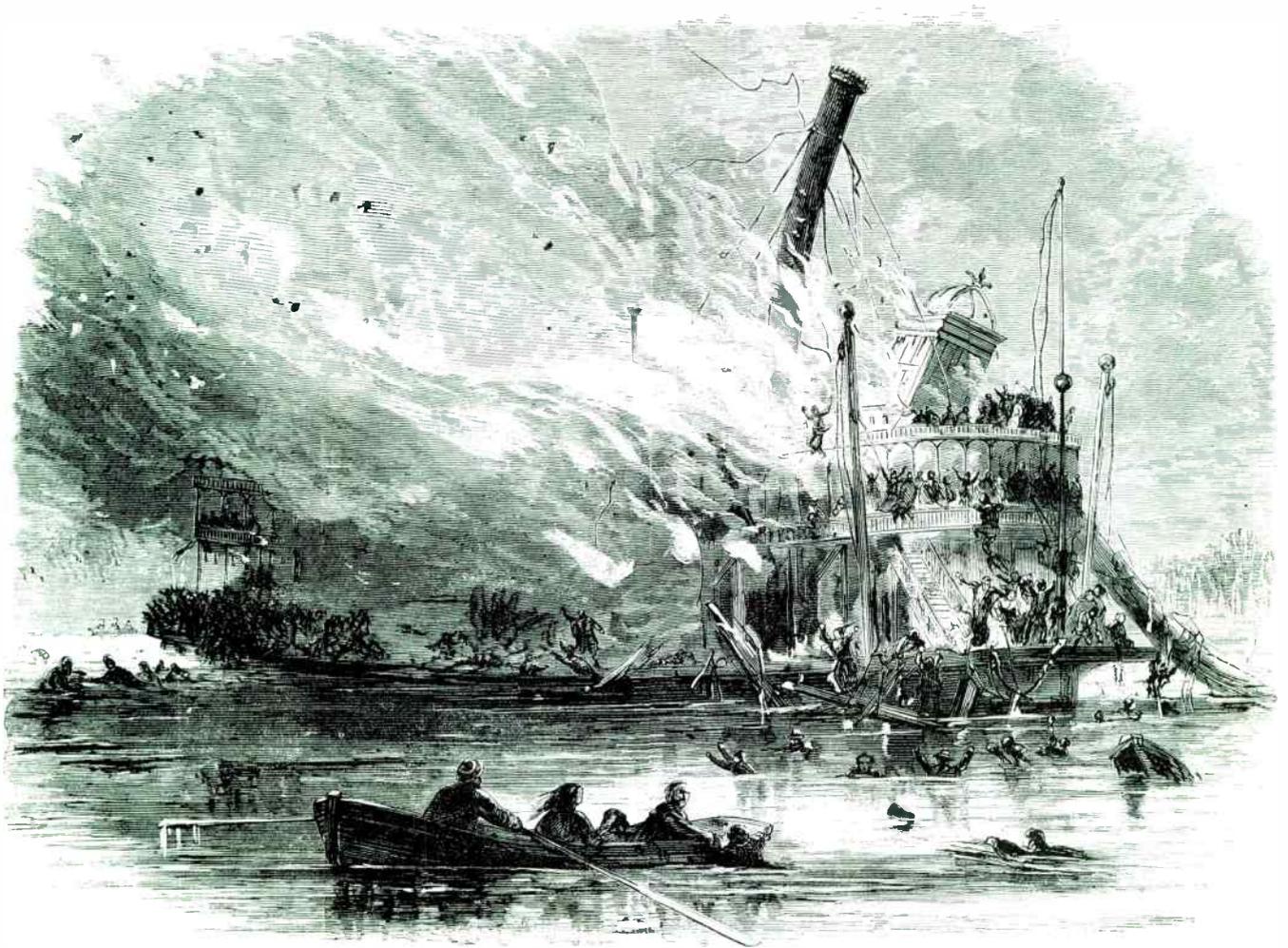


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