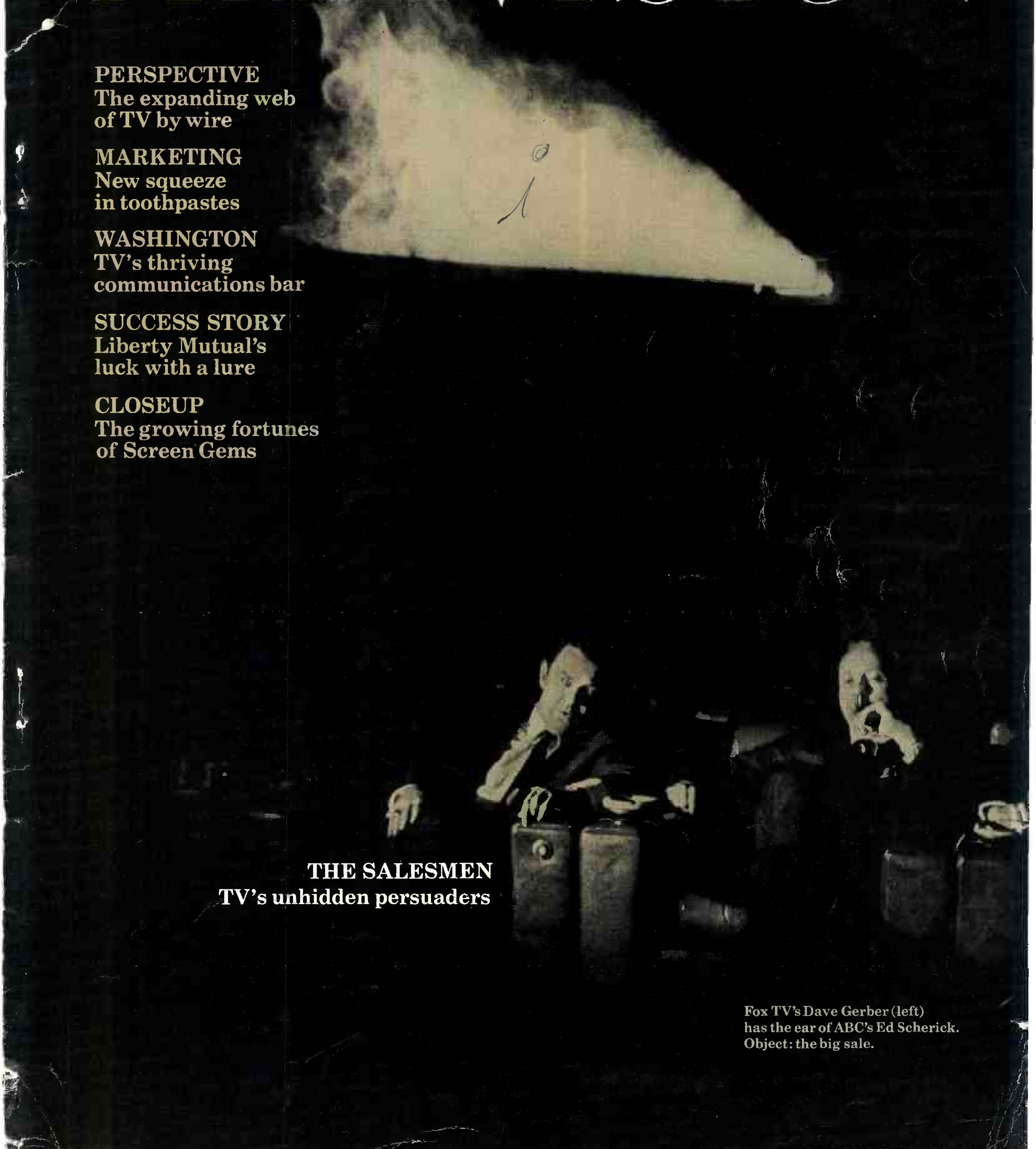
December 1965 Vol. XXII No. 12 One Dollar

TELEVISION



PERSPECTIVE
The expanding web of TV by wire

MARKETING
New squeeze in toothpastes

WASHINGTON
TV's thriving communications bar

SUCCESS STORY
Liberty Mutual's luck with a lure

CLOSEUP
The growing fortunes of Screen Gems

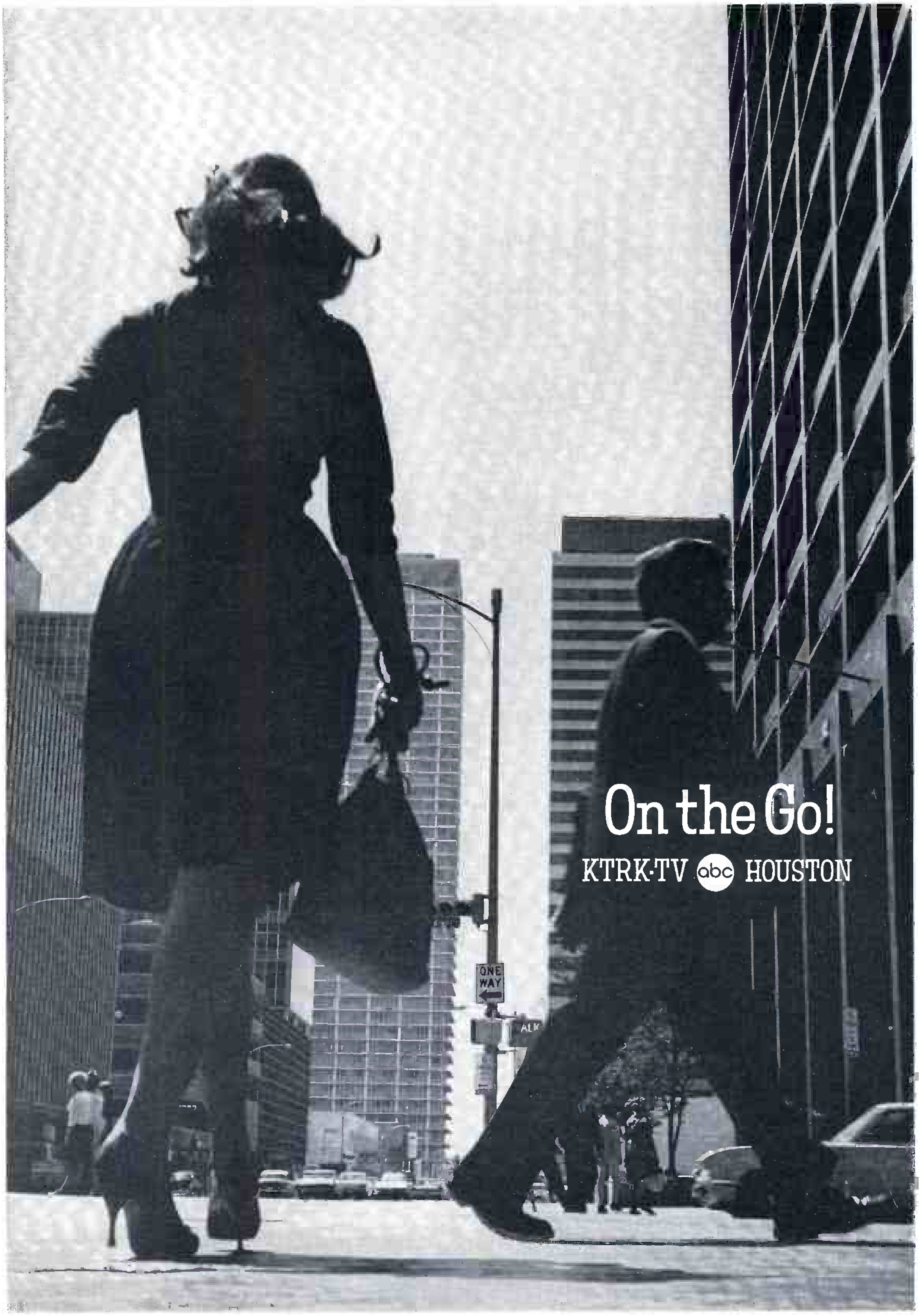
THE SALESMEN
TV's unhidden persuaders

Fox TV's Dave Gerber (left) has the ear of ABC's Ed Scherick. Object: the big sale.

Yule like our bunch.

the Meredith bunch

MEREDITH BROADCASTING: KANSAS CITY KCMO AM FM TV; OMAHA WOW AM FM TV; PHOENIX KPHO AM TV; SYRACUSE WHEN AM TV


On the Go!
KTRK-TV abc HOUSTON
ONE WAY


LOLITA HAS A
REPUTATION!

SO DO 89 OTHERS IN THE BIGGEST NEW LIST OF POST '48 FEATURES FOR TELEVISION

MGM/6

WITH SUCH HITS AS:

RAINTREE COUNTY, QUO VADIS, SUNDAY IN NEW YORK, KING OF KINGS, SOMETHING OF VALUE, SWEET BIRD OF YOUTH, JAILHOUSE ROCK AND THIRTY-SIX HOURS,

YOU CAN'T HELP BUT OUTPERFORM, OUTSELL ALL COMPETITION.

---

90 BIG ONES IN ALL!/36 IN COLOR!

Get the most for your feature film dollar! Build a reputation for the greatest in entertainment...and profits. Your MGM-TV representative has availabilities.

METRO-GOLDWYN-MAYER TELEVISION

NEW YORK / CHICAGO / CULVER CITY / ATLANTA / TORONTO

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TELEVISION

DEPARTMENTS

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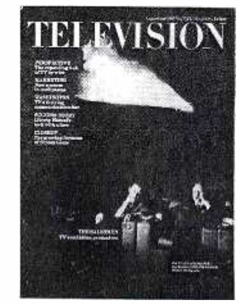
Cover • *Television's salesmen are a peripatetic lot, jetting from one coast to the other at the first hint that a deal might be in the wind. TvM caught one of them in the act for this month's cover: 20th Century-Fox TV's Dave Gerber screening some new footage for Ed Scherick, programing chief for ABC-TV. For the full story on TV's ace salesmen, turn to page 32.*



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KPRC-TV is represented nationally by Edward Petry and Company

NBC

CHANNEL 2 HOUSTON

THE MONTH IN FOCUS

New numbers game; Satellites in TV's future; More moves in the schedule

MOST men are ill at ease with the numbers that rule their lives. Tell them they have an average of 2.4 children or 0.8 wives and they'll probably change the subject or twist a forelock and look vaguely discontented. This gives numbers a tremendous power for mischief. Everybody takes it for granted that numbers are saying something exact—but nobody agrees on exactly what they're saying.

When self interest enters the picture, numbers, despite their neat and sober mien, can really raise hell. So it was last month with figures used to determine how the current TV season is measuring up to its predecessor.

Nielsen furnished the controversial figures at the request of *Broadcasting* magazine. They indicated that the average minute prime-time TV audience in the second week of the '65-'66 season was 30,666,000 homes. This was 1,367,000 homes below the second week of last season, a drop of about 4%. The ever-alert partisans of print took immediate public note—and the debate was on. Network researchers readied this riposte:

1. Nielsen had quietly changed its method of computing homes using TV, with the result that this year's figures were about 2% lower than they would have been if computed according to the system used a year ago. (The change involved counting of multi-set homes. Until last March, if two or more sets in the same home were tuned simultaneously to different programs, that home was counted as two or more homes using TV. Since March, each multi-set home has been counted as one home, whether more than one set is in use or not.)

2. The second week of the current season ended Sept. 26, while the second week of the prior season, which had a more protracted debut period, ended Oct. 11, and audiences traditionally are higher in October than in September.

When adjustments are made to allow for these two factors, the gap between the two years' second weeks narrows considerably, but does not quite disappear. The larger audience still can be claimed by 1964's post-premiere week, and this despite a 1.2-million increase in total TV homes from that season to this.

This slight lag persisted through the Oct. 11-24 period covered by Nielsen's national rating report. The average-minute prime-time audience for those two weeks was placed at 31,470,000, after adjustments were made to account for changes in the system of counting homes. The figure for the same period a year ago was 31,820,000.

Of course it has been pointed out that 1964 was a particularly good year for viewers. If you compared this year's Oct. 11-24 period with any other comparable two weeks before 1964, this season isn't doing too badly. It is 7% above the highest prior audience figure of 29,450,000. But to do "not too badly" for an explosive medium like television is to have cause for concern. As the White Queen told Alice, you have to run faster just to stay where you are.

■ Television transmission from satellite direct to homes is even closer than Gen. Sarnoff and others have predicted, according to Richard A. R. Pinkham, senior VP for media and programs at Ted Bates. "I'll predict it will be commonplace and in less than 10 years," Pinkham told the Association of National Advertisers.

"Believe it or not," Pinkham said, "everything necessary for direct satellite transmission has already been invented. We know how to put up a synchronous satellite which can sit permanently overhead. Early Bird does it now. Surprisingly enough, such an installation costs only a million dollars plus three million more for the ground station—peanuts in television's idiom. We know how to bounce television signals off such a satellite and pick them up at ground level. We do it now."

"Only one new thing is necessary. The signal must be amplified to provide sufficient strength to give us a good home picture. This requires a nuclear generator small enough to fit into the satellite. There are nuclear generators now, but they are too darn big."

Among the results Pinkham foresees: (1) it will be possible for every home in America to orient its antenna straight up and get a clear picture, making CATV—as well as conventional TV stations—unnecessary; (2) as many as 10 networks could give regular daily service; (3) audiences will be fractionalized, making it more difficult for those wishing to reach "the massest of mass audiences."

Pinkham emphasized that he was talking about "direct television transmission from the ground to a satellite and thence right into the living room," thus by-passing the stations. He added: "I'll bet the General's speech [an earlier prediction by RCA's Brig. Gen. David Sarnoff predicting satellite transmission to homes] sent cold shivers down the spines of his O&O vice presidents and particularly his affiliates. Maybe this is why he did not further explore the implications of his prediction. Maybe this is why Jack didn't either." [CBS president John A. Schneider was equally bullish about the prospects of satellite transmission in a speech at the same meeting, but he didn't mention the station by-pass issue.]

■ They came. We saw. Some failed to conquer. The following changes have been made in the 1965-66 TV schedule: **ABC**—*The Baron* moves into *The Long Hot Summer* time period; *The Long Hot Summer* replaces *Amos Burke; Batman* takes over the *Ozzie & Harriet* time period on Wednesdays and *Shindig I's* on Thursdays; *Ozzie & Harriet* then moves to Saturday, replacing *Shindig II; Blue Light* (spy drama) moves into the *Gidget* Wednesday spot, and *Gidget* takes *Donna Reed's* Thursday time period; *Donna Reed* then replaces the *King Family* on Saturdays; *The Double Life of Henry Phyfe* (comedy with Red Buttons) replaces *Okay Crackerby!* on Thursdays (earlier *Farmer's Daughter* switched its Monday slot with *Peyton Place III's* Friday slot); **CBS**—*Art Linkletter's Hollywood Talent Scouts* takes the *Steve Lawrence Show's* Monday spot; *Trials of O'Brien* takes *Slattery's People's* Friday time period; *Secret Agent* moves into *O'Brien's* Saturday slot; *Daktari* (based on movie *Clarence The Cross-Eyed Lion*) replaces *Rawhide* on Tuesdays; **NBC**—*Convoy* on Fridays replaced by the *Sammy Davis Jr. Show*.

■ **Also in the month that was:**

ABC announced it will launch next fall a 32-week prime-time program of weekly hour "specials" that will try new ideas and showcase new talent.

Rambler and Gillette made it past the sharp eyes of the National Association of Broadcasters' Code Authority but Renault didn't. Howard Bell, director of the authority, said its New York office screened the Rambler and Gillette TV spots, which mentioned their competition, and found them well within the limits of propriety. The commercials involved were the focus of a new wave of concern over "disparagement" of competitors in TV advertising (see editorial, page 78).

CBS televised its special on Frank Sinatra despite the singer's statement that he was "withdrawing permission" because the show covered matters not related to his activities as an entertainer.

Dr. Allen Balcom DuMont, who helped develop television by improving the cathode-ray tube, died in New York at 64. END

HOW DOES NBC COLOR THE NEWS?

Superbly.

On Nov. 15 "The Huntley-Brinkley Report" became network television's first weekday nighttime news program to be presented in color.

A few days later, the new "Scherer-MacNeil Report"—already distinguishing itself as network television's first half-hour Saturday evening news program—made a similar switch to color.

That's only part of the story. With "Today" and Sunday's "Frank McGee Report" also in color, NBC News now has brought color to *all* of its major, regularly scheduled network programs seven

days a week. What's more, at least 80 per cent of NBC News' planned *specials* this season will be colorcasts.

For over a decade, the NBC Television Network alone presented an expanding volume of color programming year after year. Now, as the Full Color Network, NBC is far ahead of the field in color experience and facilities.

As broadcasting's leader in both color *and* news for so many seasons, it was eminently logical for NBC to add color to its responsible reporting, interpretation and analysis of the world around us.

It is, to be sure, a turbulent world that might be more cheerfully viewed through rose-colored glasses than the unsparing eye of the color camera. But NBC News has never shied from the realities; and that—in reality—is a major reason for its status as the most honored organization in broadcast journalism.

NBC NEWS

QUALITY–DIVERSITY–POPULARITY... ALL THIS AND COLOR, TOO

FOCUS ON FINANCE

Review and preview: It was a big year; 1966 may be bigger

So what happened? That's what TvM asked three leading TV stock specialists on Wall Street. What was 1965 all about? Where is 1966 headed? These were the questions posed.

The replies were nearly in accord. The trend towards diversification increased considerably, color TV erupted and will belch forth profits for some time to come and TV issues won greater acceptance in the market as they turned out sensational performances.

What about the new year? The projections vary somewhat but only within a range that runs the gamut from the ecstatic to merely the exuberant. Following is what the analysts have to say:

■ George McLaughlin, Reynolds & Co.—"I think the diversification move is the most significant thing that's happened to broadcast companies during the year. It takes them away from more or less set earnings patterns. There's only so much you can do with your radio and TV properties. Earning patterns are pretty well set once you have your full complement of stations. And with broadcast companies generally, the ones that aren't diversified or haven't diversified, it's normally pretty tough for them to break out of the normal P/E ratio trend.

"The point really is made with Storer Broadcasting. The people there could never understand why their stock never broke above 50. Well it sure is selling for more than that now [Storer closed out TvM's measured month up 12%, selling at a year's high of 77½]. I'd say Storer's purchase of Northeast Airlines was the most spectacular move of the year by a broadcast stock. And I see other companies in the field moving in the same direction. I think this is one of the most important things that has happened to these issues in a long time other than the general boom they're all experiencing.

"I don't think the boom in color television is going to help the broadcasters that much. The ones it helps, naturally, are the TV set manufacturers. Television commercials and telefilms will command a higher price but I don't think it will cause a significant change in earnings of the broadcasters. The rise

THE TELEVISION MAGAZINE INDEX

to 72 television-associated stocks

	Closing Nov. 15	Change From Oct. 15 Points (%)	1965 Highs-Lows	Approx. Shares Out	Total Market Capitalization
TELEVISION					
ABC	51½	− 6 (−10)	68⅜–48	1,636,000	$252,662,000
CBS	38½	+ ½(+ 1)	47⅞–33⅝	20,004,000	770,154,000
Capital Cities	56¾	+ 6¾(+14)	57½–30½	1,361,000	77,237,000
Cox Broadcasting	32½	− ¼(− 1)	34⅜–20¾	2,654,000	86,255,000
Gross Telecasting	30	− 2½(− 8)	32½–26½	400,000	12,000,000
H&B American	4⅛	− ⅛(− 3)	5¾– 3⅛	2,582,000	10,651,000
Metromedia	40½	+ 2⅝(+ 7)	43⅜–30	2,090,000	84,645,000
Reeves Broadcasting	5¾	+ ½(+10)	6¾– 3¾	1,459,000	8,389,000
Scripps-Howard	31	+ 1¾(+ 6)	31 –21	2,589,000	80,259,000
Subscription TV	2¾	+ ⅜(+16)	4 – 1¼	3,029,000	8,330,000
Taft	33⅛	+ 4¾(+17)	32⅝–18¼	3,291,000	109,014,000
Teleprompter	9⅝	− 1⅞(−16)	13¼– 6⅝	819,000	7,883,000
Wometco	27	− 2¾(− 9)	33 –27	2,224,000	60,048,000
Total				**47,138,000**	**$1,567,527,000**
TELEVISION WITH OTHER MAJOR INTERESTS					
Avco	24¾	+ 3 (+14)	26⅜–19	13,699,000	$339,050,000
Bartell Media Corp.	6⅜	− ½(− 7)	6⅞– 4⅛	1,787,000	11,392,000
Boston Herald-Traveler	50	+ 5 (+11)	50 –36	540,000	27,000,000
Chris-Craft	22⅞	+ 3⅞(+20)	24 –12¼	1,508,000	34,496,000
Cowles Communications	19½	+ ¼(+ 1)	21⅛–11¼	2,944,000	57,408,000
General Tire	26	+ ½(+ 2)	27½–18¾	16,719,000	434,694,000
Meredith Publishing	29¾	— —	29¾–17½	2,662,000	79,195,000
Natco Broadcasting Inc.	11½	− 2 (−15)	14⅞– 8	706,000	8,119,000
The Outlet Co.	14½	− ⅛(− 1)	15¾–13¼	1,010,000	14,645,000
Rollins Inc.	36¼	− 2⅞(− 7)	51¾–24⅝	3,009,000	109,076,000
Rust Craft Greeting	21¾	− 2¾(−11)	24½–10¾	727,000	15,812,000
Storer	77½	+ 8 (+12)	77½–44½	2,047,000	158,642,000
Time Inc.	88⅝	+ 1⅜(+ 2)	92 –58	6,560,000	581,380,000
Total				**53,918,000**	**$1,870,909,000**
PROGRAMING					
Allied Artists	2	+ ¾(+60)	3¼– 1¼	932,000	$1,864,000
Columbia Pictures	26½	+ ⅝(+ 2)	27¾–19⅝	1,809,000	47,939,000
Desilu	9	+ ⅝(+ 7)	10½– 6½	1,154,000	10,386,000
Disney (Walt)	57	+ 5¾(+11)	59 –44	1,861,000	106,077,000
Filmways	14⅞	+ ⅛(+ 1)	17¼–10¾	656,000	9,758,000
Four Star TV	5½	− 1½(−21)	8¼– 5¼	666,000	3,663,000
MCA Inc.	46¼	+ 2¾(+ 6)	55 –35	4,687,000	216,774,000
Medallion Pictures	6	− ½(− 8)	12¼– 5¼	632,000	3,792,000
MGM Inc.	43¾	+ 4¾(+12)	45¼–32¾	2,506,000	109,638,000
National Telefilm	⅛	— —	⅛– ¼	1,670,000	209,000
Official Films	1	+ ⅛(+14)	1⅝– ⅝	2,629,000	2,629,000
Paramount	66½	+ ½(+ 1)	67¾–49¼	1,597,000	106,201,000
Republic Corp.	6	— —	8¼– 5½	2,454,000	14,724,000
Screen Gems	23¾	− ½(− 2)	25¼–17	3,173,000	75,359,000
Seven Arts	12⅞	+ 1⅜(+12)	17¾– 9¼	2,361,000	30,398,000
Trans-Lux	11⅝	+ ⅛(+ 1)	12½–10⅜	718,000	8,347,000
20th Century-Fox	32⅛	+ 4 (+14)	32⅛–23	2,755,000	88,504,000
United Artists	49¾	+ 3⅛(+ 7)	50⅛–34½	2,074,000	103,182,000
Walter Reade-Sterling	1¾	+ ⅛(+ 8)	2 – 1	1,583,000	2,770,000
Warner Bros. Pictures	17	+ 1½(+10)	20⅞–13⅜	4,873,000	82,841,000
Wrather Corp.	4⅛	+ ⅛(+ 3)	7¼– 3⅛	1,753,000	7,231,000
Total				**42,543,000**	**$1,032,286,000**
MANUFACTURING					
Admiral Corp.	71⅜	+15¾(+28)	71⅜–15⅝	2,465,000	$175,939,000
Ameco	17¼	− 1⅞(−10)	19⅛–16¼	1,200,000	20,700,000
Ampex Corp.	23⅝	+ ¼(+ 1)	26½–13⅜	9,295,000	219,594,000
Emerson Radio	24	+ ½(+ 2)	25⅛–10⅜	2,230,000	53,520,000
Entron Inc.	8¼	− ¼(− 3)	9 – 3⅝	286,000	2,360,000
General Electric	114⅝	− ¾(− 1)	120¼–91	91,016,000	10,432,709,000
Jerrold Corp.	11⅞	+ 2 (+20)	12¼– 3⅝	2,046,000	24,296,000
Magnavox	80⅞	+10⅜(+15)	80⅞–31⅜	7,393,000	597,909,000
3M	64⅜	+ 2½(+ 4)	65¼–54	53,386,000	3,436,724,000
Motorola Inc.	155	+23¼(+18)	158 –62⅝	6,065,000	940,075,000
National Video	66⅛	+11⅞(+22)	75⅜– 8⅜	2,548,000	168,487,000
RCA	49⅞	+ 2⅜(+ 5)	49⅞–31	57,755,000	2,880,531,000
Reeves Industries	2¼	— —	3¼– 1⅞	3,327,000	7,486,000
Westinghouse	58	+ ¼ —	60¼–40¾	36,826,000	2,135,908,000
Zenith Radio	115¼	− 1⅜ (−1)	120 –62¾	9,338,000	1,076,205,000
Total				**285,176,000**	**$22,172,443,000**
SERVICE					
C-E-I-R	14¼	+ ⅝(+ 5)	14⅜– 7	1,555,000	$22,159,000
Comsat	40½	− 5½(−12)	66¾–36¾	10,000,000	405,000,000
Doyle Dane Bernbach	38⅛	+ 1 (+ 3)	40¼–26¾	997,000	38,011,000
Foote, Cone & Belding	17⅛	+ 2⅛(+14)	19¼–13½	2,146,000	36,750,000
General Artists	4⅜	— —	6⅛– 3⅞	600,000	2,625,000
Grey Advertising	16¾	− 1 (− 6)	19½–16⅜	1,231,000	20,619,000
MPO Videotronics	14¾	+ 4 (+37)	18¼– 7	469,000	6,918,000
Movielab Inc.	15¼	+ 3⅛(+26)	16¼– 7¾	593,000	9,043,000
Nielsen (A. C.)	24¾	− 1¼(− 5)	26½–20¼	5,130,000	126,968,000
Papert, Koenig, Lois	9	+ ¼(+ 3)	10½– 7⅞	791,000	7,119,000
Total				**23,512,000**	**$675,212,000**
Grand Total				**452,287,000**	**$27,318,377,000**

Data compiled by Roth, Gerard & Co.

FINANCE *continued*

of set manufacturer issues is likely to continue until the supply catches up to the demand and it's hard for me to say how the demand is going to run. But it is estimated that within 12 to 18 months the two will be fairly even.

"It's not necessarily true that color has meant that much to the set manufacturers. It's the psychology behind the whole thing as far as the market is concerned. These stocks, in many cases, are selling too high. Well, the market in general is high. It means we'll have a correction sometime in '66. Yet color will remain a source of vitality for quite a while.

"But as far as the broadcasters go their main source of vitality is the diversification move. It's true that some of these companies are getting into small businesses. CBS is an example. They're basically looking for companies that are highly profitable, whether they are big or small. It's pretty tough to buy a large, highly-profitable, well-managed company. They're just not for sale.

"Thus the strategy is to go the opposite route and buy a smaller company and center in that area. They may buy two or three companies in the same area that are highly profitable. Then they could put the operation together and manage it pretty well.

■ Tomio Saito of Baker, Weeks & Co.—"I think you can divide the year in two parts. In the first half of the year, the stocks were very steady. In the second half, they've been quite alive.

"I believe partly it's a question of third quarter earnings being particularly good. In addition, I think there've been a number of additional brokerage houses that have taken an interest in broadcast issues, most significantly Brown Brothers Harriman & Co. Brown Brothers did a report on the broadcasters and as far as I know it was the first time they had done this. A couple of months ago Cox and Taft were particularly strong and it so happens both were viewed favorably, so I think this kind of attention means a great deal to the broadcasters.

"Color hasn't meant much from an earnings standpoint, but I'm sure the publicity about it has generated added interest in broadcasting. The main beneficiaries of color, of course, have been the set manufacturers. They are experiencing a boom that's based on solid fundamental facts, with the only catch being that it's not going to be a permanent thing. The actual timing of when the boom will burst is difficult to determine at this point but it seems good for from three to five years.

"We hear of many smaller companies about to enter the field—I would say that even if they realize their major objectives, it won't amount to much. Color set production is extremely complicated. Announcing something is one thing. Actually achieving objectives is quite another thing.

"This also goes for imports from Japan. They don't add up to that much. It will take an RCA, a Sylvania and a Zenith—the big companies—to step up their production before supply catches up with demand.

"Getting back to the broadcasters, I think the Storer-Northeast deal was the major move of the year. I believe that certainly the initial steps have been taken, but with the FCC policies against multiplication hanging over their heads, they'll have to move more and more in this direction.

"Assuming a good economy, I think it will still be very difficult for the broadcast issues to match the kind of performances they've had this year. I don't, then, expect 1966 to be as spectacular as was this year, but on the other hand it should be above average."

■ Emanuel Gerard of Roth, Gerard & Co.—"What were the most significant happenings of the year? Obviously, the burgeoning growth of CATV, the beginning of the coming to grips with the open disposition of the FCC's programing proposal, and clearly the phenomenal performance of the station industry. Perhaps, too, in an economic sense, the huge increase in demand at the network level, which has put us close to a three-network economy. It has been an incredibly healthy year all-around for the industry.

"There's the color breakthrough which is now a fact. Set sales are on an ascending "S" curve and manufacturers are not going to keep up with demand. I think every estimate I've seen, at this point—especially since we know what's going to happen with color programing this fall—is going to end up low. Don't ask me what the numbers are going to be. I just know all the estimates are going to prove low. Right now it's very simple: They can sell more sets than they can deliver.

"Now in the near term, this is not going to mean anything to the broadcaster's profits. In the long term, however, it certainly will. How? It's going to bring new people to the medium. It's going to increase the demand curve. In the near time it may cost the networks some money. In the long term it's going to mean greater profitability. For the set manufacturer, it's going to be picnicville.

"Diversification for the broadcasters, I've felt for a long time, is totally inevitable and has to be because of the nature of their cash flow. It's going to happen over and over again so it doesn't shock me. Even moves as big as the Storer purchase of Northeast Airlines

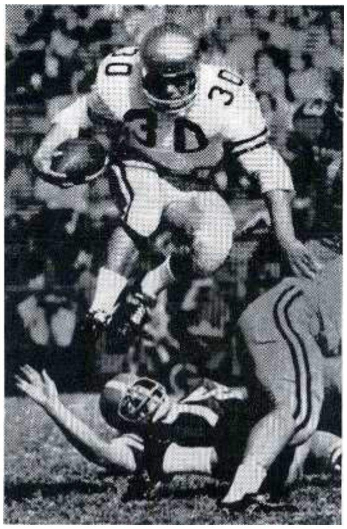
IS NBC SPORTS HAVING ITSELF A BOWL?

You bet. Not just *one* Bowl, but lots of them.

The happy fact is that in this approaching holiday season—as in the past—the NBC Television Network will be televising more championship football than any other network.

What's more, just about all the action will be in color. It's the kind of sports colorcasting achieved only through the skill, experience and facilities of NBC—the only fully-manned, fully-equipped, first-quality network color service.

Between our coverage of the American Football League's title game Dec. 26 and the same league's All-Star contest Jan. 16, we'll be televising the best of the post-season *college* games.



The collegiate action begins Dec. 31 with the East-West Shrine Game in San Francisco. Next day (New Year's Day), NBC viewers will have choice seats for the Sugar Bowl, the Rose Bowl, and the Orange Bowl. Finally—one week later—we'll be televising the Senior Bowl. All the telecasts—with the exception of the Shrine contest—are in color.

As the number one sports network, the NBC Television Network carried *all ten* of 1965's most popular sports specials—a top-ten that included the World Series and *last* January's major Bowl classics.

This is the network, too, which boasts such attractions as championship golf and the weekly NBC Sports in Action.

Finally, it's the network which will be televising—exclusively and in color—a special Major League baseball game each week of the 1966 season.

With this new development—and the colorcasts of the World Series and All-Star games—NBC will be supplying the most elaborate baseball coverage in network history.

Sports, color, NBC...is there a combination in television to match it?

NBC SPORTS

QUALITY–DIVERSITY–POPULARITY...ALL THIS AND COLOR, TOO will happen again. I don't think there's anything unusual about it. The hungry eat up the not so hungry.

"At the beginning of the year, I said that broadcast stocks would outperform the market [see "1965: Present and Prospect," TvM, January 1965], because their earnings would outperform it and their multiples would tend to move up. That's exactly what's happened. We've had a multiple move on top of monster earnings moves and the fact is the stocks clearly outperformed the market.

"What's ahead for '66? What's ahead in the economy? I assume in a strong economy, it could be the most unbelievable year we've ever seen. Even if the economy is moderately weak, it will be a better year than this one. It could be a phenomenon if we have the present kind of economy all year long.

"The supply doesn't go up and in a big, big economy the demand does. Classically, what is always going to happen when demand outstrips supply is you raise prices if you can. In this case you can. The broadcasters have been doing it right along and they're going to do it some more. And the advertiser is still making the cheapest buy for any medium."

■ Back to more immediate events, TV-associated stocks showed no signs of softness in the last measured month. Among the 72 carried on TvM's index, prices for 45 advanced, 21 declined and 6 were unchanged. As a group—thanks to color TV—the manufacturing issues once again showed the greatest strength. Among the broadcasters, Taft, buoyed by news that it's negotiating to buy the highly attractive TV-animation firm of Hanna-Barbera Productions, rose a lusty 17%.

Two more TV-associated issues were added to those already listed on TvM's index. They are Natco Broadcasting Inc., a new broadcasting group with two TV properties, and Entron Inc., a manufacturer of community antenna equipment. END

FOCUS ON FOUR STAR TV

A TELEVISION ANALYSIS

THE bottom line of a TV production company's annual report can roll around, year to year, like an elliptical billiard ball on an untrue cloth. Take the bottom line of Four Star Television, for example. In fiscal 1964 it was $941,000 into the red. In 1965 it sailed above the marks with a profit of $358,638 (on a gross of $18.1 million), equivalent to 54 cents a share. But lest short-run hopes soar too quickly, says a company spokesman, Four Star is going to show some first quarter red this year.

Why all the vacillation in performance? Of all businesses in the television world none is more subject to the whim of the viewing public than the one devoting all its efforts to network series production. A simple twist of the dial in, say, 100 Nielsen Audimeter homes and your prize series may be relegated to the syndication shelves — assuming there are enough network-run episodes around to make market-by-market selling worthwhile. And all this presupposes that the series made it to the network in the first place. A lot of them don't. Even a "sure thing" with $750,000 worth of footage in the can may be subject to a turned-up network nose.

Four Star has done a lot in the last several years to do away with both the image and the fact of being a network dependent. According to company president Thomas Joseph McDermott, ex chief of television and radio at Benton & Bowles, Four Star's turn to profit in 1965 can be directly related to a pattern of diversification.

Last year (1965) the company's annual report said less than two-thirds of gross revenues had come from network television. For the current fiscal year McDermott estimates 50-55% of volume will come from the networks.

On August 1, 1962, Four Star, in a full page in the *New York Times,* proudly announced its 10th anniversary and its achievements to that point; the production of 1,038 half-hour and 165 hour-length films, all for programing on the television networks. The company, originally a partnership of Dick Powell, David Niven and Charles Boyer—there was to have been a fourth star — became a corporation in 1955, at that time known as Four Star Films.

Niven now holds the title of vice president for foreign production. Boyer is a vice president and a director. The many-talented businessman-actor Dick Powell died of cancer two years ago. Number two man in the organization today is George A. Elber, executive vice president. He joined in in 1961, coming from a senior partnership in a New York law firm which specialized in radio, TV and advertising.

Four Star's president Tom McDermott (l), with George Elber, executive VP.

The residual value of product amassed since Four Star's founding was the basis of a first diversification move, the formation of a syndication arm, Four Star Distribution Corp. It went into operation under the direction of since-departed Len Firestone, a vice president and general manager. First series on the block were *Zane Grey Theater, Target: The Corruptors, The Detectives, Stagecoach West* and *The Law and Mr. Jones.*

With that announcement the company apparently had no inkling of the future promise of another aspect of the TV business — first-run syndication. At the time Firestone said of television series produced especially for syndication: "No chance for survival because of their lack of star names and the overall lack of budget under which they're produced, resulting in a marked lack of quality." But markets change and, with them, the attitudes of producers. Four Star is now much concerned with the demand for first-run syndication programing. It's estimated that 25 to 30% of distribution gross in the current year — June to June — will come from first-run syndication. Four Star's first effort in this category was *Hollywood A Go Go,* a taped half-hour musical series. Also being syndicated, without network preface, by the independent production company is *PDQ,* a comedy game show with Dennis James the host. It's taped in color and meant for Monday-Friday stripping. Still another original syndication project by Four Star is *Something Special,* a group of one-hour color musicals hosted by performers Julie London, Pearl Bailey, Peggy Lee and others.

The company also is in the feature film distribution business. It acquired rights to 59 motion pictures which are split into four categories: super-spy ac-

A


Jim Jensen


Jerry Dunphy


Fahey Flynn


John Facenda


Max Roby

B

CBS Owned KMOX-TV
St. Louis

CBS Owned WCAU-TV
Philadelphia

CBS Owned WCBS-TV
New York

CBS Owned WBBM-TV
Chicago

CBS Owned KNXT
Los Angeles

Can you match these well-known local news correspondents (A) with the station on which each appears (B)?

Unmatched!

Smart advertisers who know the game will have little trouble placing these local television news broadcasters. They *know* that each is synonymous with news in his community.

Correspondents Jim Jensen in New York, Jerry Dunphy in Los Angeles, Fahey Flynn in Chicago, John Facenda in Philadelphia and Max Roby in St. Louis are without peers at providing superb news coverage. Each man knows *who* and *what* makes news *locally*, and delivers it to large audiences on the CBS Owned television station in his area. Each man is representative of local news staffs—reporters, cameramen, technicians—that are among the biggest and best-equipped in the business.

Together, these newsmen have helped boost audience viewing of non-network news on the five stations *73%* since 1962...to a whopping current total of *20,814,000 viewing hours a week.* Obviously, they know their game!

CBS Television Stations

A Division of Columbia Broadcasting System, Inc. Operating WCBS-TV New York, KNXT Los Angeles, WBBM-TV Chicago, WCAU-TV Philadelphia and KMOX-TV St. Louis...represented by CTS National Sales.

Source: NSI estimates, Oct. '62-Oct. '65, subject to qualifications available on request. These data are not accurate to any precise mathematical degree.

FOUR STAR TV *continued*

tion, gladiator-epic, Sherlock Holmes and 13 American re-issues with stars such as Loretta Young and Susan Hayward. McDermott says these films are licensed to stations for up to four years with as many as five showings allowed. In the case of off-network series stations are generally allowed two runs over a two- to three-year period. Distribution has spread far beyond U.S. shores, through a subsidiary operation, Four Star Television International, under the direction of Manny Reiner. It was formed in 1963.

As recently as September a company shakeup saw domestic sales chief Firestone leave after "policy differences" with management and Reiner emerged as boss of both the domestic and foreign syndication operations and the two units merged under the title of Four Star International. The company expects the consolidation to yield some economies of operation.

Four Star International currently has 17 filmed series and the above-mentioned 59 motion pictures in domestic distribution, playing on 251 stations in 186 cities. It also has 51 hours on the air in 54 foreign countries.

Another diversification step, and hopefully a profit stabilizer, is Four Star's entry into feature film packaging. One film, *Dear Heart*, is already made and three others are said to be in the works. Other properties whose operations appear in the company's consolidated income statement are three music publishing firms, BNP Music Publishing, Four Star Television Music and Ra-Ford Music Publishing, in addition to Valiant Records, acquired in July 1964.

All of these moves to spread the area of company risk do not negate the fact that Four Star spends most of its energies on, and gets most of its revenues from, network television series. Although some 55% of gross in this fiscal year will come from the networks, McDermott guesses that only 20% of profits will come from this source. It's still a dicey business.

Two years ago Four Star sustained a nasty blow when its *Robert Taylor Show*, in which the protagonist was an investigator for the Health, Education & Welfare Department, had to be scrubbed after five episodes had already been filmed at a cost estimated close to three-quarters of a million dollars. The show had been firmly committed to NBC-TV. Reportedly the network balked when the program either lost, or never obtained, HEW's imprimatur. Four Star maintains it lived up to all its commitments on the program. Debate is academic; it never reached the air.

This year Four Star has three hours of network prime time going for it, but one of them, *Amos Burke Secret Agent* (ABC-TV, Wed. 10-11 p.m.), seems to have run its course after two previous years as *Burke's Law* and will bite rating dust this January. The production company has two other prime-time vehicles on ABC-TV – *The Big Valley*, a family-empire western of the 1870's starring Barbara Stanwyck (Wed. 10-11 p.m.), and *Honey West*, which stars Anne Francis as a female detective (Fri. 9-9:30). Four Star also does the *Smothers Brothers Show* for CBS-TV (Fri. 9:30-10 p.m.) featuring the comedy folk singing team. Its other network show is an ABC-TV Saturday children's daytimer, *Shenanigans*, starring Stubby Kaye.

This year Four Star has eight pilot projects in various stages of development for the 1966-67 network season, among them four hour-length shows with network backing, one a drama and three described as adventure. In addition four half-hours are incipient Four Star hopefuls; three of them situation comedies and one a Western.

Financial analysis of a telefilm company is made especially difficult since the value of product on the shelf is essentially an unknown quantity and the future value of product currently running is equally difficult to estimate. Accounting practices which may vary from one company to the next make the analyst's job still harder. And the short-run position of a company may be disguised when monies receivable are not reflected on the books until a future quarter.

Here are some answers to questions put to Four Star by TvM:

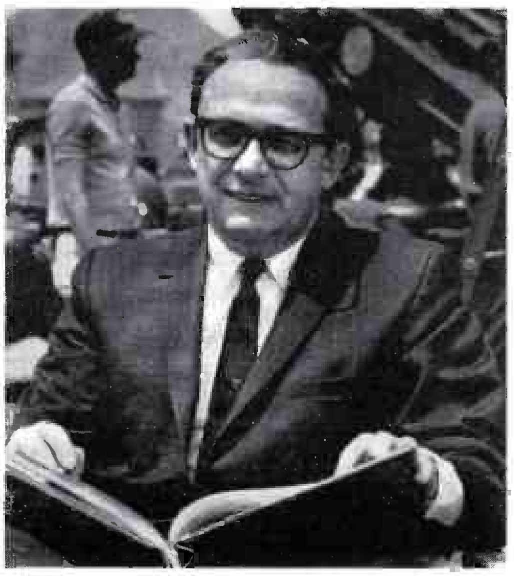
- Approximately 90% of Four Star's total production cost is written off against network income. The remaining 10% is written off against foreign distribution and domestic syndication.
- Through the last fiscal year Four Star Television International had been responsible for sales over $5.5 million of which 40% has not been reflected in financial statements since this income is recorded as collections are made.
- As of June 1965 the company had 526 hours of programing in distribution and 128 hours not yet released for syndication.
- As of the same June accounting date costs not yet written off broke down like this: network shows $1,570,000, syndicated shows $3,094,000, other shows $303,000, for a total of $4.9 million.
- The company's outstanding selling commissions are payable principally to the William Morris Agency. Of a total $1,217,000 in commissions outstanding in June, $315,000 was currently payable and $902,000 was payable out of net receipts after recoupment of all production, distribution expenses and distribution fee.

Four Star has 665,950 shares of stock outstanding, 100,000 shares publicly held and traded over the counter, and the balance in the hands of officers and directors. Late last month the stock was bid at 5½. END

BOB GAGE His name isn't on the door, but his mark is on the advertising. Bob Gage is senior vice president and art director of Doyle Dane Bernbach, the agency responsible—among its other accounts—for the highly creative campaigns of Polaroid, American Airlines, Accutron, Jamaica and Cracker Jacks. Those are the five that Gage works on directly. Indirectly he's in on everything; the door to his barren white office is constantly being opened by DDB mates anxious for his opinion on their latest efforts. ■ Gage and Bill Bernbach discovered each other when Bernbach hired him as an art director at Grey Advertising in 1948. Says Gage of the relationship, "I was tired of doing junk. At last I found someone who not just tolerated new ideas, but demanded them." When Bernbach started the agency along with partners Ned Doyle and Maxwell Dane, Gage was one of the original 13. The agency then billed $700,000, now bills close to $130 million, has an influence well beyond that—the "Doyle Dane look" has become synonymous with fresh and inventive advertising. ■ As a rival art director sees him, "Bob Gage is honest and unaffected. He doesn't go for pretty things that have no meaning. His commercials are simple and do the job they're supposed to. In the Jamaica commercial for example, 60 seconds give you the sound, the tempo, the mood of the place. Gage doesn't get in the way of what he's doing for a client. The message comes through and he doesn't try to superimpose his own image on it." ■ The Gage talent is not limited to the drawing board—he and his father built his home in Pound Ridge, N.Y., with their own four hands. He spends much of his time there with his wife and three sons (11 to 14). Summers are spent on the family boat. He built that too.

FOCUS ON PEOPLE

DERMOTT McCARTHY If the man is the style, you would expect Dermott F. McCarthy, at 46 co-creative director at Young & Rubicam, to favor an agreeable, let's-not-cudgel-the-customers simplicity in TV commercials. And so he does. Only the decor of his office belies this simplicity. It's busy with tartan against tartan, like early Scottish op art with a sadistic streak. But the discrepancy is easily explained. The man for whom the office was designed turned chicken and McCarthy said "I'll take it." He now uses the decor to test job applicants. If they admire it effusively, their sincerity comes into question. ■ It was McCarthy's skill as a copywriter that boosted him to a post where he no longer gets much of a chance to turn a hand at it. How good is he? A non-Y&R man with no ax to grind says "He is to copywriting what Mickey Mantle is to baseball." The effort McCarthy's most proud of: a National Jello Week campaign he dreamed up as a parody of Be Kind to Your Wife Weeks that clutter the calendar. In McCarthy's opinion, the current trend is toward "a brighter, lighter, happier kind of commercial which entertains while selling." ■ McCarthy was born in San Francisco, grew up in Los Angeles and worked in midwest ad jobs until Y&R hired him in 1954, two years and several keeping-in-touch letters after interview. He lives in Westport, Conn., with his wife Barbara and five children.



DAVID DORTORT The producer of NBC-TV's and the world's *Bonanza* is currently hard at work keeping his prize program Nielsen-high—the show continues to be America's favorite (with a 32.2 rating it was 5.3 points ahead of the nearest competitor for the two weeks ending Oct. 24). ■ But Dortort's view of television goes well beyond the Ponderosa. He spent last summer in Europe combining business with pleasure, has two series ideas centering there, one "pure escapist romantic drama chiefly set around the fabled ports of the Mediterranean," the other "an important prestige type of show, utilizing top creative talent from all over the world." He hopes to draw such talent as Greek film director Michael Cacyannis and his likes in England, Japan, India, *et al.* Dortort is undaunted by the scope of this undertaking. If it hasn't been done before, it's his feeling it's because nobody's tried. ■ While *Bonanza* rolls on weekly, Dortort is engaged in a quiet battle of his own. His seven-year contract with NBC expires next spring. He wants more "autonomy" in his new contract, also to set himself up as an independent corporation in partnership with the network. How the 46-year-old former writer makes out remains to be seen. The bespectacled Dortort speaks softly but he carries a big rating. Until contractural details are ironed out he continues working on *Bonanza*. also on some properties he'd like to make into feature films. ■ Exactly what makes *Bonanza* a perennial crowd pleaser (and in 61 countries besides the U.S.) even Dortort isn't sure of. Whatever it is Dortort claims that though the show has run seven years he's not bored. His compensations are not entirely intellectual—he lives in a mansion in Beverly Hills, has an extensive art collection. These he shares with his wife Rose, a son enrolled at UCLA and a daughter who's a student at Stanford.

(our landlady)

Kim Novak, Jack Lemmon starring in the wild comedy-mystery "The Notorious Landlady." One of the sixty great post-60's. Just sold to KPIX San Francisco, KETV Omaha and WRGB Schenectady. There is more of what you're looking for with the new Screen Gems post-60's. **SCREEN GEMS**

The Embassy of Mali

His Excellency Moussa Leo Keita, Ambassador
of the Republic of Mali, with Mrs. Keita,
in the entrance of the living room at the Embassy...
another in the WTOP-TV series on the
Washington diplomatic scene.

WTOP-TV 9
WASHINGTON, D. C.
Represented by TvAR
A POST-NEWSWEEK STATION

Photograph by Fred Maroon

PLAYBACK

A MONTHLY MEASURE OF COMMENT AND CRITICISM ABOUT TV

Eli Feldman, president of Focus Presentations, speaking before the fifth International Film & TV Festival of New York, gave TV commercial men credit for mastery of the black-and-white form, but warned that color is a new story. Said Feldman:

The art of the television commercial has reached its first plateau—we can now speak of it as an art without being too embarrassed. We can congratulate ourselves on being experts. We've not only learned how to make the new toy work, we can even make it work imaginatively and effectively.

I believe that now we've reached the top of Mount Everest, we're in danger of falling off the other side. Most of our conquests have been in the field of the black-and-white television. Even when we have worked in color, it hasn't been for real. The color didn't have to be effective, because everybody outside the client booth was going to see it in black-and-white.

Suddenly, this season, for the first time, a big general audience is watching color programs in color. Everyone is scrambling to make commercials that are also in color. Last season about 85% of all commercials were in black-and-white. This season, it will be about 25%.

Faced with this new set of creative conditions, I am afraid we are about to make the same mistakes we made when black-and-white television was new.

In the early days, when advertisers first discovered that television combined the visual impact of print and the aural impact of radio, plus the new ingredient of motion, everybody jumped on the new thing, motion. Cigarettes danced. Beer bottles marched. Soap boxes paraded. If the commercial used a stand-up announcer looking into the camera, then the camera moved. Movement was the thing to strive for, even if it was unrelated to the concept.

Now, with the switch to color, the urge is to use as much and as many colors as possible. But why use a fuchsia background just because you can? Perhaps the package looks better against a white background. Perhaps your concept is best carried out with a few simple colors, maybe even black and white.

Norman B. Norman, president of Norman, Craig & Kummel, has listened to critics put down the white knight and white tornado commercials ever since they appeared on the scene. But symbolism has done the selling job for Ajax, and NC&K is proud of the technique. In a recent blast at the critics, Norman said:

The trouble with these guys is that they are doing the businessman's bounce in the age of the frug. They are out of date. In the first place, they don't understand this kind of advertising and they don't understand the housewife. They pretend, if you read them rapidly enough that these ads don't make sales. The fact is, Ajax went from zero to a complete payout in a year's time, and our advertising must have had something to do with it.

In a decent psychological manner these commercials establish a rapport with the housewife. There's no phony story about whiteness. What these commercials say is that we understand you and we know you don't want to do any washing at all. You want to get out of the kitchen and out of the laundry. It's a very simple thing, but it goes over these other fellows' heads and I hope it continues to do so because this is good for us.

At the eastern annual conference of the American Association of Advertising Agencies, agency men heard Ford Motor Co. group VP Lee Iacocca plug for a kind of agency Bill of Rights that would include the "four freedoms of advertising." In Iacocca's mind the freedoms—of access, of involvement, to experiment and to persuade—are necessary and right for agencies in their client dealings.

The agency men probably know and practice the first two freedoms. Access and involvement, to Iacocca, are the responsibility to gain as much knowledge as possible about the client's company to effect accurate and effective advertising. The freedom to experiment, perhaps less common, is "the freedom to make mistakes, the freedom to innovate, the freedom not to play safe."

But the Ford executive's fourth cited freedom, to persuade, is one many agencies would like to have more of. To Iacocca it implies the right of the agency to argue with the client, "to tell us when we're wrong, to let us know when we're asking for something that makes no sense, to persuade us that a radical new idea is worth considering."

And without this fourth freedom, says Iacocca, "the other three are empty gestures."

Also at the AAAA's eastern annual conference, Charles A. Sweeny, director of the Federal Trade Commission's Bureau of Deceptive Practices, told ad agencies that they must share responsibility for deceptive or false claims made by an advertiser.

"We believe," said Sweeny, "that an agency should be held to some degree of joint responsibility for participating in an ad program which it knows or has reason to know is false."

The FTC official commented that he could not understand how an agency could plead ignorance when "the agency, as the advertising expert, should know far more about the rules of advertising than its client."

Discussing the FTC's attitude toward demonstrations in TV commercials, particularly since the Supreme Court decision in the Colgate case, which involved shaving sandpaper, Sweeny suggested that the Supreme Court had laid down some broad guidelines for determining legality in this field, and that interpretation of those guidelines will come from the commission and possibly the courts.

What do the advertiser and agency have to be aware of in using mock-ups or props instead of the real thing in commercials? Sweeny said, "We are looking for the unfair or deceptive use of people, lighting, camera lenses and angles and many other items with which you are more familiar than I."

As to whether the FTC was limiting its attention to a test, experiment or demonstration, Sweeny said, "We believe that if a fact can be illustrated visually it should be presented in a literally truthful manner, whether the 'fact' be one of action, color, size or any other characteristic."

And, he added, ". . . if viewers of television or readers of print advertising are offered visual proof of a product claim, they should be shown the actual, literal truth, not a mock-up of what the advertiser may honestly think he can claim for the product."

The heart of the Bureau of Deceptive Practices' argument, as Sweeny puts it: "There is a material difference in the impact upon a consumer between what the advertiser says he thinks his product will do, and objective proof of his product claim."

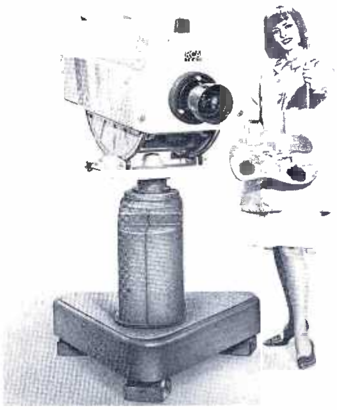
What the network programing chiefs think of their programing (per statements at a National Academy of Television Arts & Sciences panel discussion in New York):

Mort Werner, NBC-TV: "'My Mother the Car' is not my favorite television show. I like some of the things I program."

Mike Dann, CBS-TV: "I don't enjoy most of what is on television. My tastes are different. I'm a program bureaucrat."

Edgar Scherick, ABC-TV: "I enjoy watching any ABC show that has a 40% share of the audience."


RCA
TK42
COLOR
RCA
NEW
LOOK
COLOR TV CAMERA . . . "LUMINANCE MAGIC"
→



New TK-42
Color TV Camera

Separate luminance channel ...like the black plate in full color printing magically sharpens the color

...adds the detail that gives snap to the picture

NEW COLOR PROCESS

From its all-new operating principle to its all-new look, the TK-42 represents an entirely new concept in color camera performance. It adds a separate luminance channel to the red, green and blue (chrominance) channels, to supply high-quality monochrome information. This is like the black plate in 4-color printing, for giving finest detail, superior color pictures.

NEW PICTURE PERFORMANCE

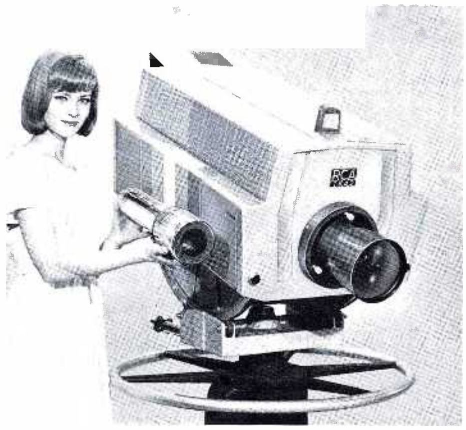
A big picture 4½-inch tube is used in the luminance channel. (It's the same tube used in RCA's deluxe TK-60 camera for superb monochrome reproduction.) Result: highest quality monochrome pictures and highest quality color pictures.

NEW EASE OF OPERATION

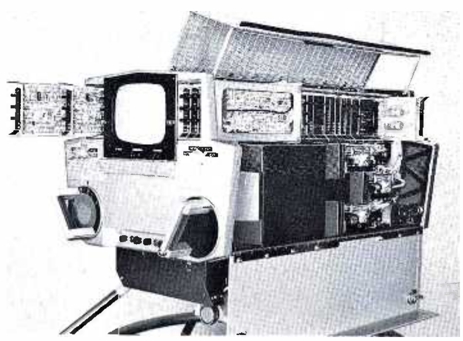
Self-compensating circuits are used to avoid drift, permitting the camera to operate for long periods without adjustment. For ease of operation a zoom lens is built in, also a large 8-inch viewfinder and complete test facilities.

THE CHOICE OF BROADCASTERS

New luminance principle proved by 5 years' intensive engineering, product research, and field testing. Several models have been demonstrated at three NAB Conventions. In 1962, Broadcasters registered their choices regarding the luminance principle, the built-in zoom lens, and other features—the present camera is the result.



This is the 4-1/2 inch image orthicon tube used in the luminance channel to sharpen the picture.



Plug-in transistorized modules speed servicing, increase reliability.

Call your RCA Representative for the complete story. Or write RCA Broadcast and Television Equipment, Building 15-5, Camden, N.J.

The Most Trusted Name in Television

LETTERS

COVER-TO-COVER FAN

Just a note to congratulate you and your staff on the November issue of TELEVISION. From "The Month in Focus" through the editorial, your magazine had interesting and important things to tell me and I appreciate it. The "New Products" article was superb. Walter Schwimmer's odyssey was informative and stimulating. You all continue to do an outstanding job and we continue to look forward each month to the arrival of TELEVISION. H. E. PADGETT *Lieutenant Commander, U. S. Navy, Washington, D.C.*

THE UHF REPORT

TvM's "The Swelling Surge of UHF" [October 1965] is, without a doubt, the most articulate essay on UHF television's promise and problems yet available. Thank you for it. DICK GAGNE *Program Director, Springfield Television Broadcasting Corp., Worcester, Mass.*

I read the article with much interest and I feel sure it will perform a very valuable service. E. WILLIAM HENRY *Chairman, Federal Communications Commission, Washington, D. C.*

Spent the weekend with TELEVISION. Congratulations on a fine all-round coverage of the UHF situation—a realistic approach. Should help put UHF in proper focus. FRED P. SHAWN *General Manager,* WSUN-TV *St. Petersburg, Fla.*

I like the conclusion you have come to in the [UHF] article . . . the important thing is that the public and the industry be advised of a powerful new element that is changing the face of television. LAWRENCE M. TURET *Executive Vice President,* WUHF-TV *Milwaukee, Wis.*

The entire article is certainly an excellent up-to-date reporting job on the status of UHF—past, present and future—and an article beneficial for broadcasters and non-broadcasters alike. ROBERT F. ADAMS *Executive Vice President, D. H. Overmyer Communications Co., New York.*

WE STAND CORRECTED

A splendid article, Mr. Tyler ["The Growing Crowd in Late Night TV," TvM October 1965]. However, if you want to knock the "little old lady" who lives in the Ithaca that is in the hinterlands of upstate New York, then please be advised that the proper spelling is not "Ithica" but ITHACA. ROBERT C. GRAY *Ithaca, N. Y.*

ADDED STARTER

I was most interested in your article entitled "Tide's In For Overseas TV Gear" in the October 1965 issue of TELEVISION MAGAZINE. For your information, one of the leading television equipments developed and manufactured in Europe which has been very successful in the United States market is the Eidophor high-brightness television projector. This equipment is used extensively in broadcasting, industry and government for large screen viewing of television and comparable media.

Your article, too, refers to Visual Electronics being the "exclusive distributor" of the Norelco Plumbicon cameras. It may interest you that Theater Network Television Inc. is the exclusive distributor of these Plumbicon cameras to the United States government and industries in the national defense system. Visual Electronics has no distribution rights in these areas. EUGENE D. WARREN *Director of Engineering, Theater Network Television Inc., New York, N.Y.*

STILL IN DEMAND

We would like very much to obtain copies of the June 1962 and the September 1965 issues of TELEVISION MAGAZINE. The particular articles of interest are "Community Antenna Television: Friend or Foe?" and "The Growing Snarl in Wired TV." If these issues are not available, perhaps you would have a reprint or tearsheets on hand that you could send us. SARA DEMPSEY *Space Buyer, Grey Advertising Inc., Beverly Hills, Calif.*

[Editor's Note: Reprints of the "CATV: Friend or Foe?" article are no longer available. "The Growing Snarl in Wired TV," however, is still in print. See *Reprint Checklist,* page 66.]

Some companies never change their logo.

Some companies just never change.

But not us. You will soon be seeing a new ARB logo on stationery, brochures, advertisements and our products—products represented by more than 1,000 *different* research reports this year alone.

It is, in fact, the current scope of this research that prompted the creation of a new company symbol, one which more boldly reflects us as we are today. Proud of our growth. Prouder yet of our professional goals to better serve your research interests—whatever they may be.

Still, one thing does not change. You will continue to find this name — now illustrated in a new symbol — the hallmark of reliable research.

AMERICAN RESEARCH BUREAU

what does it take to be first in CATV

(and how do you stay there) ?

Jerrold's answer is: "Customer satisfaction!" Our systems satisfy the CATV owner/operator because they're engineered for subscriber satisfaction. When you buy Jerrold, you get . . .

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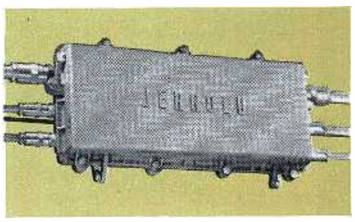

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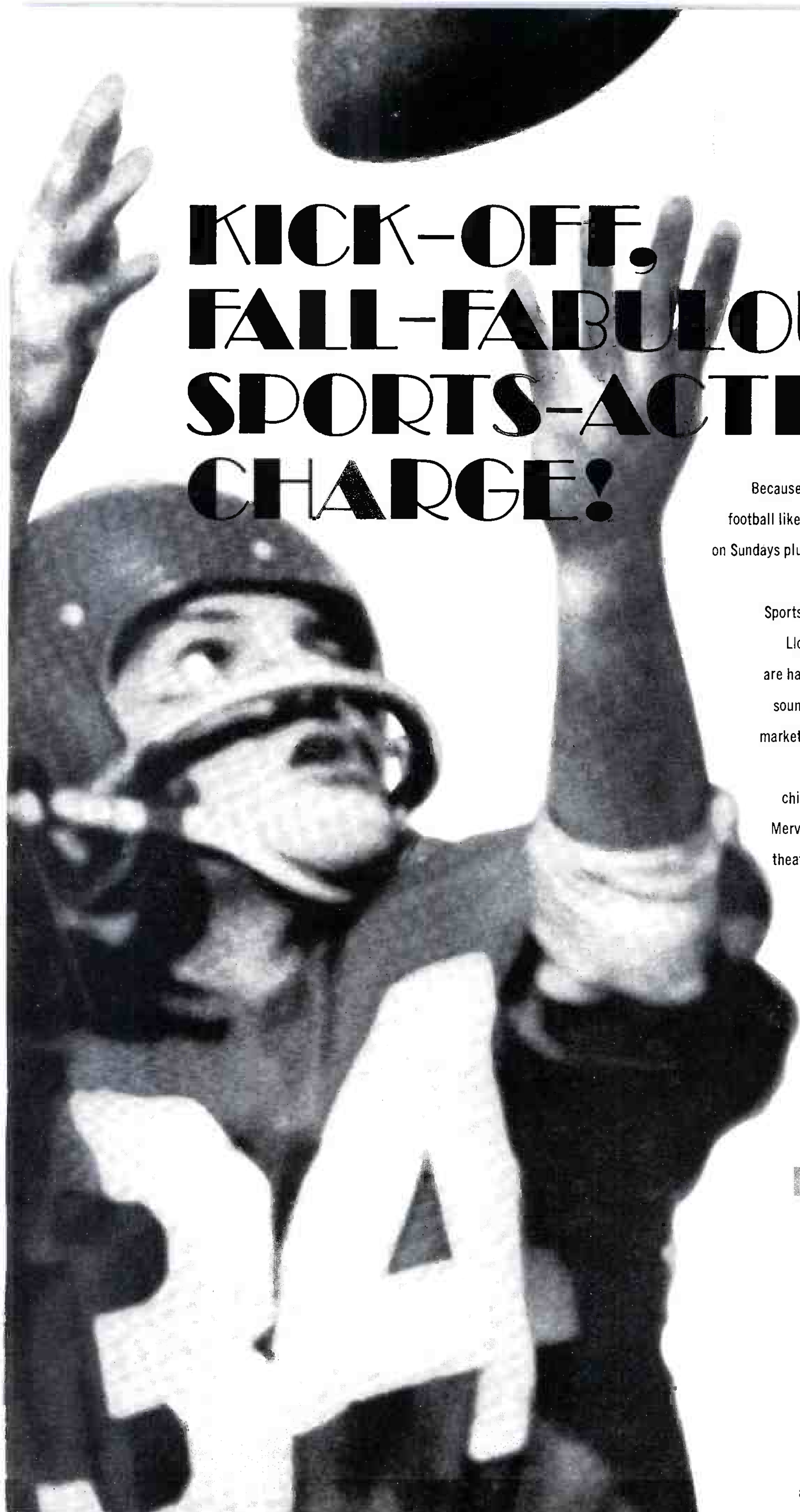

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December 1965 Vol. XXII No. 12

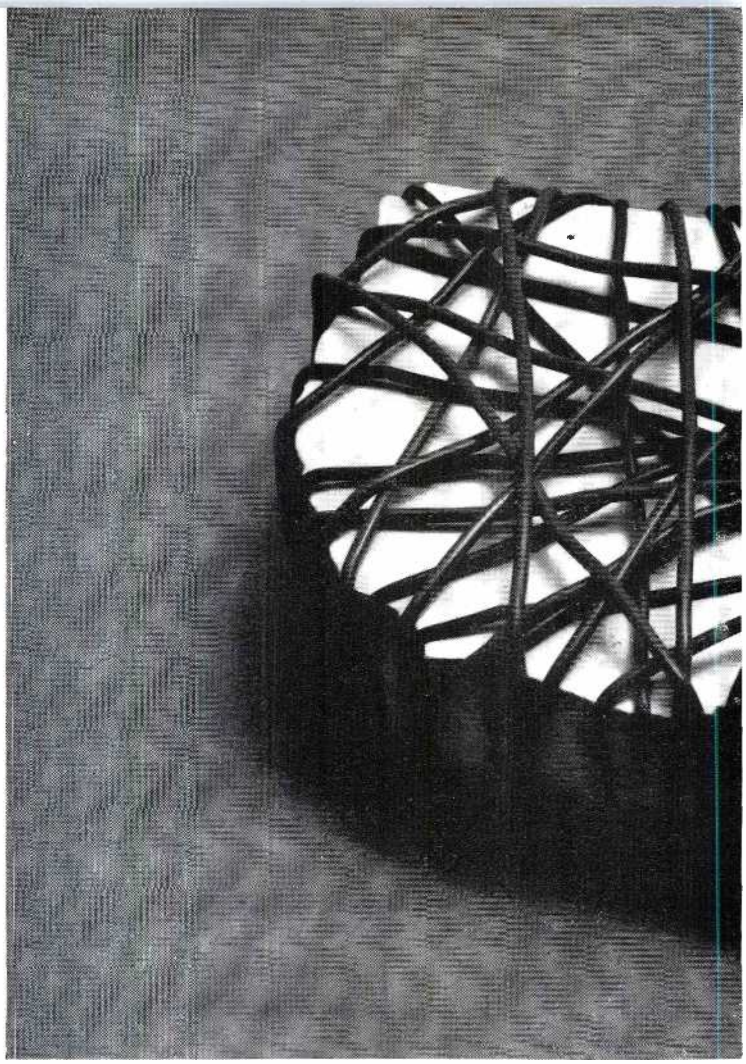
TELEVISION

The Future of Television

SECOND IN A SERIES

The television business refuses to stand still. Just when you think one development is under control something new comes along to upset the status quo. Thus will it ever be; hence Television Magazine's series—begun two months ago—on what's likely to happen next. In that first instalment we examined the prospects for UHF. In this one we look over the future of wired TV. Like other vistas, this one offers both problems and promise. The story begins overleaf.

WILL WIRE TAKE OVER?



It could. Technically it's feasible. Economically? That's another question. Among many. Most of them are treated in this report.

BY MORRIS J. GELMAN

THE day may come when there are no regular over-the-air television stations in the country. It's conceivable that the nation's TV sets will be so accessible by wire that networks will affiliate exclusively with cable systems. That possibility—among a number of others facing the TV industry—must be reckoned with. From here on in, the only thing television can be sure of is constant change.

"In the last 15 years there've been relatively few changes in television," says former NBC executive, now community antenna television operator, Alfred Stern. "But television is feeling the change coming now. Wire TV is the first thing to come along that somehow upsets the balance. If it's here to stay, it can only get bigger. And as it grows it can only diminish the importance of the broadcast medium."

Wire TV, the intruder who's knocking on broadcasting's status quo, wears the guise for the nonce of community antenna television. This is an industry of weed-like growth which operates by receiving and distributing signals by cable into the home on a subscription basis. CATV it is today. What it may become tomorrow has frightened or flipped, bedeviled or beguiled—depending on the vantage point—a great many people for a great many hours.

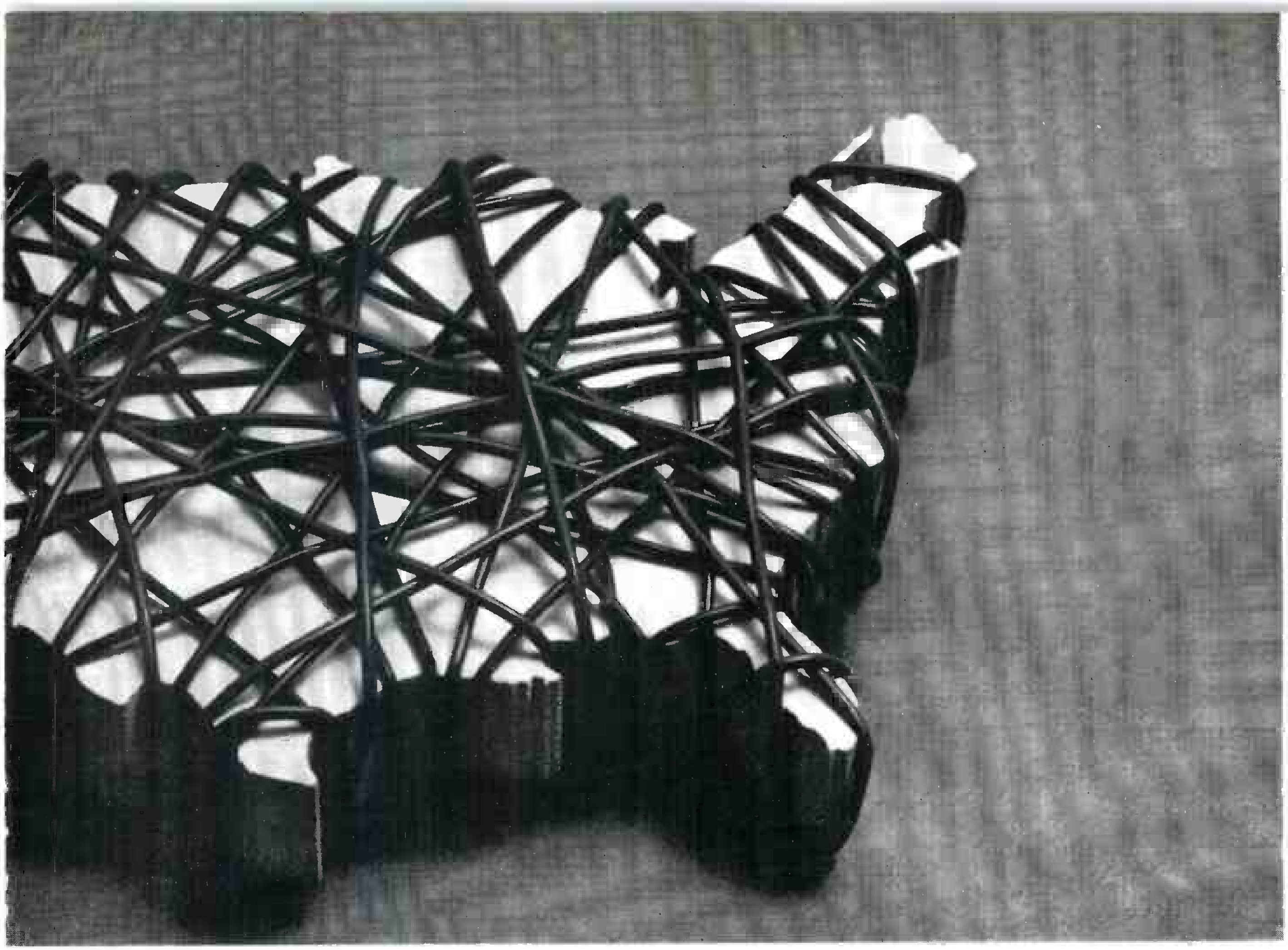
"Wire TV is a child, just beginning to mature," explains attorney and communications consultant Michael M. Goldberg. "It's been allowed to roam until it burns its hand on the stove. It's a business so fraught with ulterior motives that it's frightening."

Once regarded—along with translators and satellite stations—merely as a service in service to broadcasting, viable only where there was a dearth of, or inability to receive, signals disseminated through the air waves, CATV has the dimensions of a pea and the promise of a bean stalk. After five years of nurturing and 10 years of active growth conservative estimates place it in use to 1.5 million subscribers, or reaching an unimpressive 3% of U.S. TV homes. The numbers don't suggest it yet, but there's might in the mite.

"I think CATV probably will go down as one of the greatest sleepers in the communications business," observes Westinghouse Broadcasting's president Donald T. McGannon. "In little more than a 10-year period it went from almost zero to more than 1,100 systems with hardly any fanfare. I don't think many of us had any idea of the scope and capabilities involved in this development."

And now that they're flexed, CATV's muscles threaten to bulge. Says Fred Lieberman, president of Telesystems Corp., one of CATV's largest operations: "Except for television history and that an awful lot of it has evolved based on the open circuit concept, there's no real technical sense in the over-the-air system. The closed circuit method—the wired system—makes a helluva lot more sense. It's more practical, it's simpler. It also lends itself to greater flexibility."

If these credentials prove valid, they may help CATV and wire TV evolve into many brave new areas. Already, in its biggest, boldest move ever, the medium is knocking at the doors of almost every major market in the land. It's moving out of the penny ante category—away from its small business upbringing, with mom and pop overseers, when $300,000 was considered a big deal—and beginning to talk about money that's really big. Franchise applications already have been filed in such key arenas as New York, Philadelphia, San Francisco, Seattle, Pittsburgh, Baltimore.



Fresno, Columbus, Tucson, Birmingham, Providence and Sacramento, among others. This month alone new systems are scheduled to be introduced in Cleveland and Harrisburg, while the engineering for the wiring of Toledo is soon to be completed. At stake are investments of hundreds of millions of dollars.

Says CBS economist Dr. David Blank: "It seems to me that the viability of CATV systems in major markets which already are receiving adequate three-network service is still subject to question. But if they do prove viable you just don't know what might happen. It might overturn the whole industry. If you can be viable in Philadelphia or Cleveland, you might eventually get most of the country in on this. You can then argue that it could be the entering wedge for pay television. You just don't know where it could go. Some things you could visualize; some you can't. The world would be very different."

Tom S. Gilchrist Jr., vice president and general manager of WESH-TV Daytona Beach, Fla., a long-time broadcaster, is poised to go into CATV operations. He conjures a dramatic and detailed vision of what might happen if CATV leaves the farmlands and conquers the Broadways of the land:

"If the heavily populated metropolitan areas become wired," he begins, "television stations might be operating just as rural common carriers. With 50% of the population accessible to wire, it's still possible we could have coexistence because in the rural areas there still would be an enormous number of people not reached. But in large measure television stations would be providing a much more local service.

"With 75% of the inhabited areas wired—approximately the same area that is now wired for electricity and telephones—it would destroy the over-the-air system. Then," he continues, "we could get all kinds of additional services. We already have weather circuits. We also could get stock market circuits and special editions of newspapers delivered by high-speed facsimile. Then there's the possibility that the present 12-channel system would be ripped out within a few years and probably an 83-channel system put in. By this time you could see all kinds of computer services available.

"There's almost no limit to this thing," Gilchrist adds. "I can even see a marketing service evolving from it. Suppose as this thing grew it developed into a two-way communications proposition where something advertised on a TV program is followed by a code number. If some viewer wanted to order it all he'd do is go to his television set and dial a number and the merchandise is delivered to him in nothing flat.

"The way it would work," the veteran broadcaster explains, "is that the viewer's response would feed back through the power lines to a centralized computer which in turn would pick up the code number. From there the information would be relayed on to the advertiser's home computer with a read-out saying: 'Joe Blow of 28 State Street wants to buy a Dodge A 421 automobile.' Why, a few minutes later the salesman would saddle up to the TV viewer's door with the damn thing and with all the papers for him to sign.

"A sophisticated service?" Gilchrist asks rhetorically. "Sure, but when they start pulling out the 12-channel systems and start putting in the 20-channel ones which are now being designed and then the 83-channel units which would fit on a fully converted television set, why then most anything can happen."

One of the services said to be a good bet for the highly developed wire system of the future is a burglar alarm network and CATV operator Fred Lieberman takes it one refinement further. "Wire TV can be an excellent tool for the electrical power or water utility companies," he points out. "If water usage, for example, would suddenly go up in an area or a street, the water company would know in a short time where there was a broken main."

Are the suggestions getting too exotic for objective and general consumption? Should the realist suspend disbelief? Are they entering the realm of fantasy? Says a skeptical but cautious network research executive: "I never say never about anything in the future."

This policy, he advises, is sorely tried when CATV's bulls run rampant. Wall Street may have its high flyers, but they can't be any more bullish than some of the men most dedicated to the CATV cause.

Milton J. Shapp, president of the Jerrold Corp., CATV pioneer, equipment manufacturer and systems owner and operator, believes totally in the medium's future. "The day is not too far distant," he told the Federal Communications Bar Association a year ago, "when almost all American cities—small and large—will be wired for television, and when rural dwellers in almost all the sparsely settled areas of the nation will enjoy multiple-channel TV reception via cable in their homes."

Irving B. Kahn, chairman and president, Teleprompter Corp., with credentials almost identical to those of Shapp, voices his optimism in even more explicit terms: "Within the next decade, 85% of all television sets in the United States may be receiving their programs by cable rather than over the air," he told a meeting of the Chicago Science Analysts earlier this year.

Questioned about the prediction last month, he said: "I have nothing but more reason to believe that to be more true today than when I first made the statement six months ago."

But the future of wire TV, it would seem, depends on a welter of confusing and unresolved things. People in sympathy with the convictions of Shapp and Kahn are careful to salt their bullishness with a significant qualifier.

Comments Charles Dolan, president, Sterling Movies U.S.A. Inc., a CATV franchise applicant for New York City: "If the CATV operator is allowed politically to do everything he can do, a very high percentage of the country ultimately will be wired."

Adds broker Bill Daniels, founder and president of Daniels & Associates, which buys, sells, owns and operates wire systems: "I think CATV can reach more than 50% of the population provided that the federal government will leave us alone and let the public decide what they want to see."

Leon Papernow looks, thinks and is young. Yet he's been in the wired TV field for years. He once managed CATV systems for Jerrold Corp. At H&B American Corp. he was vice president, operations. A past director of NCTA, Papernow now heads his own Community Cablecasting Corp., for which he's just bought some $3.5 million worth of systems. The memorandum below, drafted at the request of TvM's editors, is his conceptualization of the role of wired TV in television's future.

ONE MAN'S OPINION

I estimate that on an industry-wide basis CATV systems now in existence have achieved about 55% level of sales saturation of the total number of TV homes in the markets served. Conservatively, 1.5 million paying CATV subscribers are currently served in markets aggregating perhaps 3 million homes.

Industry-wide it is probable that approximately 70% of the available homes will subscribe ultimately. Thus, the existing systems have an expansion potential of perhaps 600,000 subscribers, or roughly 40% above present levels. Expressed in dollars there exists a present potential of adding $30 million of annual gross revenues to the approximately $75 million of annual business done by present-day CATV. I believe that this 40% inherent expansion potential will require five years for its realization if prior growth patterns continue.

Taken as a group, CATV properties typically generate cash flows of about 45% of gross receipts (before interest). Utilizing this rule of thumb and applying the prevailing 7 or 8 times factor to arrive at market valuations it can be estimated that the entire industry as it stands today has a market value in the range of $250 million. I forecast the value of current properties five years hence to be on the order of $350 million. This assumes 45% operating income on $100 million gross and market valuations based on 8-year payouts. Thus, it is concluded that in five years the market value of existing properties will appreciate about 40% over current valuations, an appreciation attributable solely to internal growth.

The rate at which new systems come into existence hinges importantly on many complex factors, but most importantly on regulatory and legislative developments.

After more than 10 years of active growth, the industry now serves about 3% of U.S. TV homes. It seems probable that within the next 10 years another 12%-15%, or about seven million additional homes, will receive service from wire systems not now in existence.

Such new CATV's will represent about $350 million of new capital investments. Perhaps one-third of these will be constructed within five years and will, at the end of that period, serve an additional one million CATV subscribers. This prediction assumes the development of very large markets (New York City, Philadelphia, Cleveland, Birmingham, etc.) but anticipates that such development will not get started for at least a year.

Summarizing, this is how I see the status of the CATV industry in five years:

Existing systems, now serving 1.5 million subscribers, will add 600,000 more to serve a total of 2.1 million, for a 3.1 million total.

Revenues from existing systems, now at $75 million annually, will increase by $30 million to reach $105 million. Revenues from new systems will add another $50 million for a total of $155 million.

The market value of existing systems, now $250 million, will appreciate another $100 million to reach $350 million. New systems will add another $180 million in market value, putting the total five years from now at $530 million.

The foregoing estimates appear to be conservatively stated since they assume revenues of $50 per annum per subscriber as against a current average that more closely approximates $60. Further, But it doesn't look as if the government is likely to do this. CATV is being challenged in Congress, in the courts, by broadcasters via the National Association of Broadcasters and other organizations in the municipalities of the land, at the public service commissions, by the manufacturers and repair men of television accessories and at the Federal Communications Commission. Hovering omnipresent and eager, ready to pounce and take its bite, is Mother Bell's American Telephone & Telegraph Co., with the independent telephone companies of the country also in attendance.

AT THE CROSSROADS

Much of this trouble has come to a boil only in the last year or thereabouts. It's conspired to bring wire TV to an uncomfortable halt in its rush to carve out a slice, if not the whole shebang, of the empire that's visual communications. It's stalled, at a junction now. The track to the future has two spurs, each leading to an extreme position. One leads to a place of plenty, where the majority of the country is wired—perhaps even as much as 85%. All sorts of additional and exotic services are possible there, not the least of which is pay television. The other spur leads to a respectable but modest place, where wire TV reaches a maximum of about 15% of the country. Here the medium rests its ambitions and doggedly carries on the important and still significantly profitable but circumscribed job as broadcasting's supplement, a service of extension rather than primacy.

Which way will fortune have TV turn? The next 12 to 18 months should tell.

Following are eight signposts marking the way:

• *Black Hills Video Corp. and Midwest Video Corp. vs. the United States of America and Federal Communications Commission*: Last April, the FCC in its "First Report and Order," adopted rules to regulate CATV's that use microwave radio relay links and also proposed to adopt rules regulating all other community antenna cable operations. It further imposed what amounts to a freeze on applications for microwaves to serve CATV's in or near major cities. The petitioners, Black Hills and Midwest Video, both Arkansas CATV operators, are challenging the "First Report and Order" on a number of grounds including that it "is unreasonable and discriminatory," that it's "not reconcilable with the Communcations Act" and that it's "excessively restrictive."

Late last month the case was to be argued before a three-judge court in the U.S. Court of Appeals for the Eighth Circuit in St. Louis. It could turn out to be a landmark decision in the making. If the CATV forces prevail, the court would issue an order setting aside the FCC rulemaking and wired TV could be on its merry way to a bountiful future. If the commission is upheld, the regulatory body would have another legal precedent in its arsenal and added stiffness to its resolve to be restraining.

Asked how important he considers the case, counsel for the petitioners Max D. Paglin replies: "Important enough to lose six weeks' sleep." What are his hopes of reversing

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it is assumed that the FCC's position on the introduction of CATV into very large markets will continue to deter such development for a period of at least one year although it is in fact probable that certain of such multi-station markets will be developed with systems that do not utilize microwave.

Improved technology will have made the 20-channel CATV's commonplace and by the late 1960's and early 1970's all new construction will rely on wide-band, solid state transmission facilities with a converter on top of the home TV receiver which allows the introduction of 20 television channels into VHF tuners.

New systems will be predominantly owned and constructed by telephone companies and leased to CATV operating organizations, most of whom will have substantial broadcasting involvements. The lease-back rates will approximate $25 a mile per month, the operator-lessee having made a capital contribution to the telephone company of about $1,000 for each mile of plant constructed.

Some CATV subscribers will view not only their local and nearby TV stations but additionally will have access to direct reception of New York and Los Angeles programs relayed to the CATV by a synchronous multi-channel space satellite. The satellite will be owned and operated by a common carrier (other than AT&T) at an annual cost of $2 million-$3 million which will be shared by a rapidly increasing number of CATV systems. The ground installation at the CATV will consist of a fixed parabola directed at the satellite which, with associated ground receiving apparatus, will have involved an on-site capital investment of $25,000-$40,000. The carrier who is the licensee of the communications vehicle will, in prior years, have acquired most of the independent CATV microwave systems in existence today.

On an occasional basis, perhaps once weekly, CATV systems will offer to their subscribers, on a nationwide basis, a program especially created for CATV exhibition for which a special charge will be made. But, on the whole, the source of CATV revenues will continue to be fundamentally the same as exists today: monthly service charges for multiple channel reception of broadcast television signals. Competition for franchises, lowered operating costs and other factors will reduce such monthly service charges.

The population and education explosions will begin to impinge strongly on CATV operations. The need to disseminate vast bits of information to the American public from computer data banks will compel the increasing utilization of CATV cables and amplifiers for such purposes. Segments of the adult population will begin to rely on their home TV receiver and its associated CATV for quick access to such data banks.

The origination of local programs akin to those seen on TV broadcast channels will be no more widespread than it is today, except insofar as applies to automated services such as time, weather, news, etc.

The conflict between broadcasting and CATV will have been resolved. The FCC, having earlier assumed jurisdiction over CATV, will be compelled to give increasing recognition to the public's desire for multiple services. It will have satisfied itself that these can exist without materially adverse effects on the development and growth of the nationwide television broadcasting industry. Regulation by the states will be minimal, but the cities will more adeptly and expertly govern conditions of service and rates charges to the public.

In summing, the CATV industry will stand on the threshold of some exotic new services. But, for the most part the next five years will be marked by a continuation of existing patterns and a numerical growth of the size of the CATV audience. The sophisticated new applications of CATV will not begin to have substantial revenue effects prior to the time that investments now being made are amortized. Thus, it would appear that fiscal reliance today on such developments is premature. □


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BEL AIR
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1330
KENNEDY INTERNATIONAL
OAK ROOM

HAVE PACKAGE, WILL TRAVEL

Television series don't get on the air all by themselves. Somebody has to talk somebody else into putting them there. This is the story of the men who do it.

BY DEBORAH HABER

DAVE GERBER is as reticent as a Sherman tank, a characteristic he shares with others of his breed. He's one of television's salesmen, purveyors of TV's first run product. They're the tigers in the Madison Avenue jungle, stalking their prey from 21 to the Polo Lounge, the colorful members of a somewhat exclusive club — no shrinking violets allowed and no holds barred.

Television's unhidden persuaders don't always have sales in their titles. Some of the industry's best program hustlers are producers—the Marty Ransohoffs (Filmways), the Tom McDermotts (Four Star), the Jennings Langs (Universal TV) can pitch a program with the best of them. Gerber does; he's vice president, national sales, for 20th Century-Fox TV. So does John Mitchell, the burly big gun from Screen Gems, who's vice president in charge of national sales and a member of the company's board of directors. Metro-Goldwyn-Mayer's soft-spoken John Burns also wears vice-president-in-charge-of-sales stripes. But Wally Jordan is a talent agent for William Morris. Herman Rush is president of television for General Artists Corporation. Ted Ashley is the Ashley in the Ashley Famous talent agency. The roses may have different names and titles but they all smell the same—successful.

In this branch of the television game the object is to take the show from a glimmer in the eye of its creator to a time period. It's not as easy to play as to say. The most skilled practitioners are handsomely rewarded, their salaries in the $50,000 to $100,000 category with matching expense accounts. One salesman estimates that a top TV negotiator spends between $250 and $400 a week spreading his messages over cocktails, lunches and dinners. When he goes out of town he can find himself spending as much as $150 a day. As one fellow explains the Los Angeles to New York sales run, "You have to figure the cost of the plane ticket and then add in the cost of lunches, dinners, etc. Then there's the expense of your hotel suite. Everybody stays in a suite."

Sweet, too, is the Christmas bonus. Television's salesmen don't get straight commission on each sale but it's made up for at year's end. If the company's had a good year the men most responsible for it are given bonuses. One talent agency is said to dole out checks for as much as $50,000.

But shaking the fruit from the big money tree is not the only reason that television salesmen stay in the game. There is a challenge, an excitement that goes with the job. It's a grueling business, as Wally Jordan of William Morris explains. "Today's system usually starts with the development deal. A network makes 150 commitments to creative people. They plan to go to about 30 pilots. Now only one-half of those go on the air. You've tied up creative talent on a shoestring hope." Says Jordan of the long haul to a place on the schedule: "You know you're never going to bring in all of them. You look at the competition of 115 other projects. Just run that through a computer and figure what the odds are." But Wally Jordan at 60, after 27 years in the business, looks 20 years younger. In his elegantly tailored clothes, smoking his expensive cigars, he doesn't just endure the competition, he thrives on it. It's not all dollars and cents to the tigers in the business. They agree almost to a man with Jordan when he says, "There is no kick in this business like making a deal. This work is exciting. It's not like going to work in a bank, where you're in at 9 and out at 5. If you're a maverick-type guy you need a maverick-type business, that's not routine. That's this business. I love it."

It's a business that has changed since television's beginning days, a period still referred to as "the Sonny Werblin era." David A. "Sonny" Werblin was vice president and New York operations chief of MCA from 1942 to January 1, 1965, resigned to promote the fortunes of the New York Jets professional football team, which he owns. He earned the respect of his peers to a degree that even now, after being away from the scene more than a year, one competitor says with no little trace of awe: "There was Sonny Werblin and then came everybody else. Sure he played with all the marbles [MCA was then the world's biggest talent agency and at the same time the dominant TV production company] but he was brilliant. He did business in a very quiet way, I never heard him raise his voice. He knew everything with a mind like a machine. He left the business the undefeated champ of the world." Werblin cast a giant shadow and it's said he talked only to giants. "Sonny dealt only with presidents — the president of Coca-Cola, the president of NBC . . . the president of the United States," says one of his admirers, not entirely in jest.

In his immaculate green office, Werblin expounds on the qualities he thinks made him a television success. "You have to understand what the market is. What the buyer needs. You have to know your product. You have to believe in it. And you have to have definite integrity in your relationships with your customer. The world is filled with one-shot sales but I proceeded on the theory that you have to walk down the same street again tomorrow."

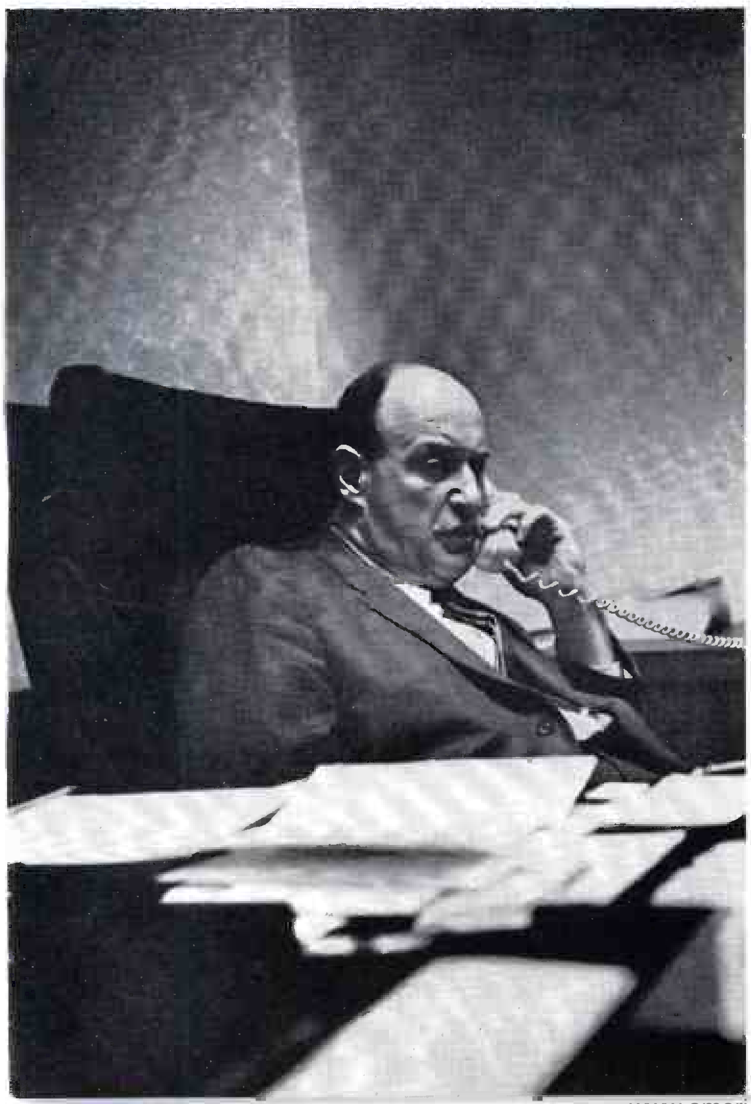
The television street is different today than in Werblin's hey-day. The list of customers has been pared down to the three networks and a handful of advertisers. The competition is heavier than ever, the sellers more numerous and the buyers scarce. The day of finding buyers grateful for any can of film to fill the time period is apparently over. If that is not yet clear to the TV viewer at home, it is a fact of life to the men who work in the business.

Mike Dann, vice president in charge of programs for CBS-TV, is one of a seller's biggest prospects. He's seen all kinds of salesmen, and of them he says, "The great salesman must know as much about what he's selling — and more — than the person he's talking to. He can't be just a salesman. He's dealing with people who are involved with production all day long. So he can't say anything that makes them feel uneasy. Anything that sounds like mere salesmanship or inaccuracy militates against the sale. You lose confidence in liars."

Dann notes too, that every major salesman has a different technique. "Some sell themselves first so that the buyer will more readily accept what they say. Some sell the company they represent first. Some sell their product first. It all depends. But mostly," says Dann, "they have a tendency to remember the hits they've sold over the years. Most major salesmen have sold over a hundred programs to the networks, and as a result they tend to walk into offices and relate to the shows that were successful. They say, 'You know the way I did it with *I Love Lucy*' or 'The way I did it with the *Fugitive*.' They rarely say, 'The way I did it with *Pete & Gladys* or *The Paul Ford Show*.'"

Telling the Danns, the Mort Werners (NBC), the Ed Schericks (ABC) is a year-round job. Herman Rush, the 36-year-old president of GAC-TV ("But I age 10 years every season"), gives the anatomy of a sale this way. "We direct our activities in different directions at certain times of the year. You start in April, May and June with the creation. That's getting the idea and putting the packaging effort together. Once you've tied the creative elements together you submit it to the network. If you get an OK from them

A six-man gallery running the gamut of television's sharpest sales talents



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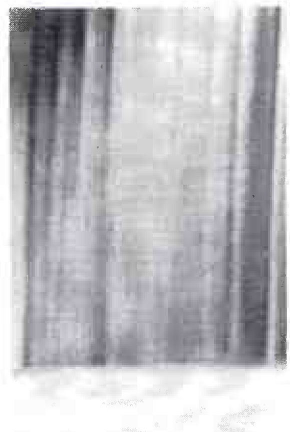

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you prepare the script, cast and get ready to shoot the pilot. In October, November and December the effort's directed toward executing the idea in the pilot. You've sold the creative idea to the network, which has contributed financing, and hopefully they give you the green light to go to pilot. Now it's a question of casting again, location shooting and that kind of thing. The selling season runs January, February and March. That's when you work on the networks and the agencies to sell the pilot and get it on the air."

Getting it on the air for a Herman Rush can mean breakfast in Hollywood and dinner in New York. A deal can be firmed up anywhere from the programer's office on Madison Avenue to the dining room of the luxurious Bel Air Hotel in California. It can happen in the private dining room of Ashley-Famous, where Ted Ashley likes to do business "without interruptions. There's no noise, no disturbances and you can talk without wasting anybody's time." It can be made after an evening on the town at Arthur or, as one agent recalls a pilot commitment from NBC's Mort Werner, over a quick hamburger at a coffee shop. The consummations are as varied as the techniques that are used to make them.

If there's a key to any successful salesman it's his "espionage service." He's got to have the pulse of the marketplace. One buyer describes the pulse-taking this way. "He ferrets out every scrap of information. Nothing is too small or too unimportant. He knows all the people at the advertising agencies, everybody at the networks. He's acutely aware of the network schedule, of the advertisers, of the time periods, of the station lineups. The best salesmen are the ones who know the business completely. They are able to put together the jackpot mosaic from the smallest bits of information." The masters of the art can play a weakness like Heifetz plays the violin.

Picking the right tune for the right occasion is an important part of the game, and their customers have become connoisseurs of the favorite sales methods of the super stars. One reports that "John Mitchell is fond of saying 'I've got a great show, but you can't see it and you can't have it.' By the time he's finished with you, he can even make you crave the dogs." Another says that "Wally Jordan will come in and tell you a bunch of ideas and then, when you think it's all over, just as he's at the door and saying good-bye, he'll pause and toss an idea over his shoulder — an 'Oh-by-the-way' kind of thing. That's the property he really came into the office to sell you." And still another says, "John Burns on occasion will say, 'Gee, I just don't know if I can show you this one. I want to but I just don't know.' "

Television's sales tacticians have made use of almost every sales technique at least once. Says a buyer, "They will cajole, threaten, humor you, amuse you, con you — anything to get their way. They'll stir up all kinds of trouble, like calling and saying 'Hey, I hear they're going to move your show into a new spot.' You think that's a lie but there's always

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Television's pitchmen: (1) John Mitchell, Screen Gems; (2) Dave Gerber, 20th Century-Fox; (3) Ted Ashley, Ashley Famous Agency; (4) Wally Jordan, William Morris Agency; (5) John Burns, Metro-Goldwyn-Mayer TV; (6) Herman Rush, General Artists Corporation.

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THE SQUEEZE IS ON IN TOOTHPASTES

BY RALPH TYLER

Crest started the last toothpaste battle when it got the ADA seal. Now a new one's brewing. Television is in the thick of it.

The toothpaste business is erupting into its second major battle of the 1960's. The catalyst: the same one which started the last upheaval—recognition by an organ of the American Dental Association of certain toothpaste brands as "effective decay preventive agents." At stake: market positions in a $285 million arena. Major weapon: TV commercials in multi-million-dollar doses.

The "old bull" in the market is Crest, which was the "young bull" which started the last dentifrice brouhaha. Two new challengers in the charmed circle both received their ADA recognitions this year: Colgate-Palmolive's Cue in February and Bristol-Myers' Fact in October. The stage is now set for the battle of the television commercials (where 91% of toothpaste advertising money for the top six brands goes).

It will be a new kind of ball game, with the ground rules set by the ADA, which also will act as umpire. The ADA endorsement is so desirable that for the first time in history an important segment of television advertising has come under the control of a body of professional men: The Council on Dental Therapeutics of the American Dental Association. Any brand that carries the council's statement of recognition—and now there are three—must allow the council to "review" continuously all advertising using this statement, whether in TV, radio or print. This review is exacting. One advertiser preparing a 30-second commercial for his ADA-recognized brand was told by the council recently to change the words "brush, brush, brush" to "brush, brush, brush after meals." The change was made immediately—who's going to risk the millions in sales dollars that the ADA-statement has meant thus far to Crest, and could mean to its competitors?

Even more toothpaste contenders may join the fray armed with the magic words, according to an ADA spokesman. Peter Goulding, the association's direct of public relations, says "virtually every dentifrice manufacturer is now in some discussion with the Council on Dental Therapeutics on clinical studies for a new or current product, seeking acceptance." The price of admission, at least as far as approval for a stannous fluoride component, has been growing less dear. Crest, the pioneer, had to submit far more research findings to get the ADA nod than Cue or Fact, who arrived on the scene when the principal already had been established that stannous fluoride in a toothpaste genuinely can strengthen tooth enamel and thus reduce cavities, particularly among children. Current Crest commercials are making a point of this lengthier research. "The only toothpaste with over 12 years of tests," is the way the TV ads, created by Benton & Bowles, put it.

Goulding says the entrance of the Council on Dental Therapeutics into the field has had "a profound and salutary effect on dentifrice advertising. We think it is better today than at any time in the last 20 years." The ADA has achieved this end by setting up rules that any user of its acceptance statement must follow. In general, the advertisement must not place "undue emphasis" on the role of the toothpaste itself, and must point out the necessity of frequent brushings, regular dental care and cutting down on sweets.

To ask an advertising man not to put undue emphasis on the product he's advertising is to hand him one of the neatest challenges in Madison Avenue annals. An additional challenge faces the two new competitors, who not only are severely limited in what they may say, but who also must find within this restricted setting a new way of saying something that Crest has been trumpeting all by itself since Aug. 1, 1960. That was the date when the ADA surprised almost everybody by acknowledging for the first time the merits of a specific commercial toothpaste in words that by now must be etched indelibly on the television public's psyche:

"Crest has been shown to be an effective decay-preventive dentifrice that can be of significant value when used in a conscientiously applied program of oral hygiene and regular professional care."

Crest had a 12% share of the market at the time it received the ADA accolade. Within a year and a half it had skyrocketed into the 30's, a market leadership it has held since. The problem for Cue and Fact and any subsequent ADA badge bearer is to try to get more sales mileage out of the well-worn phrase in order to close the gap with the frontrunner. Bristol-Myers is still keeping its Fact commercials, which will not break nationally in a multi-million-dollar campaign until the first of next year, under wraps. D'Arcy Advertising has turned out eight different commercials for Cue since the product went into national distribution early in 1964, after four years of test marketing which followed two or three years of product development. Not all of these Cue commercials have been on the air, and of course only those since February have worn the ADA statement on their sleeves. However, it's possible to discern some aspects of Cue's TV advertising strategy from the examples at hand. Charm seems to be one of the weapons Cue is using in the battle with Crest. The Crest kids were perhaps a bit brash in the insistence they placed on the success of their group in anti-cavity tests. Comedian Henry Morgan, for example, calls them "the all-American moppets" and classes them with those other television cliches, "the impotent fathers and the managing-through-it-all mothers." The children in the Cue commercials are polar opposites: neat, demure little girls in what appears to be the uniform of an expensive Eastern boarding school. They say little, but exude good manners and shy grace as they march about the school, capping their day with a session of community toothbrushing at substantial, white-tiled sinks. Piping in the background are the voices of the Cue Kids, singing the jingle "Cue Does More For You" which the group of children also sings for radio commercials. The tune has a fresh-faced naivete that actually is highly sophisticated. (It was arranged by Pat Williams, arranger for the *Steve Lawrence Show*). The "more for you" is a clue to the strategy that Cue apparently is applying against Crest. Bristol-Myers seems to be taking a similar stand with its promotion of

Procter & Gamble leads in TV toothpaste advertising; in 1964 it spent $21.5 million

Fact "for families that still get too many cavities." Each company is implying, without actually saying, that its brand does all that Crest does—and then some.

W. F. Fowle Jr., VP-director of marketing, Colgate-Palmolive's toilet articles division, said early in November that Cue was entering the second phase of its marketing plan. The first phase, he said, was to achieve the ADA recognition, to introduce the product through sampling, couponing and heavy TV and magazine advertising and to complete national distribution. This latter had been delayed by *Cue* magazine in New York, which protested that its identity would be submerged by the toothpaste. Colgate-Palmolive eventually won the legal wrangle, but Cue's entry into the key New York market was delayed until last February. (Incidentally, a Colgate-Palmolive executive says that if the name Cue had been abandoned, the ADA recognition would have been in danger, because it was granted on the basis of tests for a product named Cue and no other.) The first phase also included the visits to dentists of Colgate detail men bringing samples of Cue along with information about it. Fowle says that by June, 28.5% of all dentists were recommending Cue to their patients.

Phase Two, according to Fowle, goes beyond the anti-cavity message of the preceding promotion to say (1) Cue does "more," (2) it has a "new and different taste" and (3) it brightens the teeth. These attributes are, of course, strikingly unspecific. Cue moved into daytime network television with the launching of the second phase. It already had nighttime network participations on the following programs: *The John Forsythe Show, Dr. Kildare, Man from U.N.C.L.E.*, all on NBC, and *Ben Casey, Ozzie and Harriet* and *The Addams Family*, all ABC.

ANYTHING GOES

The Cue marketers are not leaving a stone unturned. The beginning of Phase Two also was the occasion of the unveiling of a giant Cue toothpaste tube billboard in New York's Times Square. Out of the 85-foot-long tube flows the Cue message in lights that form seven-foot-high letters. Fowle says the outsize billboard "is a sign that we mean business . . ." The dentists, too, are not being overlooked. Colgate has launched a "Cue National Brushing Study" to help determine how frequently people brush their teeth. The company says the study was designed with the advice of the ADA's Bureau of Economic Research and Statistics and is being conducted by dentists throughout the nation who are asking their patients questions about their brushing habits as their teeth are being examined. Results of the study are expected to be available in January 1966. Dentists throughout the country will receive a report on the finding and implications of the study, which also will help fix the brand name Cue more firmly in their minds.

The first year advertising budget for Cue as a product in national distribution is in the neighborhood of $10 million. The market battle has been uphill for the newcomer, and likely will continue to be. When Cue went into its second phase in November, its share of the market stood at about 5%. In that month, advertising was increased 60% over the previous level, and the Colgate-Palmolive marketers kept their fingers crossed.

The approximate share of market proportions for the other toothpastes in fall 1965 were: Procter & Gamble's Crest, 34%, and Gleem, 15%; Colgate with Gardol, 25%, Macleans, 8%; Pepsodent, 5%; Hazel Bishop's Plus White, 3%; Lever Brothers' Stripe, 2.5%, and Bristol-Myers' Ipana, 2%. (No share of market figure is given for Alberto-Culver's Mighty White since it didn't go national until September.)

Although both Gleem and Crest are off a couple of market points from last year, together they still give the Cincinnati colossus a shade under half the toothpaste market. This must be seen as a tribute to Procter & Gamble's skill, particularly when it is kept in mind that P&G had no toothpaste entry until it brought out Gleem in the 50's during the anti-enzyme explosion (Gleem has an enzyme inhibitor called GL-70). This explosion followed earlier shock waves caused by the ammoniateds and chlorophylls which rocked toothpaste marketing off its up-till-then placid perch. Before 1949, nearly half the toothpaste tubes sold were Colgate's and the size of the market rose a steady 3% each year, regularly as clockwork. Then Block Drug brought out Amm-I-dent, which captured 10% of the market and the ammoniated boom was on. Two years later it was superceded by the green wave of chlorophyll toothpastes, a wave that also subsided after two years. Some of this history can be discerned in a comparison of toothpaste market shares in 1953 with 1956.

1953: Colgate 45%, Pepsodent 12%, Ipana 10%, Amm-I-dent 10%, Chlorodent 6%. 1956: Colgate 35%, Gleem 21%, Crest 12%, Pepsodent 11.5%, Ipana 8%, Amm-I-dent 1.2%.

Interestingly, Gleem, with its powerful sales theme that it's a toothpaste for people who can't brush after every meal, was Procter & Gamble's most successful entry until the ADA tapped Crest. Gleem peaked at 26% of the market shortly after introduction, while Crest, bowing in the fall of 1955, peaked at 14% and then drifted down until late 1958 when it started to respond to a new advertising story. "Look, Ma, no cavities!" and a stepped-up merchandising and promotion campaign. Thus it already was riding an up trend, rising from a 10% to a 12% market share, when it received the ADA recognition.

(Bruce Bliven Jr., in an article in the *New Yorker* of March 23, 1963, made special note of Crest's relative inability to get off the ground for the almost five years it was being sold prior to the ADA acknowledgement, even though it had clinical evidence to support its claims. The ironic burden of his article is this: "Evidently, the Procter & Gamble people, aided by the best of the big brains in advertising and promotion, were stumped by their dream come true—a real instance of product superiority. Years and years of using one unique [and ambiguous] selling proposition after another had done them in. Techniques they had, and in abundance; what caused them serious trouble was the problem of telling the truth.")

Last year, Procter & Gamble spent more than $21.5 million on television advertising for Crest and Gleem, a rise of 2% over the previous year. The figure represents more than half of the $40 million spent on television in 1964 by the six leading dentifrice advertisers.

P&G's toothpaste TV total was split $15.3 million network and $6.2 million spot. Crest got the bigger portion, but not by much: the breakdown was Crest $12.5 million, Gleem $9 million.

Runner-up dentifrice advertiser in television was Colgate-


photos
screen gems

they are correctly to anticipate changes in FCC policy and so alert their clients to make appropriate adjustments to avoid trouble before it comes up. Reading the climate in Washington is one of the most valuable services a lawyer can provide. No member of the communications bar is upset to hear that another has been the host at a dinner for FCC commissioners. He has probably entertained the same commissioners himself. From such social contacts, it is agreed, flows expertise, not influence.

Within the communications bar itself and between it and the federal agency before which it does most of its work there has always been a fraternal informality. The lawyers take one another at their word. They agree to postponements of minor hearings because one's wife wants to go to New York for a few days. They may argue bitterly against one another at a hearing in the morning and then go together to lunch. It has been an "in" society with relatively little contact with the general practice of law. But that condition is changing.

Some members of the FCBA are becoming active in the American Bar Association. The communications lawyers are lunching oftener at the Lawyers' Club, where attorneys in all kinds of practice congregate. They are even bringing their own canons of ethics into line with those in general use. For some time the American Bar Association has discouraged lawyers in specialized practice from identifying their specialty in public listings, the Yellow Pages, for example. The ABA theorizes that such listings constitute advertising which is, of course, deplored. Within the past year the Ethics and Grievances Committee of the communications bar has ordered the membership to quit supplying information for specialized listings in reference journals such as the *Broadcasting Yearbook*. The same committee has also asked members to put a stop to the circulation of Christmas cards mentioning that they are in the practice of law, another activity proscribed by the American Bar Association. It may have been news to some broadcast lawyers to hear from their own ethics committee that they had been violating the ABA's rules.

With the recruitment of bright young lawyers, the continuing windfall from television, the increasing contact with the world of law outside its narrow specialty, the communications bar is destined to grow in competence and numbers. The client who seeks Washington representation already has plenty of good lawyers to choose from. And if he's after something sneaky, he can find a Washington lawyer to guide him up the garden path—for whatever the traffic will bear. There are enough lawyers to satisfy everybody, and more are on the way. END

W. THEODORE PIERSON
Pierson, Ball & Dowd

FRANK FLETCHER
Fletcher, Heald, Rowell, Kenehan & Hildreth

ANDREW HALEY
Haley, Bader & Potts

LESTER COHEN
Hogan & Hartson

PERCY RUSSELL
Kirkland, Ellis, Hodson, Chaffetz & Masters

would be the most formidable opponents in a major television case that the respondent might be trying. All of the many lawyers reached in the TvM poll provided answers. A few named more than five, explaining that to stop at that number would unjustly exclude some men who deserved equal mention. Several pointed out that they made their selections not only on a professional appraisal of an individual they chose but also on the depth and competence of the assistance he could command within his firm. Twenty-nine Washington lawyers were mentioned once or more in response to the TvM poll. Following in alphabetical order are their names, the firms with which they are connected and, in parentheses, the law schools they attended and the years in which they got their law degrees:

JACK P. BLUME of Fly, Shuebruk, Blume & Gaguine (New York University 1937); LESTER COHEN of Hogan & Hartson (Georgetown University 1935); MARCUS COHN of Cohn & Marks (University of Chicago 1938, Harvard [master's], 1940); BENEDICT P. COTTONE of Cottone & Fanelli (Yale 1933); WILLIAM J. DEMPSEY of Dempsey & Koplovitz (Georgetown 1931); PAUL DOBIN of Cohn & Marks (Harvard 1941).

Also THOMAS N. DOWD of Pierson, Ball & Dowd (George Washington University, 1942); R. RUSSELL EAGAN of Kirkland, Ellis, Hodson, Chaffetz & Masters (University of Michigan and Northwestern University 1947); BEN C. FISHER of Fisher, Wayland, Duvall & Soughmayd (Harvard 1951); FRANK U. FLETCHER of Fletcher, Heald, Rowell, Kenehan & Hildreth (Wake Forest College and Duke University 1932).

Also BENITO GAGUINE of Fly, Shuebruk, Blume & Gaguine (Columbia 1934, George Washington [master's] 1939); ROBERT L. HEALD of Fletcher, Heald, Rowell, Kenehan & Hildreth (Georgetown 1947); ERNEST W. JENNES of Covington & Burling (Yale 1942); JOSEPH M. KITTNER of McKenna & Wilkinson (University of North Carolina 1939); WILLIAM C. KOPLOVITZ of Dempsey & Koplovitz (Harvard 1933).

Also BERNARD KOTEEN of Koteen & Burt (Harvard 1940); ALOYSIUS B. MCCABE of Kirkland, Ellis, Hodson, Chaffetz & Masters (Harvard 1953); JAMES A. MCKENNA of McKenna & Wilkinson (Georgetown 1942); REED MILLER of Arnold & Porter (West Virginia University 1941); EDWARD P. MORGAN of Welch & Morgan (Georgetown 1939 [master's 1943]); W. THEODORE PIERSON of Pierson, Ball & Dowd (George Washington 1938).

Also HARRY M. PLOTKIN of Arent, Fox, Kintner, Plotkin & Kahn (Harvard 1937); PAUL PORTER of Arnold & Porter (Kentucky Wesleyan College, University of Kentucky 1928); ARTHUR SCHARFELD of Scharfeld, Bechhoefer & Baron (Harvard 1928); ARTHUR SCHEINER of Wilner & Bergson (Columbia 1940); THOMAS H. WALL of Dow, Lohnes & Albertson (Georgetown 1948 [master's 1951]); VINCENT B. WELCH of Welch & Morgan (Harvard 1941); VERNON L. WILKINSON of McKenna & Wilkinson (University of Paris, Georgetown 1938); J. ROGER WOLLENBERG of Wilmer, Cutler & Pickering (University of California 1942).

The questions and answers in the TELEVISION poll were confined to lawyers in private communications practice in Washington.

decision. Finally Hyde's enormous patience gave out. One day when the lawyer came around with another mark, Hyde looked up and asked: "What did you say your name was?" The lawyer hasn't been back.

Another lawyer is alleged to have his secretary trained to buzz him when someone he wishes to impress is in his office. When his phone rings, the monologue goes something like this: "Bill Henry calling? Yes, I'll take it. Hello, Bill. Bridge Saturday night? I'll look at the calendar. Yes, we can do it . . ." And so on. If this trick has worked, it is because this lawyer has gullible clients. A practiced con man would say he couldn't meet the Henrys Saturday night because of a prior commitment to dine with the Johnsons.

"There's a lot of bluff in this town," says one prominent lawyer. "Many people have been bled here."

The bleeding used to be more profuse than it is today. During the great wave of comparative hearings that followed the FCC's issuance in 1952 of the television allocations plan that is now in force, political influence affected the outcome of more than one case. No one will ever know how many contests between evenly matched applicants were decided by influences exerted from outside the hearing room, but for several years wise applicants took whatever steps they could to shore up their political contacts if only to neutralize the politicking being done by their opponents.

Overt politicking ended, however, with the revelation in early 1958 that an FCC member, Richard A. Mack, had taken money from a representative of National Airlines, which had won a grant for channel 10 in Miami. The Mack disclosure was made by the House Legislative Oversight Subcommittee. Mack was forced to resign, and six television grants, including the one in Miami, were called back for rehearing before the FCC. Two were revoked. Three were restored to the original winners. One is yet to be resolved. (Mack died, a broken man, two years ago.)

Competence, not influence, is what the better lawyers peddle in Washington today. There are some who say, with a straight face, that political contacts can actually be harmful.

"God save me from my friends," says a lawyer who is prominent in Democratic affairs. "They're so worried about whether they are being fair, so concerned about a whiff of influence, they lean over backwards to rule against you."

Despite the danger, real or fancied, of being knifed in the back, this lawyer and all his colleagues do what they can to cultivate the friendship of FCC commissioners and members of the FCC staff. They consider such familiarity essential if

WHO'S WHO IN TELEVISION LAW

At right: The chief TV attorneys for nine leading law firms

MARCUS COHN
Cohn & Marks

ERNEST W. JENNES
Covington & Burling

FRED ALBERTSON
Dow, Lohnes & Albertson

JAMES McKENNA
McKenna & Wilkinson

WHICH Washington law firms have the biggest television practices?

For an answer to that question TELEVISION MAGAZINE went to the lawyers themselves. To a score of prominent practitioners TvM put this question: "Excluding your own firm, name the five firms with the biggest television business." The following five (presented here in alphabetical order) were mentioned by almost all in the poll:

Cohn & Marks: This firm represents, among a long list of clients, the Theater Owners of America (which is dedicated to the prevention of pay TV), a good many theaters that also own television stations, and the Texas Broadcasting Corp. (the Lyndon Johnson family ownership that was put in trust after Johnson became President). Half of the firm's title recently became obsolete, although it wasn't changed, when Leonard Marks resigned after being named to head the United States Information Agency.

Covington & Burling: this is one of the largest and most prestigious Washington firms in general practice (Dean Acheson is a partner). It got into television representation after the *Washington Post,* a longtime client, got into television ownership. It now represents the Association of Maximum Service Telecasters, whose membership of 150 stations, mostly VHF's in desirable locations, banded together to ward off attempts to change the basic television allocations structure. Covington & Burling also represents the CBS-TV Affiliates Association and the Corinthian station group, as well as other stations.

Dow, Lohnes & Albertson: Fayette Dow and Horace Lohnes are dead, but the third original partner, Fred Albertson, is still active. This firm probably has a longer list of broadcasting clients and more lawyers in communications practices than any other firm. But many of its clients are in radio. Its bigger television accounts include Cox Broadcasting and the Newhouse stations.

McKenna & Wilkinson: The biggest television account in this shop is ABC. McKenna & Wilkinson is the only Washington firm with a network as a regular client. CBS and NBC maintain staff counsel. McKenna & Wilkinson also represents General Electric.

Pierson, Ball & Dowd: RKO General and Time-Life Broadcast Inc. are among the major television clients of this firm. Over the past 15 years it has also represented Zenith in its many efforts to force acceptance of pay TV.

In TvM's poll of lawyers, the following firms also got scattered votes as being among the biggest in Washington: Fletcher, Heald, Rowell, Kenehan & Hildreth (whose bigger TV clients include Screen Gems and the Griffin-Leake stations); Haley, Bader & Potts (Meredith Stations and King Broadcasting Co.); Hogan & Hartson (Steinman and Crosley stations), and Kirkland, Ellis, Hodson, Chaffetz & Masters (Chicago Tribune stations).

WHO are the members of the communications bar whom *other* members of the same bar regard most highly? On that question there was, not unexpectedly, less consensus than on the question about the biggest firms.

TELEVISION asked each lawyer in its poll to name five other members of the communications bar (excluding all in their own firms) who they thought mean the difference between a good deal or a bad one. He draws up the sales contract, which can become an instrument of marvelous complexity, understandable only to himself and the lawyer on the other side. Once the sales agreement has been signed, he prepares the application for the necessary FCC approval. When approval is forthcoming, he is at his client's side at the closing of the transaction and collects a check for his work. If it is the buyer whom he has represented, he has probably also added a regular account.

Without comparative hearings or major sales in work, the lawyers are kept busy. Every three years a station must file a complicated application for renewal of its license. Annually it must file a detailed financial report. Whenever an ownership interest, however minor, changes hands, the FCC must be notified. No change in facilities may be made without a legal proceeding before the commission. Petitions to deny flow almost as freely as applications to permit. Every station (and its lawyer) must be alert to maneuvers by others that might intrude upon its technical domain.

There also are other matters to be dealt with at the FCC. Any time a complaint is received by the commission it is forwarded to the offending station. Answers are required, and they are usually drawn up by or after consultation with the station's Washington lawyer. As a means of avoiding trouble in Washington, stations frequently consult their lawyers in advance of taking action. May Candidate So-And-So be put on the air without incurring the obligation to give equal time to others? Is this an "issue of public importance" that, according to the law, will require the station to "afford reasonable opportunity for the discussion of conflicting views"?

For the regular legal services he receives in Washington, the broadcaster may pay by the job, by the hour, by the month, by the year or through the teeth.

A partner in a relatively small law firm, when recently asked what communications lawyers charge, said with a smile: "You know the answer. What the traffic will bear."

A partner in a larger firm said 90% of its clients paid an annual retainer of up to $5,000 for routine contacts with the FCC and consultation. Extra charges are imposed for "extraordinary" services such as applications for transfers of ownership, license renewal or facilities changes.

Another leading firm imposes a retainer based on the client's average work load. If at the end of the year it is discovered that an above average demand has been made on the firm's time, extra fees are added.

A different system is in use by still another firm that avoids retainers entirely. It bills clients for whatever work it does. Prices vary with the amount of time spent on a particular matter and the magnitude of legal thinking involved.

FORTUNES OF WAR

The magnitude of legal thinking rises to the fourth or fifth power (and the magnitude of legal fees by the same arithmetic order) when major changes in FCC rules are proposed—especially if the changes are seen as a threat to the established order. Now in progress are a number of rulemaking procedures that have called some of the most prestigious and therefore expensive lawyers into play.

The commission has proposed to prohibit television networks from holding equity positions in more than half of the programing they broadcast in prime time. All three networks are resisting the proposal and will doubtlessly be joined by many of their affiliated stations. In the opinion of one knowledgeable lawyer who is active in the case, the total legal fees that will be paid by those opposing the commission will run up to half a million dollars by the time the FCC comes to a final decision. If the commission adopts the rule it has proposed, the networks may be expected to take it to court and to incur still more legal expenses.

The commission has proposed to prohibit the acquisition by any one owner of more than three television stations, of which only two may be VHF's, in the 50 biggest markets. This proposal has aroused almost unanimous opposition among television broadcasters. The legal fees in this case, according to the lawyer mentioned above, will easily amount to $1 million while it is before the commission and to more, of course, if an adverse decision comes out and is challenged.

A third legal bonanza generated by the FCC (though in this instance at the behest of broadcasters) is a complicated rulemaking to contain community antenna television [see "The Growing Snarl in Wired TV," TvM September 1965]. This procedure, the same lawyer estimates, will be worth another $1 million to the bar before it reaches the courts, as it inevitably will, whatever the FCC's ultimate ruling.

MONEY TALKS

With the affluence that television has visited upon the communications bar has also come respectability. In the first generation of broadcast lawyers a few men dominated the profession. The late Louis Caldwell was rated as a scholar who could hold his own in almost any kind of practice. Paul Segal, now retired by illness, was in his day considered a skilled practitioner before the higher courts. The late Horace Lohnes, a gregarious man, was believed to sway FCC decisions on the strength of personality alone. But the rank and file of communications lawyers were engaged in a desultory type of practice. The average radio case in pre-television days would have put a good lawyer to sleep.

Television is more challenging to the legal profession. Because of the bigger stakes involved, television broadcasters or applicants have been willing to spend more to get and keep stations than their radio predecessors used to spend. Rarely has the loser in a closely contested television case quit before he has traveled all the avenues of appeal. The broadcast lawyer in practice today is as apt to find himself arguing before the United States Circuit Court of Appeals as before an FCC hearing examiner. Appearances before the Supreme Court are no longer a novelty.

One measurement of the effect of television on the legal profession is to be found in the increase in the number of Washington-based members of the Federal Communications Bar Association: from 197 at the end of 1950 to 315 at the end of 1964. A better, though more elusive measurement, is to be found in the quality of the FCBA membership. The communications law firm recruiting young lawyers today can just about take its pick among law school graduates. The students at the top of their class at Harvard, Yale or Columbia still head for Wall Street firms. But those a cut below them and those at the top in less celebrated schools can often be had for communications practice.

Among the older members of the FCBA there are some whose standards of living and professionalism have failed to keep up with those of more reputable members of the bar. There are those who have resorted to questionable devices to attract or keep a client.

One broadcast lawyer is said to have made occasional use of the kindest man on the FCC, the veteran Rosel Hyde. With a new client or a prospect in tow, this lawyer used to drop in at Hyde's office, call the commissioner by his first name and engage in personal chit-chat calculated to impress the tourist with the lawyer's inside contacts at the seats of

TV'S AFFLUENT BAR: UP FROM HUNGER

BY DORIS WILLENS

IN the Washington pecking order of 15 years ago the average lawyer specializing in broadcast practice was outranked by almost everyone else in town. With membership in the Federal Communications Bar Association went a seat as distant from the head table as that of a defeated congressman from Utah or a lobbyist whose political contacts had been swept out of office several elections back. The scullery maid in Perle Mesta's kitchen was closer to the centers of power.

Television has changed all that. The black Cadillac that the guards wave through the White House gate nowadays is as apt to contain a broadcast lawyer as a Texas oil man. In the locker room at Burning Tree there are members of the communications bar who can match paunches with the most venerable senators. Some broadcast lawyers are even said to have been known by their first names to Bobby Baker in the days when he had friends.

The difference between the communications bar of 1950 and the bar of today is attributable almost entirely to television. It is in proportion to the difference between the $106 million of total revenue that all television networks and stations reported in 1950 and the $1.8 billion they reported in 1964. Radio has been of some help in the enrichment of the communications bar, but radio's increase in revenue from $444 million in 1950 to $732 million in 1964 hasn't generated enough legal fees to cover the increase in the lawyers' cost of living.

There is no way to estimate how much money the legal fraternity has been paid by television broadcasters to get a broadcast license and keep it. Neither lawyer nor client is required in most FCC proceedings to report legal fees. Here and there in FCC records, however, some arrangements come to light when one applicant seeks to withdraw from a contest with another in exchange for a financial settlement which, according to law, must be revealed.

In January 1963 the Philco Corp., which had applied for the television channel occupied by NBC's Philadelphia station, petitioned to quit what had become an unusually complicated hearing involving not only Philco's application but also a proposal by NBC to trade its Philadelphia station for RKO General's Boston station — a consequence of an antitrust consent decree requiring NBC to get out of Philadelphia. (NBC had been charged by the government with violating the antitrust laws in its acquisition of the Philadelphia station from Westinghouse Broadcasting Co. through a trade for NBC's Cleveland station. The government suit, which was settled by the consent decree, alleged that NBC had forced the trade by threatening to take its network affiliation from Westinghouse.) In its petition to withdraw, Philco reported that NBC had agreed to reimburse it for out-of-pocket expense incurred to that date in the proceeding. The largest part of the expense was $352,429 in legal fees that Philco had paid to the Washington law firm of Weaver & Glassie.

That $352,429 wasn't all that Weaver & Glassie was to get out of the case. The FCC refused to approve the NBC-Philco financial settlement, and Philco stayed in the contest. One year and eight months later — after a mountain of testimony and legal pleadings had piled up, and with it more legal expenses — the FCC ordered NBC to re-swap stations with Westinghouse, leaving Philco out in the cold.

Not many broadcast lawyers can ever hope to get $352,429-plus for losing a case for a client. The chances of approaching that figure are better when a case is won. In any law firm, the fees for representation in a comparative hearing pitting two or more applicants in a contest for a major-market television facility are likely to run between $70,000 and $100,000 before the FCC's final decision is made. If appeals are taken to the courts, as they usually are, the fees pile higher. After all the legal procedures are exhausted and a winner finally declared, his counsel is in a position to demand a premium. Some lawyers do, and some don't.

One firm charges time rates averaging about $40 an hour for its actual work during the preparation and conduct of comparative television hearings. If the client wins, he pays this law firm a bonus of $75,000. (The same firm charges a $5,000 bonus for winning a comparative radio case.)

Another firm that also charges according to the time it puts in makes a practice of tripling its conventional rates if the applicant it represents in a comparative hearing wins. It and the other firms that charge a winner more than they charge a loser justify the premium rates on the probability that any client who gets a television station grant in a market of respectable size is destined to become rich or, if already in that status, richer.

Contingent fees that depend on victory for collection are commonplace in the communications bar, but they are by no means in universal use. "I don't like contingent fees," says the senior partner of one of Washington's most successful law firms. "They give the lawyer a financial interest in the outcome of the case. As often as not he ought to advise his client to withdraw or agree to a settlement. He might not so advise the client if he has a financial stake in the case."

Comparative hearings have probably provided larger increments of revenue to the Washington law fraternity than any other type of case, but as a class of business they are diminishing. All the desirable VHF assignments have been occupied. There are still outstanding many conflicting applications for UHF grants, but the economic prospects of the winners of those contests are somewhat less certain than those of the V's and the chances for a legal killing correspondingly less promising.

Still, the broadcast lawyers are finding plenty of other things to do. There is, for example, a dependable amount of legal work connected with station trading. In 1964, according to *Broadcasting* magazine, 56 television stations changed hands (20 of them in deals that lumped in their associated radio stations) for an aggregate selling price of $153,460,256. In a station sale the Washington lawyer is more apt than not to put in a good deal of his expensive time. He counsels during negotiations on the price and probable future of the station and on tax questions that can

The "flying fisherman," who's been fishing for 63 years and flying for 50, reels in a catch. Gadabout Gaddis has turned his dual skills, and cracker-barrel humor, into a potent TV sales vehicle for Liberty Mutual insurance in 50 markets. It's a 5-year deal.

named Winston Mergott, who when not fishing is senior vice president and general manager of Liberty Mutual. He asked for a few prints of the Gaddis program to show friends at home. The close exposure convinced him that this was a potential advertising vehicle for the insurance company.

Mergott's reasoning wasn't all personal. He wasn't alone as a fan of fishing—there are 60 million others abroad in the land, according to the American Fishing Tackle Manufacturers Assn., including 44 million licensed fishermen. There are, by contrast, only 22 million bowlers and 7 million golfers, and those other activities already had proven their audience drawing potential. And while those sports interests were well served by TV, fishing wasn't. "You can get a tennis or golf pro," says Russo, "but where can you get a fishing pro?" He determined to fill the gap.

Mergott's initial enthusiasm may have matched Russo's, but other sentiment in and around the company didn't. Both the company's advertising department and its agency, BBDO, opposed the initial buy. All the credit goes to Mergott, according to advertising manager Robert Mattox, who says, "He recognized the sales potential and pounded it home." Mergott insisted on a test, and he got one—deliberately loaded against the show. It was to be a 13-week run on New York's WOR-TV, whose audience, one could surmise, was not exactly a hot-bed of fishing enthusiasm. On top of that, according to LM assistant VP Keith Fox, "The New York-New Jersey territory is the most competitive market we've got. It's a high producing area with a sales record hard to beat. It's a seven TV station area with terrific audience fragmentation. If Gaddis could produce results against these odds, we knew we were in business."

The acid part of the test: an offer of six fishing lures viewers could get by sending in their names, addresses and one dollar. The offer was made on the last four of the first 13 shows, on the air in the fall of 1963.

The New York test was merchandised with a contest for managers (each supplied with a kit of promotion ideas and material and issued pep bulletins), some 45,000 direct mail letters to prospects and policyholders and a fishing clinic staged in East Orange, N.J. The direct mail offer pulled 8.2% (3,600). Still another 8,600 replied to the lure offer, 869 offering compliments on the show and 62 asking for a salesman. In four months salesmen filed 8,000 "expirations" and sold 481 policies. At a conversion rate of over 20% these expirations could be counted on to jack the policy total to 2,250 and round out new premiums at $335,000.

By this time *The Flying Fisherman* had the look of a winner. Liberty Mutual sprang for a 50-market lineup (see map, facing page) and Russo went $100,000 into hock with the First National Bank of Boston for the second 13 episodes.

The success story that began in New York continued to gain momentum as Gadabout spread to other markets. At the end of the first 13 weeks of national exposure the lure offer had pulled 79,832 requests resulting in 1,009 policy sales and $97,478 in new premiums. And those results reflected only sales directly attributable to the TV show because of the tie-in with the lure offer. (Lure sales are now over 100,000 in total, but later sales results are not available.)

Liberty Mutual did not let the TV effort stand alone, however. Part and parcel of the campaign's success was the merchandising program that went with it. The lure offer was the first and most direct element. Second to that came direct mail. In the first 13 weeks of the national campaign (after the New York test) the company mailed 260,384 letters to known fishermen offering a book called "Secrets of Successful Fishing" and reminding them that the *Flying Fisherman* show was on the air in their market on such and such a night. Respondents filled in data about their current automobile insurance policies and—the key element on which auto insurance sales depend—the expiration dates of those policies. Liberty Mutual received 17,114 responses to this effort—a 6.6% return—and eventually sold 4,733 policies among them for a dollar volume of $590,460.

The third element in the Gadabout Gaddis campaign

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TV'S COMPLEAT ANGLER

BY DON WEST

Among the invocations available to fishermen is a prayer which goes, "Lord, give me grace to catch a fish so big that even I, in telling about it afterwards, may never need to lie." With a few changes in wording, such might have been the plea of the man who set out to sell fishing as a TV commodity, and who now has his own fish story to tell.

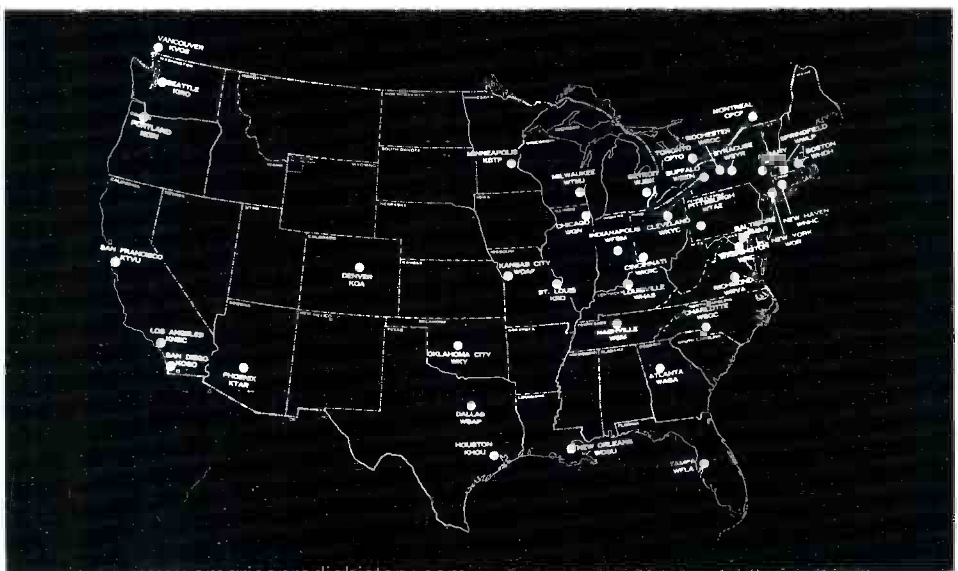
The man is Nicholas W. Russo, executive vice president of Gadabout Gaddis Productions. That unlikely name derives from the firm's president and principal asset, a 70-year-old angler who threatens to become to TV what Scattergood Baines was to the *Saturday Evening Post*. Gadabout is *The Flying Fisherman* of the series of the same name, sponsored by the Liberty Mutual Insurance Co. in 50 markets (covering roughly 70% of the U.S.) and by various sponsors in 10 others. At the latest reckoning he also was the man responsible for attracting $16 million in new business into the insurance company during the course of a 13-week TV-merchandising campaign. Considering that Liberty Mutual's investment at the time amounted to about $250,000, the achievement falls well into the "success story" category—well enough to persuade the insurance company to hoist the time-talent budget to $3 million and go for five years

It all began, as these things often do, by chance. Nick Russo, in 1948 the New England representative for National Telefilm Associates, stumbled across Gadabout Gaddis while on a sales trip in the Albany-Schenectady-Troy area. The fisherman was then appearing live in a local show. Russo, urged by a friend to take a hand in giving Gaddis wider exposure, persuaded WHDH-TV Boston to put him on the air on Wednesday nights between the end of a boxing telecast and the beginning of the news. The terms were appealing: Gaddis would appear free. Then WHDH-TV cancelled the program—and that turned out to be the luckiest break of all. Over 5,000 protest letters poured in. Russo was impressed. Digging into his own capital to finance the first 13 shows, Russo put Gaddis on film and went into the fishing business.

The show was not an instant success. For months, says Russo, "all that was going on was the rent." Then he sold it to a car dealer in Houston, then to a station in upstate New York, and then, for the second time, to WHDH-TV in Boston. It had to pay this time around. That's when the second lucky break figured in.

One of the show's fans in Boston was an avid fisherman

Gadabout Gaddis may miss a fish occasionally, but not many sales get away. Here's how a homespun fisherman and a national insurance firm came together to make a TV success story.



Liberty Mutual's TV markets

Palmolive, which spent $10.1 million last year, 6% above the previous year. The split was $3.6 million spot, $6.5 million network—and almost all of it for Colgate Dental Cream.

Lever Brothers' television advertising for Pepsodent and Stripe was down 16% last year from the previous year—going against the trend which shows an average increase of 5% in television expenditure over 1963 for the six majors. Lever's total TV outlay in '64 was $4.6 million, with almost all of it—$4.5 million—in network. Pepsodent got $2.5 million and Stripe $2 million.

The next biggest spender last year was Beecham Products for its surprise success Macleans, which banked 100% on television to bring its "whiteness" message to the public. It carved out a sizeable salient in the $285 million total dentifrice market by raising its television investment from $392,600 in 1963 to $2.4 million in 1964. The split was $2 million network and $349,100 spot.

TV spending by Bristol-Myers for a household name in toothpastes, Ipana, followed Macleans in rank. The TV total for Ipana Durenamel was $1.8 million, representing an 11% decrease from the previous year. An even more drastic reduction in spending for Ipana is expected next year, as Bristol-Myers mounts its multi-million-dollar campaign for Fact. B-M marketers had tried to get an ADA statement for Ipana Durenamel, but settled for a favorable report in the Journal of Oral Therapeutics & Pharmacology. (Similarly, Colgate toothpaste, also without the ADA imprimatur, has been using a study in the Journal of Dentistry for Children to support its advertising claim that it is "unsurpassed" in cavity prevention.) Spot TV received $695,000 of Ipana money, while network got $1.1 million.

Alberto-Culver's TV campaign for Mighty White, test marketed on the West Coast for two years before it went national in September, netted it the sixth place among dentifrice advertisers in television. The spot expenditure was $254,100, up 127% from the year before.

Clues that 1965 will be the year of the big jump in TV spending for dentifrices already are ample. According to TvB-Rorabaugh, spot TV expenditures for dental products (which also include mouthwashes) were up 57% in the first quarter of this year, compared to first quarter '64. The higher rate of spending continued into the second quarter of this year, when spot spending was 44% above second quarter '64. Next year's television outlay by dentifrice manufacturers should soar even higher as the three-way Crest-Cue-Fact fight heats up, and the subsidiary battle among those toothpastes ignoring the therapeutic aspects of toothpaste for cosmetic claims escalates. Additional revenues also should

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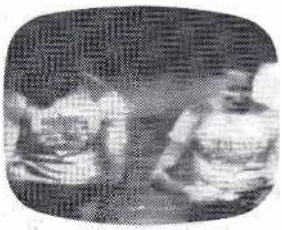
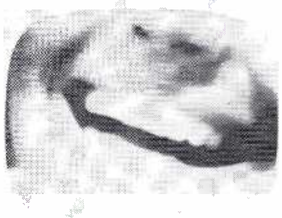
Eleven brands and what they're up to in television



CREST

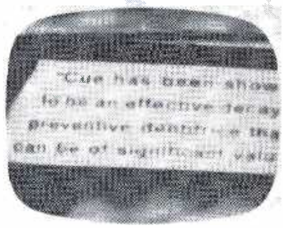
COLGATE

GLEEM

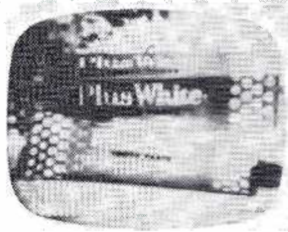


MACLEANS

PEPSODENT



CUE

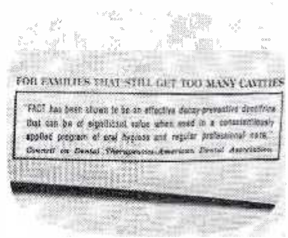


PLUS WHITE

STRIPE

IPANA

MIGHTY WHITE



FACT

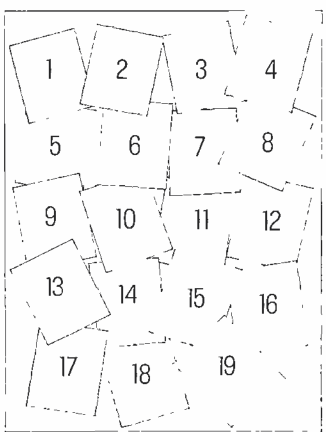
TV spending in 1965's first half was: Crest (Benton & Bowles) $672,000 spot, $4,450,000 net; Colgate (Ted Bates) $1,573,700 spot, $3,550,900 net; Gleem (Compton) $1,625,600 spot, $2,181,100 net; Macleans (Kenyon & Eckhardt) $84,700 spot, $1,525,700 net; Pepsodent (Sullivan, Stauffer, Colwell & Bayles) $78,000 spot, $952,200 net; Cue (D'Arcy) $1,691,600 spot, $2,736,900 net; Plus White (Daniel & Charles) $870,600 spot, $376,900 net; Stripe (J. Walter Thompson) $225,000 spot, $621,500 net; Ipana (Needham, Harper & Steers) $107,800 spot, $440,000 net; Mighty White (BBDO-Chicago) $150,000 spot, no net: Fact (Grey Advertising), large TV campaign begins early in 1966.

SCREEN GEMS

STEADY AS SHE GOES— UPWARD

BY ALBERT R. KROEGER

THE ABUNDANCE OF SCREEN GEMS PRODUCT NOW MAKING THE TV SCENE



Screen Gems 1965-66 program line-up. Network prime time: **(1)** *The Flintstones, ABC;* **(2)** *Bewitched, ABC;* **(3)** *Gidget, ABC;* **(4)** *The Farmer's Daughter, ABC;* **(5)** *Camp Runamuck, NBC;* **(6)** *Wackiest Ship in the Army, NBC;* **(7)** *I Dream of Jeannie, NBC;* **(8)** *Hazel, CBS;* **(9)** *Donna Reed Show, ABC (also an ABC daytime re-run). Network daytime:* **(10)** *The Jetsons, NBC;* **(11)** *Quick Draw McGraw, CBS;* **(12)** *Father Knows Best, ABC;* **(13)** *Days of Our Lives, NBC serial;* **(14)** *Morning Star, NBC serial;* **(15)** *Top Cat, NBC. National spot programs:* **(16)** *Peter Potamus,* **(17)** *Huckleberry Hound,* **(18)** *Yogi Bear,* **(19)** *Magilla Gorilla.*

THE calls between New York and Hollywood had that sweaty-palm urgency of middle November. The networks were handing down final decisions on pilots for 1966-67. If it were quiet enough, you could hear an ulcer opening here and there.

"Sorry about that," said Mike Dann, and Mort Werner, and Ed Scherick, the executioners — and hundreds of TV production company stockholders groaned. "You got a deal," a phrase heard less often, occasioned happier million-dollar heartbeats.

The results of this peculiar television equinox will not be fully known for some months yet. Shows and ideas will be refined. Producers and writers will scream, "They can't do that." But the networks will, and a new TV season will unfold next September.

If any one production company can be sure of itself in these annual sweepstakes, if it were something to bet on, a big chunk of the smart money would ride with an overage (for TV) 16-year-old named Screen Gems, running under the colors of Columbia Pictures.

There have been bigger network TV winners, and flashier ones. MCA's Revue — now Universal TV — has had the most first-place seasons. Twentieth Century-Fox has been the recent up-from-nowhere favorite. But year after year Screen Gems has been ticking off the places and the shows, since 1955-56 has never been represented by fewer than two-and-a-half hours of prime-time network fare, and usually considerably more. This season Screen Gems has nine shows totaling five hours in prime time — *Wackiest Ship in the Army, Donna Reed, Flintstones, Bewitched, Hazel, Farmer's Daughter, I Dream of Jeannie, Camp Runamuck* and *Gidget* — plus part of the feature film package CBS is using on *Thursday Night Movies* and two daytime serials on NBC. Only Fox and Universal have more prime-time exposure, seven-and-a-half hours each.

Screen Gems prides itself on its stability. Historically, it claims that every season it has sold 40-50% of the pilots it has prepared. It did even better in advance of 1965-66, made 10 pilots, sold six of them (counting the daytime dramas). The industry average is said to be one sale for every six or seven pilots, a rating of less than 15%. Right now Screen Gems has over a dozen pilots out for takers, four at CBS, three at NBC, two at ABC, two more committed to advertisers and three free ball or uncommitted shows.

And when Screen Gems gets a show on, it has almost an even chance of staying on past its debut season. Since 1952 the company has entered 40 network series. Sixteen of them have stayed two seasons or more — and at this point in the 1965-66 season, of four new Screen Gems series, three look like renewals. Of current shows, *Donna Reed* is in its eighth season, *Flintstones* in its sixth and *Hazel* in its fifth.

Screen Gems enters few co-development deals with the networks. It has made a practice of keeping control of its shows, control of network re-run and syndication rights. It doesn't let many dollars escape, a fact reflected in seven successive years of increased profit. For its fiscal year ended last June 26 the Columbia subsidiary earned $4,691,000 on income of $66,966,000. Screen Gems stock, listed on the American Stock Exchange, pulled per share earnings of $1.48, an increase of 15% over 1964's $1.29 per share.

Screen Gems' primary business, program production and distribution, accounts for the bulk of its earnings. In addition to its network prime-time activity, it has four co-owned Hanna-Barbera cartoon programs in national spot sale, five series stripped on network re-run, 35 properties in station syndication and a library of 1,700 feature films — and just about all its programs sell abroad in more than 80 countries.

But Screen Gems doesn't bank solely on programs. It caught the diversification bug almost as early as it found the knack for program success. In its divisionalized set-up the company has plunged heavily into six more or less TV-allied areas: broadcasting, TV commercial production, audience and program research, merchandising, music publishing and phonograph records. This diversified activity now accounts for 28% of Screen Gems' total profit and is growing. While program and distribution profits rose 12% last year, earnings from diversified operations rose 24%.

Screen Gems is run by Jerome S. Hyams, its executive VP and general manager. He has been with the company since 1955. At 50 he is dark, stockily-built and rugged-looking, a veteran of the film game who leaves no doubt in your mind that he's been through it all and come up with more sales than setbacks. He reports to Abe Schneider, president of Columbia Pictures and of Screen Gems. Columbia owns 89% of the TV company.

Under Hyams come Screen Gems' 10 division heads, all VP's in charge of their operations except Don Kirshner, who is titled president of the music division, which is jointly owned with Columbia, as is the record division (the idea is that both companies can use a music and record service). Composer-arranger teams contracted to the music arm can supply motion picture scores and TV program theme music; a record company offers consumer follow-through.

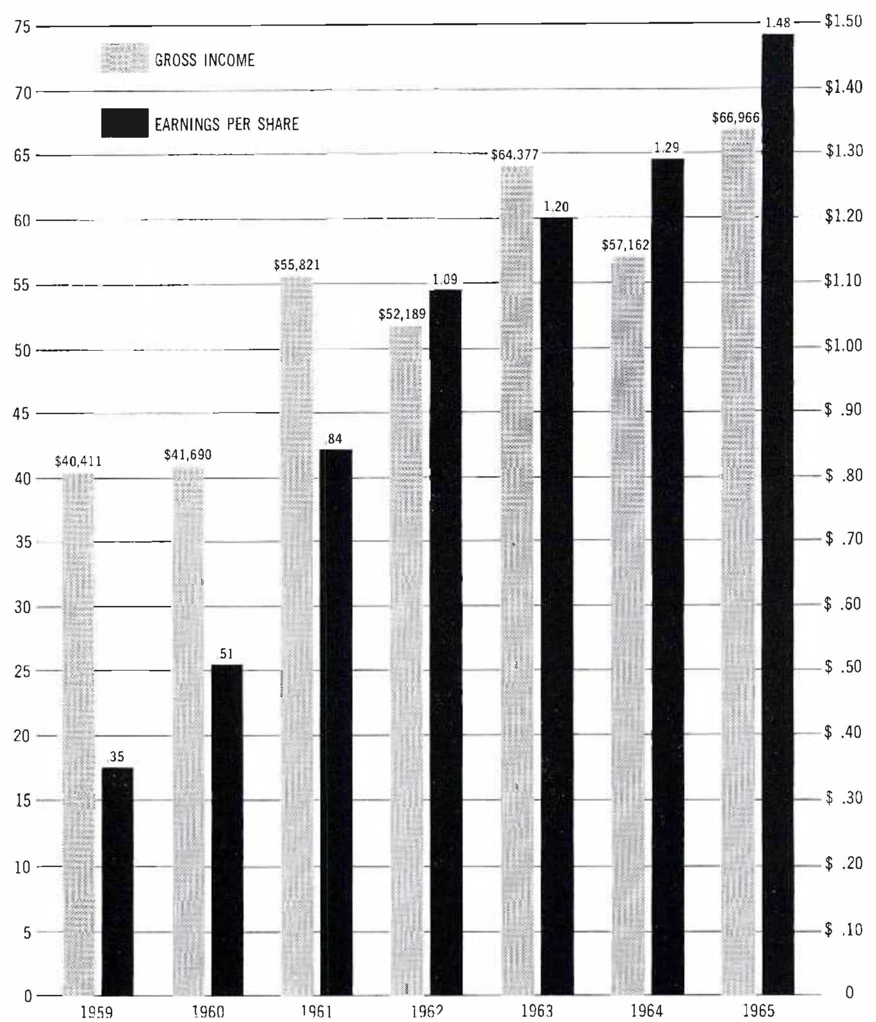
This interlocking aspect of Screen Gems' various divisions is a conscious development, a kind of subtle cross-pollination within the company. The international program sales and production division, for instance, under VP Lloyd Burns, not only markets Screen Gems overseas, but is starting to license in the U.S. programs it has produced or acquired abroad.

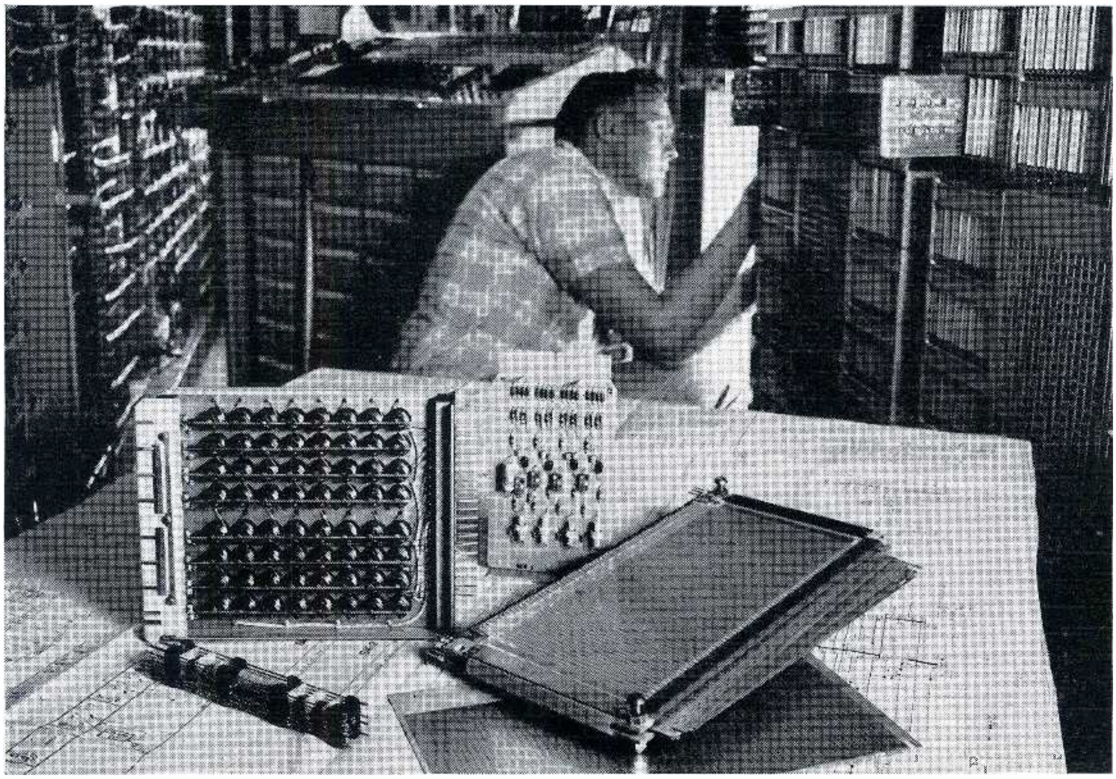
Screen Gems' merchandising division, run by VP Ed Justin, is one of the biggest merchandise licensing operations in the U.S. It licenses the use of Screen Gems shows and stars to scores of U.S. and foreign manufacturers and businesses for hundreds of items. Consumers can hang five on Gidget surfboards or keep beautifully pregnant in *Bewitched* maternity clothes.

This year the merchandising operation set up a subsidiary company, Ilami, to service the needs of companies other than Screen Gems, has as clients a number of rival

SG's SOARING SIXTIES

Screen Gems' financial position has been moving dramatically upward over the last seven years, as this comparison of net income and gross revenue shows. (Figures are in millions of dollars.)





CENTRAL CONTROL SECTION that handles logic and command functions for ESS is shown in background. Foreground shows basic components.

LARGEST SINGLE PROJECT IN BELL SYSTEM HISTORY...

the Bell System's new Electronic Switching System

Succasunna, N.J., has first commercial installation of new switching system that processes telephone calls with modern electronics.

The Electronic Switching System is a new development of Bell Telephone Laboratories and the outcome of a deliberate effort to bring the latest electronic technology to the service of Bell System customers.

More than 2000 man-years were required for its research, development and manufacturing design. Eventually it will be the Bell System's standard telephone central office.

ESS is designed to switch calls with traditional Bell System dependability—better, faster and, in time, cheaper than ever before.

Its most important feature is a central "stored program" control that directs not only general switching operations but also specific arrangements for each number served. Special optional services can include the ability to reach frequently called numbers by dialing only three or four digits . . . dial a third party into a telephone conversation in progress . . . switch incoming calls to a friend's home for the evening.

In Succasunna, these optional services are on trial with 200 selected customers. Other ESS's are now being planned and installed in other cities by Western Electric Co., manufacturing and supply arm of the Bell System.

The capacity of ESS to remember and do special things will make your telephone service still more valuable and personal.

The modest building where electronics history is being made. Telephone experts from around the world journey to Succasunna to see ESS in action.

Bell System
American Telephone and Telegraph
and Associated Companies

SCREEN GEMS *continued*

TV producers and distributors. Screen Gems merchandising is a case of having your cake and eating it too — getting valuable royalties as well as valuable promotion.

Audience Studies Inc., Screen Gems' audience and consumer research division, headed by VP-general manager Pierre Marquis, tests the entertainment values of TV programs and motion pictures, and the effectiveness of TV commercials before they are exposed to the public. It is, of course, deeply involved in testing the product of Screen Gems but, like Ilami, it works for others on an impartial basis, and keeps itself apart from the mainstream of its parent. ASI clients include national advertisers and agencies, two TV networks, other TV and motion picture companies.

Screen Gems manpower, like its cross-feeding divisions, also can swing in a number of directions. Mike Elliot, VP in charge of the big Elliot, Unger & Elliot commercials division, is now directing a TV pilot for Raybert Productions, which is under long-term contract to Screen Gems' program and production division. (And the principals in Raybert, Berton Schneider and Robert Rafelson, are both former Screen Gems executives. Schneider, son of Columbia's Abe Schneider, was until early this year VP and treasurer of Screen Gems. Rafelson was an executive producer.)

Key man on the West Coast for Screen Gems, VP in charge of operations Jackie Cooper, knows his way around just about every TV area there is, from acting to running a production company. John Mitchell, VP in charge of the national program sales division, is ranked as one of the best TV salesmen extant (see story, page 32), not only sells but has a big hand in deciding what Screen Gems will produce.

And beyond this flexibility and interlock is a high degree of autonomy in every division. Hyams watches and passes on the major moves, but the division heads run their own operations with a minimum of flak from upstairs. They are all highly experienced men who know how to make money, and Screen Gems likes making money. This is implicit in the milking operation that seems to extract a last dime from every last possibility of a show.

Screen Gems has become a self-lubricating machine. It rejects the comparison but it is a lot like MCA, which long ago learned the benefits of self-sufficiency, of being able to let one side of its business nourish another.

The TV company is admirably supported by Columbia, which saw the TV light before most of its motion picture competitors took their heads out of the sand. The benefits of the alliance are obvious. Screen Gems has first call on its parent's valuable feature film. Its New York headquarters and Hollywood studio space are rented from Columbia. It pays its own way but it knows it isn't going to be gouged, and its overhead costs are held down. There is security, low risk, say some, in the arrangement.

According to Russell Karp, Screen Gems VP and treasurer, having Screen Gems as a separate company rather than as a division of Columbia gives the organization precious autonomy. "We can develop at our own pace," says Karp, "and not be concerned with the day-to-day operations of the movie studio." Karp also points out that Screen Gems' separate functions, its diversified activity, have a needed degree of de-centralization. "We can finance our own improvements," he says. "The broadcast division this year, for instance, borrowed $10.5 million from two insurance companies on its own credit" (most of it for the acquisition of WVUE-TV New Orleans).

NINE AT THE TOP OF THE SCREEN GEMS EXECUTIVE LADDER

A. Schneider, president Screen Gems, Columbia Pictures

Screen Gems, naturally, can use its parent's contacts. It has access to the financial savvy of Abe Schneider and Leo Jaffee, first VP and chairman of Screen Gems' finance committee. Both are Columbia executives contracted to Screen Gems and paid a service fee. Screen Gems also has access to Columbia's theatrical talent and motion picture properties. This season's *Wackiest Ship in the Army* and *Gidget* are TV developments of Columbia features.

But it's a two-way street. Screen Gems discovers TV talent suitable for Columbia motion picture careers. And Columbia's 89% control of Screen Gems is no small financial boost for the movie side — Wall Street generally feels that Columbia's own stock, listed on the New York Stock Exchange, might sell perhaps five points lower if it were not for Screen Gems.

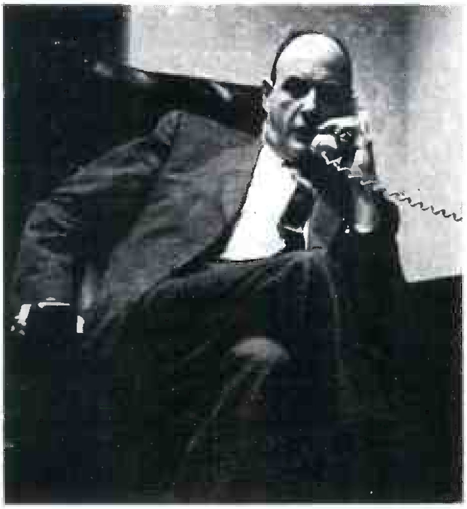
For its part, Screen Gems, with parental permission, wants to look separate from Columbia, have its own corporate face. Last May it quit using Columbia's "lady with a torch" emblem, got behind a new symbol — an abstraction of the letters "SG" — designed by Chermayeff & Geismar Associates. The new logo is being used on everything from letterheads and building fronts to Screen Gems' on-the-air program sign-offs. (TV animation of the logo, of course, was done by Screen Gems' own commercials division.) It's all in keeping with image, the modern, moving, diversified

Jerome S. Hyams, Screen Gems executive VP-general manager

Jackie Cooper, VP production

Dave Horowitz (l), secretary; Bob Seidelman, VP syndication

Russell Karp, VP, treasurer



John H. Mitchell, VP national program sales

Lloyd Burns, VP international

Norman Louvau, VP broadcast

company. And there's not much doubt around that Screen Gems is that. Its move into the high-quality earnings area of broadcasting, audience research, music, etc., operations "not subject to the wild fluctuation of programing," as treasurer Karp puts it, is smart.

George Polk, ad director of Alberto-Culver, who has dealt with Screen Gems both on the advertiser level and as a former programing VP at BBDO, calls it "a highly-organized, intelligently-run, terribly business-like" organization. Its program product, says Polk, is good, "but not any better than that of many other companies." Its strength, according to the ad man, is "good judgment on what to pursue. There's a lot of luck involved but Screen Gems will not pour good money after bad. It simply has the feel of the game. It knows what it's doing."

In a few industries deos anyone bat 1.000. In television a batting average of .500 is big. Screen Gems has had its share of luck—and also its share of mistakes. There have been the bust shows — *Dan Raven, The Hathaways, Empire, Grindl* and this season's *Camp Runamuck*. And even the diversification program has had its clinker, Cellomatic, the now-excommunicated industrial show division. Screen Gems acquired the Cellomatic Corp. in 1962 to go into that company's already established audio-visual equipment production field and its industrial show production and presentation area. It reorganized the company but never really went anywhere. It was a loss operation and Screen Gems sold it last February.

The company's only other trouble spot is the record division it co-owns with Columbia. Colpix (the label name) performance is termed "unsatisfactory" by Screen Gems and the division underwent a personnel shakeup earlier this year. Columbia and Screen Gems will "lean over backwards," as one executive says, "to make the record company go." Because of its industry value and Columbia-Screen Gems inter-connection, the record arm is too important to let slide.

Despite its modern ways and its success in a modern medium, Screen Gems, according to some of its former employes, still has the feeling, and some of the action, of old-line motion picture thinking. There is the traditional set-up of a heart in Hollywood and a brain in New York; the money people headquartering in Manhattan, the production and creative men on the Coast. There are also family ties between some of the Columbia-Screen Gems executives, long family friendships and links with executives in other movie companies. It isn't strange. It's the business.

To be on top at Screen Gems has its rewards. There is low job turnover at the upper level of the company, which is well held together with deferred compensation plans, re-

"The Ford Theater" series provided Screen Gems with training in every genre of TV drama

tirement benefits and the fat end of the company profit-sharing program. Turnover in middle and lower management and on the creative level, however, is fairly active, although probably no more than it is at other production companies. Screen Gems is largely a youthful company. Hyams just turned 50 and most of the key executives are in their 40's.

Screen Gems, in name, is a lot older than many TV people realize. It was formed in the early 1930's by Charles Mintz to produce animated cartoons. In 1934 Harry Cohn, who with his brother Jack founded Columbia Pictures back in Hollywood's pioneer days, bought the company to produce short subjects to run along with his feature films.

In 1949 Ralph M. Cohn, Harry's nephew and Jack's son, persuaded his uncle and father to look into TV. Ralph at the time was running Pioneer Telefilm, a small New York TV commercial production house. He worked up a 50-page analysis of the potentialities of television for Columbia, stressing the eventual value of Columbia's library of motion pictures but urging that the immediate use for film in TV was in commercials.

The Screen Gems name was swung over to Ralph's operation and for the next two years it made only TV commercials, some 200 of them for such early TV clients as American Tobacco, Hamilton Watch and BVD. It got a taste of its future, however, when it was commissioned by Du Pont to produce seven half-hour films for *Cavalcade of America* in the spring of 1952. Then things began to happen.

Cohn and Irving Briskin, studio manager for Columbia, sold the Ford Motor Co. and its agency, J. Walter Thompson, on a half-hour anthology series to star top Hollywood names. *The Ford Theater* went on NBC-TV in 1952-53—four seasons ahead of shows by any other major film maker—and ran for five years (finishing on ABC-TV). Among the 195 Ford shows was every genre of TV drama—comedy, romance, action-adventure. The series provided Screen Gems with training for program production of all kinds, established a pattern and a Cohn belief that the "nut" of an expensive series could be recouped through re-runs. After *Ford Theater*'s network run Screen Gems got quickly into the distribution business syndicating the series under the title *All Star Theater*.

As more and more TV stations came on the air, Screen Gems stepped up production, introduced *Rin Tin Tin* and *Father Knows Best* in 1954-55, *Texas Rangers* and *Damon Runyon Theater* in 1955-56. It got into national spot sales and first-run syndication with *Captain Midnight* and *Jungle Jim*, began moving the old Columbia feature movies and the Andy Clyde and Buster Keaton comedies. It staked out not only prime-time television but daytime with the juveniles and late-night with the insomniacs as well.

Ralph Cohn was doing all the right things. His TV instinct and his bent for diversifying into all parts of the business were paying off. In 1952 he had gotten John Mitchell, then director of TV for United Artists, to come into Screen Gems as top salesman. Ed Justin moved over from NBC's merchandising operation in 1954 to head that activity for Screen Gems. William Fineshriber Jr., former CBS, Mutual Broadcasting and NBC VP, came in to direct the international operation, which as early as 1956 was selling 13 Screen Gems properties in 17 countries.

On the West Coast a stable of talented producers was working for the company—Herbert B. Leonard, Eugene B. Rodney, Tony Owen. Harry Ackerman, former West Coast programing VP for CBS-TV (now Screen Gems' executive producer), headed Screen Gems' creative team as production VP. Late in 1959 the company added movie and TV veteran William Dozier as head of Coast activities (and replaced him early last year with Jackie Cooper).

A big acquisition on the personnel side came in December 1956 when Screen Gems bought Hygo Television Films and its companion distribution company, Unity Television. Not only did Cohn get the combined Hygo-Unity catalogue of 450 features, 130 westerns, 156 cartoons and 406 serial chapters, he got the services of the boss of the operation, Jerome Seymour Hyams.

Hyams had been peddling film for 22 years, since he was 19 years old. He started in 1934 with an uncle, the late Sam Goldstein, a long-time Columbia Pictures employe who had organized his own film distribution company, Guaranteed Pictures (later called Commonwealth Pictures), in New York.

Goldstein knew the value of film when others didn't. During the depression 30's he had bought up hundreds of features and shorts from film labs that had foreclosed on bankrupt producers. Young Jerry became salesman for his uncle, and learned the art of selling the hard way, on the road around the country, to theaters, companies and places having populations all of 160 people.

By the time the war came Hyams knew the film game. In 1942 he wrangled a berth as petty officer third class with producer-director John Ford's Navy film unit. He helped produce and direct training and propaganda films, worked with such talents as Garson Kanin, Budd and Stuart Schulberg in Europe, China-Burma-India and the U.S.

By the time World War II ended Hyams had met and married a Wave named Sarah Feldman (today they live in Great Neck, Long Island, have three daughters). He was discharged as a chief petty officer, returned to his uncle's company as VP and sales manager.

In 1947 Hyams saw a new kind of market open up. He became what was known as a "used film czar," selling old films to television. It was the era of non-fraternization-with-TV on the part of the major film studios and as long as Hyams could scrape up film he had sales.

In 1949 Sam Goldstein was killed in a Long Island Railroad train wreck. Hyams felt the loss deeply and remained with Commonwealth for only a few months afterward. But he had his experience plus sources to independent film and financing. In 1950, on a borrowed $171,000, he formed Hygo, his own company, was able to obtain "back door" product from major studios from time to time, did well enough to acquire Unity Television in 1954.

Screens Gems, of course, knew of Hyams, and Ralph Cohn was increasingly interested in the syndication market. Since 1952 the company had been orientated to national sales, was doing well enough but Cohn was irritated to see other companies, like Ziv, scoring big in syndication. He wanted Screen Gems to get in heavier on those dollars.

One story is that Hyams was in to sell Cohn and Screen Gems some cartoons one day late in 1956. Cohn, who died in the summer of 1959 at the age of 45, was known as a hard, clever, excitable and demanding person. He was also hard of hearing. And the story is that Hyams was just smart,

Two winners

New Yorkers voted twice on Election Night. They picked a new Mayor — and a news organization to keep them on top of the balloting. ☒ NBC News, in reporting election developments, once again demonstrated the qualities that make it the nation's leading source of news: impartiality, accuracy and — above all — *responsibility*. Only when its analysis of key districts permitted a conclusive judgement did NBC News project John V. Lindsay's victory. ☒ WNBC-TV attracted the largest election audience in *every half hour* from 9:00 pm to 2:00 am, when two or more stations were covering the balloting. When all three network stations were reporting the vote, from 11:00 pm to 2:00 am, *WNBC-TV drew a larger audience than the other two stations combined.** ☒ WNBC-TV viewers couldn't have made a better choice: they expected and received the most comprehensive off-year election coverage in tri-state history — delivered by Frank McGee, Robert MacNeil, Bill Ryan, Gabe Pressman, Sander Vanocur, Liz Trotta and an unprecedented 400-man NBC News election force. ☒ Once again, when news was important, metropolitan New Yorkers looked to Channel 4 — and NBC News, the world's largest broadcast news organization.

WNBC-TV NBC OWNED 4

*Arbitron Overnight Ratings — 9:00 pm-2:00 am, November 2-3, 1965

(Audience and related data are based on estimates provided by the rating service indicated, and are subject to the qualifications issued by that service. Copies of such qualifications available on request.)

tough and loud enough to make a tremendous impression on the Screen Gems general manager.

("Screen Gems," says one former employe, "is the kind of company where it pays to be rough and loud . . . the old Hollywood desk-pounding type. They seem to respect this in the people they deal with and the people they employ. The quiet kind of guy—and there are some of them in the top jobs at Screen Gems—just isn't appreciated as much as the terrible-tempered one.")

At any rate, needing more syndicated product, and a man who knew syndication like Hyams, Cohn offered to buy Hygo and Unity and make Hyams Screen Gems' director of syndicated sales. The deal went through in December 1956.

"I saw the handwriting on the wall," Hyams was to explain later. "The majors not only had released their product to TV by that time but were invading other areas of television. I realized that the comparatively modest company, without financial resources, was going to have rough sledding. I felt I had a future with a company like Screen Gems."

Hyams made that future look bright for himself almost immediately. Cohn wanted to get Screen Gems in stronger on cartoon shows, a staple for children's programing. Hyams went to Hollywood early in 1957 to talk to two guys named Bill Hanna and Joe Barbera. They had just been fired from MGM after 20 years as cartoon animators (Tom and Jerry had been one of their creations) and they were trying, without much success, to interest a studio in making animated films for TV.

In a 40-minute meeting, Hyams signed the team to produce for Screen Gems. The rest is TV history. Led by *The Flintstones,* now in its sixth season on ABC-TV, eight Hanna-Barbera animated series, co-owned 50-50 with Screen Gems, are in network or national spot sale.

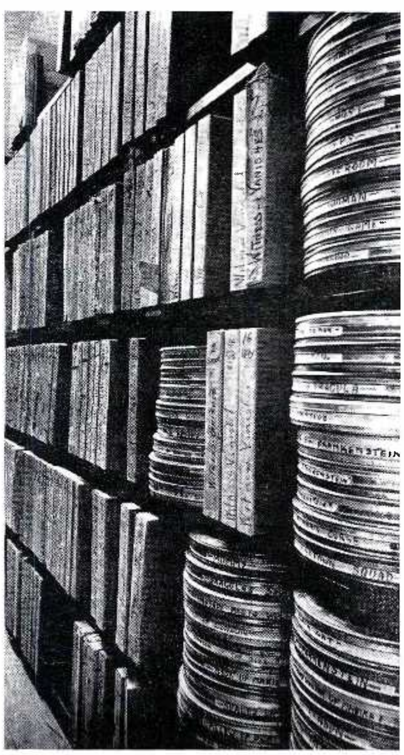
Hanna and Barbera split their production company from Screen Gems a year ago to go on their own. Last month, millionaires in their own right and with their company valued at about $10 million, they were in the process of becoming a wholly-owned subsidiary of Taft Broadcasting. Screen Gems, of course, will keep getting 50% of the action on the H-B shows made from 1957 through 1964, plus royalties from the landslide in H-B product licensing.

Hyams was named VP in charge of syndication in June 1958, and with the sudden death of Ralph Cohn 14 months later he was a unanimous choice to take over the VP-general manager post. And he kept Screen Gems moving on the diversification course laid by Cohn.

In March 1959, before Cohn's death, Screen Gems started organizing for its move into broadcasting, a move okayed by Columbia some years before. Hyams brought in Norman Louvau as general manager of station operations responsible for scouting and negotiating station purchases. Louvau, now VP in charge of the broadcasting division, had been sales manager of KRON-TV San Francisco and a friend of Hyams from Hyams' old film selling days. (Screen Gems bought its first station, KCPX-AM-FM-TV Salt Lake City, in December 1959, now has other stations in San Juan and New Orleans plus an overseas venture.)

In 1959 also, Screen Gems closed a deal that brought Elliot, Unger & Elliot, one of the largest TV commercial production houses, into the company as a division. In May 1961 Audience Studies Inc. was organized as a research

Diversification is the name of part of the game Screen Gems plays in television



Distribution *One of the basic assumptions on which Screen Gems was founded was the eventual release to television of Columbia Pictures' backlog of feature films. The company's top revenues have come from programs made specifically for network TV, but the Screen Gems feature library, now containing over 1,700 titles, and its 35 off-network series in station sale, are a major contributor to profits. Under VP Bob Seidelman and five regional sales managers, the division recently began syndicating programs produced by independent stations. No profit opportunity is left unturned.*

Merchandising *Screen Gems' merchandising division, headed by "Honest Ed" Justin, is one of the biggest licensing operations in the U.S. It has 3,000 licenses out world-wide permitting Screen Gems' shows and stars to figure in the retailing of anything from surfboards* (Gidget) *to maternity clothes* (Bewitched)*, and the promotion of business ventures as unlikely as Yogi Bear drive-in restaurants. Royalties have been swelled thanks to the Hanna-Barbera animations Screen Gems distributes and a new subsidiary company, Ilami, handles merchandising of even rival TV companies.*

subsidiary and a year later the now divorced Cellomatic Corp. was acquired.

The last acquisition, in May 1963, with Columbia, was Don Kirshner's Aldon Music and Dimension Records, putting Screen Gems in the popular music field and recordings. Jerry Hyams notes that there will be further diversification, perhaps into book publishing or even a consumer product line. The company definitely plans to get the allowed maximum of VHF stations. This means two more V's. Major market UHF, and CATV "in areas where we now have stations," are opportunities being studied.

"Diversification," says Hyams, "is something I've consciously worked on and discussed with Mr. Schneider. I must admit that if we hadn't gone public with 11% of our stock [first over-the-counter, then on the American Stock Exchange in 1961] it would have been much slower going."

After Hyams took over Screen Gems he says he didn't want the company to be in the position of having only three buyers — ABC, CBS and NBC. "Outside of feature film for TV, and the syndication market which was beginning to slide, we would have been at the mercy of the networks. The more we could do to broaden the base of the company," says Hyams, "the healthier we would be."

Screen Gems is now healthy on the non-program side by nearly 30% of its net earnings. But Hyams would like to see this percentage drop. "We don't look forward to the day when diversification will overtake the main-line business," he explains. "We'd like to see the program supply end boom, diversification stay high but figuratively go lower as a percent of the business."

Ranking the profitability order of Screen Gems' diversified operations, Hyams puts broadcasting first followed by EUE, merchandising, music and ASI. He believes ASI will be in for important growth and is only held back now by the considerable capital investment it's taken (a new Hollywood testing center, overseas offices) to get it powered up.

On the Cellomatic failure, Hyams explains that Screen Gems just sized up the opportunity wrong. "We felt that Cellomatic would be a business we could build up," he says. "When we got into it we found it was a small business and it could never be anything else. The problem was you could never build up enough of a sales backlog to eat up your overhead. The only way to do it was to put on more personnel, but the more personnel you added, the lower your profit position became."

This kind of vicious circle, Hyams says, "didn't fit in with an operation such as ours. We've got to purchase businesses with growth potential or it isn't worthwhile. Our loss on Cellomatic," he adds, "was minimal."

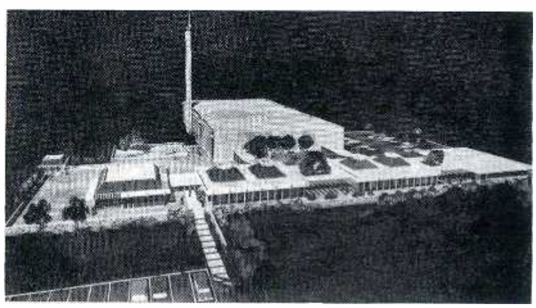
Hyams devotes most of his company time to program production and sales. He works closest with national sales boss John Mitchell and studio chief Jackie Cooper, and this troika, consulting together, decides on what Screen Gems does or does not do in programing.

The Screen Gems boss stresses that he runs a team operation, knows his lieutenants long enough and well enough not to be in day-to-day touch. He gets involved only in the important areas and with the important problems and, Hyams says, Abe Schneider pretty much follows the same policy. "I operate this company and Schneider has enough confidence in me to know that I'll keep him informed."

In practice, Hyams chuckles, "no one *can't* do anything, and yet they *can't* do anything without me." In a for instance, he explains that Mitchell will come to him and

Broadcasting *Screen Gems entered the broadcast field in 1959, now has stations in three markets—KCPX-AM-FM-TV Salt Lake City, WAPA-TV San Juan, P.R., WVUE-TV New Orleans—and recently entered into partnership with Venezuelan interests to construct and operate a new TV station in Caracas. The station division, run by Norman Louvau, ranks as the most profitable of Screen Gems' diversified operations. It intends buying two more VHF operations, its FCC-allowed maximum, and is studying opportunities in UHF, CATV and radio. Among division activities is the building of new facilities for WAPA-TV, envisioned in the rendering below.*

Audience Studies *ASI Inc. is Screen Gems' venture into audience and consumer research. The subsidiary, headed by Pierre Marquis (r), is run apart from its parent, is involved in program and commercial pre-testing not only for Screen Gems but for advertisers, agencies, networks and other TV producers. Housed in a new $1.7 million Los Angeles research center (above) crammed with special electronic testing gear, ASI is doing about 80% of all independent TV program pre-testing in the country, has facilities in London, Tokyo, Sydney.*



Screen Gems came in late on station purchases, yet it has made some attractive buys

in Australia, the soft spots are England, Japan and South America.

While the international boss says 1965 will be Screen Gems' top sales year overseas, he notes that further expansion will come in smaller markets with fewer dollars to pay for American imports, perhaps a cloud on what has been one of Screen Gems' brightest horizons. But it seems to be covering that eventuality nicely with its move into foreign production in the growingly self-reliant TV nations.

Screen Gems syndication and international operations combine to turn a higher profit than its six-year-old broadcast division, but this diversification promises to be the important gainer, especially if the company can pick up another TV station in a top 50 market.

For a company that came in late on station purchases, Screen Gems has made some attractive buys. After it bought KCPX-AM-FM-TV Salt Lake City for $3.1 million in 1959 (its only radio operation), it added WAPA-TV San Juan, P.R., for $1.6 million in 1962, WVUE-TV New Orleans for $8 million last February. All are ABC-TV affiliates. It is now in the market for two more VHF operations, its allowed complement.

THE DEAL THAT DIED

Screen Gems' major disappointment on the broadcasting front came early in 1964. It had negotiated to buy KMSP-TV Minneapolis-St. Paul from 20th Century-Fox for $8 million. The deal was all but tucked away when the purchase went to a vote by Fox's board of directors. There it died.

Norman Louvau, broadcast division VP, makes his headquarters at WAPA-TV San Juan. He says he eventually will locate in New York but San Juan is currently convenient to Screen Gems' station activities. WVUE-TV New Orleans is being re-programed and its plant modernized. A new station is soon to be built to house WAPA-TV and a new WAPA-TV tower is now going up. Screen Gems has also gone into partnership with Venezuelan interests to construct and operate a new station, channel 11, in Caracas.

Louvau, who ran KCPX for a time after Screen Gems bought it, says "I believe in living with the operations we buy." He is on a constant circuit between San Juan, New Orleans and Caracas, the latter station opening early next year.

Screen Gems is happiest with its San Juan operation. Hyams says "Every once in a while you catch lightning in a bottle. San Juan is just that." With the WAPA-TV tower moving to a centrally located point on the island, the station will put its signal over three-quarters of Puerto Rico, cover Ponce as well as San Juan. And with a 33⅓ interest in WOLE-TV Aguadilla-Mayaguez, on the other end of the island (a satellite station that went along with the purchase of WAPA-TV), Screen Gems dominates Puerto Rico.

Despite the fact that Screen Gems has had to buy the weak stations in the markets it's entered, it has pepped them up. It claims it has increased its profits on KCPX-TV more than six times since purchase (moving it from third place in the Salt Lake market to second and occasionally first), and boosted WAPA-TV profits five-fold. WVUE, third in New Orleans, is now undergoing overhaul.

EUE/Screen Gems, the TV commercial production division, was an established operation (Elliot, Unger & Elliot) when Screen Gems took it over seven years ago. It probably ranks just behind MPO Videotronics, the lead company in the field. Over the last year EUE has turned out some 1,800 commercials for over 450 individual ad campaigns, took 39 awards (including a record nine "best awards") in the last American TV Commercials Festival.

EUE's clients read like a list of the top 100 advertisers, and the company is rapidly expanding to handle an increased workload, about 75% of it in color commercials, the industry's big growth area.

Alfred Mendelsohn, sales VP for EUE (Steve and Mike Elliot function as the top creative men and directors, Bill Unger is now a division consultant), says that about 10% of EUE's business comes from industrial film work, a field the division entered nearly two years ago. Companies like DuPont and Chemstrand are $100,000 clients in this area.

Mendelsohn notes that EUE, which is now staffed up to about 130 people (110 in New York, 20 in a new West Coast facility on the Columbia lot that is doing one-third of the division's production), is equipped to handle every phase of commercials except lab work, and it's considering getting into that. The division is also in European commercial work in partnership with a London production house, Signal Films Ltd.

EUE is running seven camera units in New York "and from four to six of them are shooting every day," according to Mendelsohn. "Each one of them," he adds, "brings in $6,500 to $7,000 a day."

Hyams believes that with EUE shooting so much film, largely on the new breed of highly creative commercials, EUE's directors and cameramen (it currently has 12 directors working) have the ability to cross-over into program production. EUE, in effect, may be the training ground for program production personnel. (Mike Elliot, as stated, is directing a 1966-67 pilot.)

Only Walt Disney's merchandising operation is larger than Screen Gems', but division VP Ed Justin ("Honest Ed," with a dollar sign through the "s") is optimistic. "Disney," he says, "is bigger in some foreign markets because he's big in the movies, and every country has Disney movies. We have to follow TV around the world, and it's not everywhere yet. When it is, we'll really take off."

MORE PROFIT IN FOREIGN COUNTRIES

Justin expects his division's foreign income to exceed domestic license fees in a few years. The Screen Gems merchandising operation has 15 foreign offices now and 3,000 licenses out around the world. Justin explains that it's easier and more profitable to operate in foreign countries because there are no exclusivity rights to sponsors. This is S. O. P. in the U.S.

The Hanna-Barbera shows, of course, like *Yogi Bear* and *Huckelberry Hound,* gave Screen Gems merchandising a sensational surge with all those cute little animals finding thousands of items to link up with. Books and bubble bath (in those plastic animal containers) have brought in the most profit and Justin is on to another big licensing area this year: women's and children's ready-to-wear clothing (capped by a full line of maternity clothes based on Samantha's pregnancy in the *Bewitched* series).

Beyond product licensing, the division is also taking a lucrative turn in the direction of some business enterprises. Screen Gems last year licensed an entire pleasure park in the Netherland's resort city of Scheveningen. The park is called "Bedrock City" and it features all the characters from the *Flintstones* series. In the U.S. Screen Gems has started to license a chain of Yogi Bear drive-in restaurants. The first, in Sacramento, has an obvious specialty, Yogibergers.

While Ed Justin sometimes signs himself "not needy, just greedy" to " merchandising propaganda" letters, his operating philosophy is "don't make too good a deal. You have to let the client think he has the better of it."

The merchandising boss leaves no licensing possibility to chance. He says he reads every new pilot script and then gets in touch with Jackie Cooper to "suggest ways to make characters more merchandisable." Merchandising's new subsidiary company, Ilami (Interplanetary Licensing And Merchandising Inc.), covers the service needs of companies other than Screen Gems. Few chances at royalties are overlooked.

The Screen Gems-Columbia co-owned music and record divisions, outgrowth of the $3 million purchase of Don Kirshner's Aldon Music and Dimension Records in May 1963, is active in nearly all areas of the music business. The record division, recently put under a new boss, Bud Katzel, isn't turning a profit, but music publishing, under Kirshner, is. He claims his operation's profit rose 80% over the last year.

Principal source of income for the music publishing arm, known as Screen Gems Columbia Music Inc., is the licensing of songs and music to record manufacturers and to motion pictures. The division is among the leading publishers with songs in the top-ten ratings and a drive to increase the number of recordings of existing songs in its standard catalog has paid off in performances ranging from Frank Sinatra and Barbra Streisand to the Righteous Brothers and Herman's Hermits.

The music division has 20 writers under contract, recently opened an office in London to develop a library of music by British composers and a branch office in Nashville to stay close to country and western music. Kirshner believes that with the hiring of Lehman Engel earlier this year to direct theatrical development, Broadway show music will be a strong new profit area.

Screen Gems' audience and consumer research division, Audience Studies Inc., enjoys an isolated existence in the company. As it is a program and commercial pre-testing service often used by Screen Gems' production rivals, the company has to stand apart. By way of emphasizing this, ASI's VP-general manager, Pierre Marquis (who organized ASI in 1962), saw it best to drop the VP advertising and sales planning post he has held with the parent company. Screen Gems last March established its own research and planning department headed by Willis Grant.

ASI, according to Marquis, is doing about 80% of all independent TV program pre-testing in the country. It moved this year into a new $1.7 million research center in Los Angeles, has a two-year-old research subsidiary in London, Audience Studies Ltd., and has just opened new testing facilities in Tokyo and Sydney, Australia.

The Los Angeles center, hub of ASI testing, is equipped with everything from a 450-seat theater and special computerized testing and recording devices to closed-circuit TV systems and its own printing shop. Besides its basic work in filmed material testing, ASI is exploring new testing methods (such as a way of recording subconscious responses) and getting into new fields—premium testing, color selection, package design, etc.

ASI tests, as they have applied to Screen Gems recently, have indicated such things as this season's cast change for *Hazel* (which may have helped save the show), a reworking of the explanatory opening of *I Dream of Jeannie* and a sequence of showing episodes of *Wackiest Ship* different from the order they were shot.

For all its progress, Screen Gems likes to think of itself as a conservative company. And it is. Russell Karp, who from his treasurer's post has a broad overview of the company, says "We have an insistence on planning. There are five-year plans and one-year plans, and we're revising them all the time."

Screen Gems has missed some bets. It never really got in on the TV western bandwagon of the late 1950's and early 60's. When it tried (with *Empire* in 1962-63 and *Redigo* a season later), it had quick flops. Gold in the western vein had petered out. It hasn't moved in on the current spy show craze (and John Mitchell says it doesn't plan to). It hasn't struck in syndication with a teen dance show.

But in programing no one takes it all and Screen Gems can point to the program cycles it started: quality action-reality (*Naked City*), animation (*Flintstones*), new comedy form (*Bewitched*).

Screen Gems wants to be known for quality, both in its programs and in its diversified ventures. Jerry Hyams also insists that integrity play its role. "If you project integrity," he says, "your company has stature. That is my inflexible point. When I shake hands on a deal that's it . . . the contract can come two years later . . . we've committed ourselves. And we want people to treat us the same way."

Television has treated Screen Gems well, but not because the industry is benevolent or that much a respecter of integrity. From the beginning Screen Gems knew where it was going and how to get there. It hasn't made many mistakes along the way. It knows how to deliver—a show, a commercial, a pop song, a merchandising gimmick, TV audience in a station market. That's what television pays off on. END

TvM December 1965

"Of course, it's much funnier with canned laughs."

TV'S COMPLEAT ANGLER *from page 41*

was counter cards distributed at retail outlets by Liberty Mutual salesmen. In the period to May 30, 1965, 40,406 had been mailed in, resulting in 2,091 policies sold for a dollar volume of $270,225.

The company also sent out "swap-a-name-cards" and "policyholder cards" which offered fishing lures in return for names of insurance prospects. The respondents and sales record of each: 5,217 respondents to the swap-a-name cards resulting in 571 policies and a dollar volume of $68,364, and 4,587 respondents to the policyholder cards resulting in 448 policies and a dollar volume of $54,886.

Combined with the on-air lure offer, these elements of the Gadabout Gaddis campaign had resulted in 8,852 policies sold through May 30, and a dollar volume of $1,081,413. At that date the company had enriched its store of "expirations" by 81,228, and could anticipate by past experience that following them up would produce an additional 17,870 policies at an annual premium value of $2,180,140. Thus Liberty Mutual could count on a fairly immediate income production of $3,261,553 from the 13-week campaign and, as the average policy span is five years, could realistically attribute over $16 million in premium sales to the Gadabout Gaddis campaign.

Overall, for the first six months of 1965, LM's Mergott reports the company's sales were up 16% over the preceding year, with 10,713 new auto policyholders at a one-year premium rate of $1,826,000. Retention of existing business had improved by 1.5 points, an improvement of 5,400 renewals on a base of 293,000. And Mergott stresses these are only preliminary figures, as many of the leads and expirations have yet to be followed up.

(Although the show has been used primarily to push auto insurance, it's had subsidiary effects. Many viewers whose companies carry workmen's compensation have invited Liberty Mutual presentations because of the fishing show.)

An essential part of the "genius" of the Gadabout Gaddis campaign, according to ad manager Bob Mattox, is the company's ability to impose sales discipline through it. The 800 men it has in the field—all "direct" salesmen as against independent brokers—are the key to the company's sales success. "What they think about your advertising is important," says Mattox, "and what they do about it is even more important." When they saw what the show could produce in sales responsiveness, LM's men became willing to put in the extra time required to service the lure leads, distribute the counter cards tied into the TV show, man the booths at sportsmen's and outdoor shows. (Liberty Mutual will merchandise the Gaddis show at 26 outdoor shows in January and February, 1966, alone, using a simple rear-screen display with excerpts from the program tied in with the fishing book.)

The program that did all these things for Liberty Mutual is distinguished by its simplicity, if not downright folksiness. Gaddis is the one-man cast, his cameraman is the one-man crew. The series, shot all in color, is done without sound, with the narration and background music supplied later. Gaddis prefers to ad lib the narration, comes off much better on his own than when following a script. Individual episodes are budgeted at about $12,000.

The casualness of the program is by design, not accident. The show is designed in the frame of reference of the average fisherman, goes only to places where he could afford to go, shunning expensive resorts, using tackle that can be bought for under $50. It is intended to induce reactions such as this one, from a viewer in Helena, Ala.: "What makes the program is the fact that Mr. Gaddis is not portrayed as a magician with a rod but as a fisherman who has had his share of good and bad luck [Gaddis gets his lure hung up in weeds, often loses his fish, in one episode comes away completely empty-handed]. If I wanted to see a fishing wizard in action all I would have to do is look in any of the sporting magazines." Or this one from South Gate, Calif.: "I have no doubt that you are, in real life, a most enjoyable fishing companion." Those are non-professional reactions. An advertising pro shares them. Dave Donnelly, sports director for BBDO and principal account man on Liberty Mutual's activities in this and other sports areas, says that "Too often we get too professional. This guy, on the other hand, talks to me. You can identify with him. We've been brought many other sports programs of this sort that were done far more slickly—and that was the problem with them. We turned them down in favor of the Gaddis approach."

THE BURDEN'S ON TV

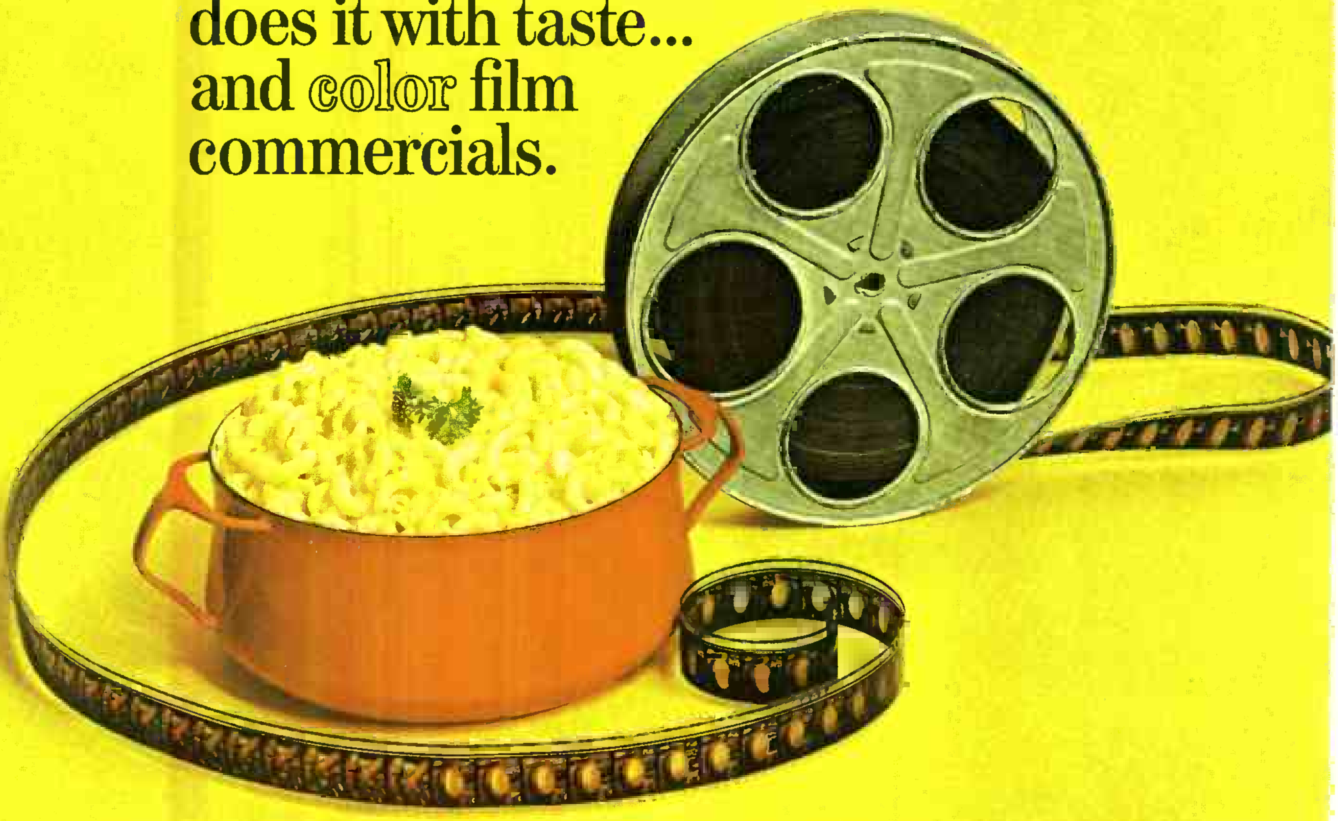
The Gaddis program is not LM's only TV effort, although it does account for the major share. It spends $1.5 million in the medium annually, virtually all of its ad budget, with the other major TV investment in ABC-TV's *American Sportsman* series, in which it has a one-fourth sponsorship. Liberty Mutual's only print advertising, in behalf of business rather than personal sales, is in the *Wall Street Journal*.

The company first swung to TV in 1961 with other sports sponsorships on ABC-TV. Before that, it had been a 13-time account in the *Saturday Evening Post*, where it had held a black-and-white position opposite the contents page since 1935. Mattox's reason for the change: "TV became so compelling that we finally asked BBDO to get us into it."

Gaddis himself has been fishing since he was 7, has been flying since World War I. He was for years a fishing tackle salesman, and got his "Gadabout" nickname (officially he's R. Vernon) during this period from a boss who could never find him. Gaddis also qualifies as a television pioneer; his first fishing program on TV dates back to experimental programing for General Electric in 1939.

Where the series goes from here isn't known. Liberty Mutual can do as it pleases with the show in its 50 markets for the duration of its 5-year contract; currently it runs them 13 weeks in the spring and another 13 in the fall. There are now 52 episodes in the can and no one knows whether there'll be demand for more. In fact, the experience thus far is that the programs get a higher rating the second time around, and Russo sees a good possibility that those now available can go on forever, or just short of it. Happily for Gaddis and Russo, big mouth bass never go out of style. END

Betty Crocker does it with taste... and color film commercials.



Every woman knows the important ingredient to add for appetite appeal—it's color! Betty Crocker knows best. Colors so rich you can almost taste them are blended into her television commercials; General Mills finds it pays off brilliantly in extra sales impact.

Even if you now have to transmit in black-and-white, it still makes good sense to *transmit* from a color print. Your viewers will be seeing black-and-white at its very best. The same Eastman color negative will also yield superb panchromatic prints at a very modest cost.

And remember the extra use color film commercials have in theatre advertising and in dealer and other promotional meetings. For the full story, call your local Eastman representative today.

Motion Picture and
Educational Markets Division
EASTMAN KODAK COMPANY
Rochester, N. Y. New York, N. Y.
Chicago, Ill. Hollywood, Calif.

EASTMAN FILM

If at first they don't succeed, TV's salesmen try, try again. And again. And again.

the possibility that it's true. But at the same time they're so charming that they really are delightful to watch."

A television secret lasts about as long as it takes for the door to close between the teller and the listener. For this reason, the timing of the pitch is extremely important. The salesman has to move to the right person and fast for as soon as he's finished telling his story it's all over town. The hot new property can quickly become shopworn.

IT'S KNOWING HOW AND WHEN

Knowing how and when to push is in great degree an instinct. Ted Ashley, whose instincts have been good enough to put 10 packages on the air this season, says, "The manner in which you do business with one buyer varies from the way you do it with another. Some personalities need absolute bluntness, some don't permit bluntness at all. You have to solve every problem differently. The way you treat your Monday appointment is different than the way you treat Tuesday's. You have to know when to back off and when to push ahead. It's a feeling you get."

Ashley's feelings are based on a 27-year career in the business. He's 43, started at age 16 in the mailroom of William Morris (his uncle is Nat Lefkowitz, chief of WM in New York), learned the intricacies of the business and struck out on his own. In the course of building his business he's built solid personal relationships in the television fraternity. Merely knowing the right people is not enough to sell your product, but all other things being equal, it can be the ingredient that swings the deal your way.

David Gerber of 20th Century-Fox is a relative newcomer to the scene. He's been with Fox a year, before that was with GAC for three and Famous Artists Agency for one. His previous background was with BBDO in Hollywood. In his case the relationships had to be started from scratch. "I was offered the Famous Artists job to sell TV in New York because I was a Brooklyn boy. They figured 'Let's get Dave he's from New York.' I hadn't lived there in years and I didn't know a soul. But I took the job anyway. It was a challenge."

He can laugh now about what it was like in those beginning days. "I'd make 20 phone calls a day and nothing would happen. I was getting hot flashes." But Gerber was determined to break down the iron curtain of resistance. "I didn't know anybody but I made up my mind that I was going to know everybody. I'd meet them at night and close all the bars in town. Then I'd get up early and meet them for breakfast. I knew that Jim Aubrey [then president of CBS-TV] got in his office early in the morning. So I'd call him at 8:30—that way he'd have to talk to me; there was no secretary to stop me."

But one of Gerber's most interesting conversations took place with David Levy, then VP in charge of programs at NBC. He knew Levy had an appointment at the RCA building, waited for him to leave and casually strolled down the street with him. In the course of their conversation Gerber mentioned that he had a new show. He remembers that "Levy said, 'Write it up for me.' I ran back to my office and wrote a five-page outline, sent it to him and it resulted in my first sale." The show, *The Tab Hunter Show*, died after one season, but the salesman is flourishing.

"You gotta be well-liked," Willy Loman, the tragic hero of Arthur Miller's "Death of a Salesman," said repeatedly in the play. It's true as well for the men who sell television packages. As one agent says, "It's hard for a guy if he's not well-liked. Sure they can hate your guts and if you've got Cary Grant they'll all be on your doorstep trying to get him. But let's face it, there are very few Cary Grants around."

The big secret to success, ultimately, is the salesmen's product. There is one industry success who's described by an advertiser this way: "He thrives on weak people. He goes to the weak and works on them. If a show's in trouble, he'll be the first to capitalize on it. He'll go to the incapable people and say, 'I'll do the work for you. I'll get the show on the air.' He has the ability to do that. He's selling desirable stuff. He has knifed everybody in the business at least once. But he's looked upon as a likable rogue. In the business there's a limited source of supply. He figures he can mess you up today because you'll need him tomorrow."

But for the most part sellers find honesty the most lucrative policy. Buyer Dick Cox, vice president in charge of programs at Young & Rubicam, explains that "This is a very small business. A guy may move around a lot—he's at Fox today and Ashley Famous tomorrow—but it's the same group of people that you're doing business with. You can't afford to make too many enemies."

In making sales, the packager is helped if in addition to brains, information, instinct and contacts he has some acting ability. He is selling an intangible, a creative dream. He has to weave a plot so that it holds the interest of some fairly jaded buyers. He has to be able to transmit his enthusiasm so that his listener catches it. This is easier when the enthusiasm is sincere. One customer points out that, especially in the case of talent agents, who stand to make some 10% off the top of every package they sell, there's a tendency to be something less than objective about what they're pitching. When confronted with this fact, every salesman interviewed insisted that, "I believe in every show I sell." The latter was said with varying degrees of conviction and was frequently accompanied by, "Of course, some of them I believe in more than others."

What they sell is not easy to pin down. Even when a show reaches the pilot stage, it has to be stretched by the imagination into what it's going to be like five years hence. Most of television's sellers feel it's more difficult to sell the intangible than the concrete. Says Herman Rush, "It's not like selling an ash tray that you can put on someone's desk. That he can feel. That he can touch. That has an exact price tag on it. You are dealing with a chemistry, with elements that have to be put together. You can't see the final results until months after they're made."

On the other hand, one network programer says, "Selling an intangible is easier. They can make it sound as marvelous as they want to. Their only limitation is their imagination." MGM's John Burns rebuts with, "Sure you can make it sound fabulous, but can you prove it?"

THE PILOT RACE

This is the time of the television year when salesmen are trying to prove it like mad. It's the last chance to get a pilot commitment for '66-67 and the first pilot films are being shown in network screening rooms around town. The salesmen are on the trail of the programers like so many Kamikaze. They wait for the buyer in his office building, they manage to take the same planes, eat in the same restaurants, they call him at his office and at his home. They call during the day and sometimes telephone late at night. As Wally Jordan describes it, "You sit on his doorstep until you get him or you get thrown out."

If at first they don't succeed, television's salesmen try, try again. And again. And again. A firm no can change to a yes after enough pounding. Situations start changing on a programer's schedule—a show starts weakening at 7:30 and the salesman with the idea for a talking robot show for kids doesn't sound as far-fetched as when he first started pitching it. Sheer dogged tenacity has turned more than one "Are you kidding?" idea into a time period.

The smart buyer doesn't look at the smart seller as a pest. To Bud Stephan, vice president & director of TV programing at BBDO, "They're a source of great information. They touch all the agencies, all the networks and they can feed that information to you." To Y&R's Dick Cox the phone calls pitching him at his home in Wilton, Conn., are not looked upon as interruptions. "Most of these guys are so good that while they may be making repetitive calls they don't do it in such a way that you get tired of them. You can't afford to. Tomorrow they may have something you want. They're not amateur, bush league guys. They know we're interested in what they have to say. Last night I got four phone calls at home. Those guys had something to sell. I'd be silly to say, 'Gee, I can't talk to you now, I'm eating.'" The attitude toward the packagers is summed up by Benton & Bowles senior VP in charge of media management Bill Craig: "I welcome their calls."

Tales of successful sales are relished by both buyers and sellers. They are passed around from Oak Room to cloak room and quickly become part of the folklore of the business. Like the classic case of John Mitchell, who when told that Ollie Treyz, then president of ABC-TV, couldn't listen to his show idea because he was leaving for Washington, D. C., boarded the same train, cornered Treyz and ABC chairman of the board Leonard Goldenson and began talking. By the time the train reached Philadelphia he had sold his pilot. Or the time that John Burns rolled out the statistical studies that showed there was a future in another time period for *The Man from U.N.C.L.E.*, in danger of cancellation after its first season. It was renewed, got another time slot and did well enough to prove that the statistics and Burns were right.

At the moment the story that's got them shaking their heads is that of Dave Gerber and *Three Coins In the Fountain*. Alberto-Culver had commissioned the pilot out of 20th Century-Fox. Exteriors had been shot in Rome, the cast was signed and the Hal Kanter script finished when Alberto-Culver withdrew from the project. Executive VP Bill Self called Gerber at his home on a Sunday, advised him that the project was too worthwhile to pass up and said, 'Give it one last try.' Gerber boarded a plane that night for New York. He arrived at 6 a.m., changed his clothes and headed for an 8 a.m. appointment. By Monday night he had talked to five agencies whose client roster included spenders big enough to finance the project. By mid-day Tuesday he was jet-bound for Hollywood. There were two interested network programers on the Coast and he had to be there to cultivate them should his hottest prospect in New York, Young & Rubicam, fall through. If there was no taker by Wednesday noon the project was to be abandoned —the three leading players couldn't hold their plane tickets any longer, the crews standing by in Europe couldn't be held any more. By 12:30 Wednesday the phone call came. Y&R's Bud Barry and Dick Cox had reached General Foods advertising manager Ed Ebel. They told him of the show and he gave the go-ahead to buy it. It's unusual for a commitment like that to be made in less than a month but Ebel is one of the few powerhouses in the business who can make a decision to commit money that quickly. In two days $100,000 and a touchdown for 20th Century-Fox.

MANY SALES, MANY TALES

And so the stories go: Wally Jordan closing a deal in a tuxedo on a train; he left a testimonial dinner with a sponsor, joined him on the train to Chicago. Ted Ashley getting *Medic* on the air after another agent had failed four times. John Mitchell, about to lose a sponsor's renewal for the *Farmer's Daughter*, promising to get the show's Katie married to her congressman employer and, icing the deal, getting Perle Mesta to throw a full-dress Washington reception for the TV'd wedding. And still another Gerber story, told by Dick Cox, recalling how Gerber insisted he come to a screening of a new show. "I didn't care for the way the show sounded but Dave insisted that I watch it. He set up a screening for a Friday at 3 p.m. at the Johnny Victor Theater. On that day it was raining heavily, I had run late in my last appointment and had one at 4 back at my office. I tried to tell Dave I couldn't make the show but he kept insisting. He sent a cab to pick me up at the office. He had an office boy waiting out front of the Johnny Victor and the kid stayed there holding that cab until I finished watching the show inside. Then the cab took me back to the office in time for my next appointment." Cox liked the show, Y&R bought into it and as a result ABC, piqued by advertiser interest, booked *Voyage to the Bottom of the Sea* into its schedule.

Plenty of stories and plenty of styles dealing out the hands, from John Mitchell, the aggressive master of timing to Ted Ashley, the brilliant entrepreneur, cool and smooth. The personalities are different but they share the knowledge of every card in the deck.

The name of the game is get the show on the air. Once you have, you must get it renewed. The best players get lots of money, varying degrees of prestige, and, as they tell it, plenty of personal satisfaction. Says Ted Ashley, "You get a real kick out of playing a part in the realization of something that a long time ago was just a gleam in somebody's eye. I remember all kinds of travail on the *Defenders*. It didn't get on the first sales season. What a fantastic kick it gave us when it did get on."

There are the kicks and there are the frustrations. An agent can be the catalyst between the creators and the buyers but he can't actually produce the show. Sometimes he must watch it fall short of his expectations and those that he promised the buyer. He can suggest, he can't get behind the cameras and execute. He works long and he works hard. One salesman remarks, "It's not the happiest life in the world for a guy's wife. She doesn't get to see him as much as if she were married to a shopkeeper."

There is no second prize in this game. You sell a show or you don't. No honorable mentions and you go in knowing that nobody bats 1.000. You're doing great if you bat .500. Says Dave Gerber of the times that he misses, "There's an emotional let-down. You see the end of so many people's dreams—the writers, the actors, everybody who's had a part in the thing. It's all over and you feel depressed. A salesman needs a lot of energy so that he can fight that let-down, so that he can bounce back and go on to the next project."

Win or lose, there can be no crying over the martinis at Chasen's. The salesmen straightens his suit, lined in confidence, and comes on strong for the next pitch. It's a tough business. But then again, Willy Loman never had it so good. END

THE SQUEEZE *from page 39*

come from Mighty White's efforts to reach the 41 million children in the United States between the ages of 2 and 12.

Both Macleans and Plus White are classic examples of what Grey Advertising, in its bulletin "Grey Matter," terms "psychographic market segmentation." By this Grey means the strategy of isolating a market by selecting people who react *en masse* to a particular emotional appeal or who share common behavioral patterns. (This differs from the more common segmentation by such easily discernible market divisions as youth, sex, financial status, education, location and so on.) The bulletin says:

"Let's take the case of Maclean's toothpaste. These marketers reasoned that since 70% of the population is concerned with tooth decay, it would be sound strategy to aim at that part of the remaining market (30%) composed of people who are psychologically or emotionally more concerned with 'whiteness,' the cosmetic effect of brushing their teeth, than with cavities. The success of this maneuver in gaining a share of the toothpaste market beyond their expectations is history."

Maclean's, already established in Britain and other parts of the Commonwealth, was introduced by television in the U.S. through part of the money budgeted for Brylcreem, another Beecham item. The toothpaste was marketed first on the West Coast. It became a simple matter, therefore, to substitute Maclean's ads for Brylcreem's.

The basic strategy of the commercials, devised by Kenyon & Eckhardt, was to avoid the clinical approach. "We found, for example, that teenagers were really going for Maclean's, perhaps as a reaction to the way toothpaste was presented to them before they grew up," a K&E executive says. The commercials created the boy-girl situation, with the camera moving in close to the boy admiring the girl, and then a close-up of the girl's teeth followed by a shot of the Maclean's tube. The commercials used the factor of movement in television to create a feeling of action, of liveliness that fitted with the image of the brand as a refreshing, stimulating, lively product. In a year and a half the brand had captured fourth place in the U.S.

Richard Burns, account executive at Plus White's agency, Daniel & Charles, says that product has taken Maclean's cosmetic approach one step further. "We're more zeroed in on stain removal," he says. "To the best of my knowledge we're the only major toothpaste that specifically discusses stains." The advertising is directed toward smokers in the main. Network participations are on Huntley-Brinkley, NBC, and there is a sizeable spot TV budget.

Whiteness claims can run into trouble. Pepsodent withdrew its catchy "you'll wonder where the yellow went" after it was criticized by the ADA. It's the feeling of the dentists that since the color of teeth varies greatly, and since the natural color is not necessarily white, a toothpaste could not promise to make teeth white. Copy for the Plus White commercials seems to get around these objections. Here's an example from a 60-second TV ad:

"Wouldn't it be great if your teeth looked this bright? . . . Maybe they did when they first grew in . . . But teeth darken with age, and vary in color. You can't do anything about that . . . However, tobacco and many foods deposit stains that cling to their surface and discolor them even more. Now . . . you can do something about that. If your teeth look more like this now . . . it's probably because you haven't had the needed ingredients to work on these stains. Which is why we . . . created new Plus White."

Alberto-Culver's Mighty White is a more usual example of market segmentation: that is, by age group. And the segment picked, the 2-to-12's, is expanding so rapidly that it is expected to number almost 70 million prospective customers five years from now. The toothpaste is packaged in a white tube and red box. The box carries a humorous limerick and a picture of The Great Zeeth, a cartoon character with polka-dot baggy pants, floppy ears and a minuscule nose. Alberto-Culver took its customary care in test marketing the item before it went national. Robert Haag, the company's VP for sales, says "exceptionally difficult" market areas were picked to test the children's toothpaste. "We weren't looking for the easy way in. We wanted to find out if Mighty White could make the grade when the chips were down."

Apparently it did. Haag says Mighty White "is the most talked-about brand among children. Mothers love the fact that their children think brushing is fun. And, of course, if Suzie likes it, Mom's going to buy it."

BBDO Chicago is the agency for Mighty White. Advertising consists of animated cartoon commercials on children's TV shows and network messages aimed at parents. The great Zeeth, voiced by Mel Blanc, introduces children to the benefits of regular dental care, and he is aided by some cartoon animal colleagues in demonstrating the toothpaste. About 75% of the advertising goes to children shows, including such network programs as *Beanie and Cecil; New Casper Cartoons, Range Rider, Bugs Bunny, Topper, Alvin, Tennessee Tuxedo, The Jetsons, Lassie* and *Underdog*. The ads also appear on local children's shows in 30 markets.

On the positive side, it might be said

that promoting a toothpaste the kids actually beg to use is beneficial, since it encourages the brushing habit. On the negative side, critics have questioned whether it is proper to persuade children to use a product that may or may not have therapeutic value, even though it is assumed that the parents have the final say-so.

Lever Brothers' Stripe is another toothpaste that has emphasized its attractiveness to children, sometimes with direct appeals to the youngsters themselves through participations on the TV programs they watch. And the commercial message to parents is that it is wise to buy a toothpaste their children enjoy using. However, Stripe has never gone after the children's market with quite the undeviating determination that Mighty White is showing. Stripe also has had another sales message: that it offers toothpaste benefits plus mouthwash benefits in one product.

Mighty White's two years of test marketing contrast sharply with the none-at-all for Bristol-Myers' Fact. This toothpaste entry will go directly into national distribution at the first of the year in a simultaneous introduction with two other new B-M products, Resolve, a "high therapy" seltzer tablet, and Ban spray, which puts the well-known deodorant in an aerosol can. Bristol-Myers tried the same sort of three-way introduction two years ago with Score, Softique and Ban Cream and it worked so well the company is giving it another go.

Bristol-Myers' marketing VP John P. Kennedy says the latest trio of new products will be introduced nationally through one of the largest group sampling campaigns in the history of the industry (seven million homes). The drive also will include extensive use of prime-time network and spot TV commercials, as well as print. Agency for Fact is Grey Advertising.

Jack Morgan, head of new products development at Bristol-Myers, says clinical and lab tests for Fact have been going on for five years. "Compared to earlier formulations," he says, "Fact makes available more fluoride." The tube and package is as distinctive as the name. The more commonplace red, white and blue toothpaste packaging has been avoided. Instead, green with full-color faces are used for the box, and green and white for the tube. Morgen says color commercials will be used wherever possible, because of the extent of color set penetration, of course, but also "because we think this packaging color will serve us very well." The name was chosen, he says, because it is appropriate for a therapeutic product. If Mighty White is occupying the fanciful end of the image scale, Fact seems to be seeking the opposite.

What's ahead that could keep the toothpaste television pot on the boil beyond 1966? A new look for Pepsodent, which has occupied a low-level plateau for more years than Lever Brothers must care for, is a good guess. Zirconium, a decay-preventive ingredient that is supposed to begin where fluorides leave off, has turned up in a test market campaign for a new formula Pepsodent. Commercials seen in Albany, N.Y., say that "a new brightening formula, zirconium silicate, gets teeth their absolute whitest." (Procter & Gamble has sponsored a research project investigating zirconium fluoride at Indiana University, where Crest toothpaste was developed.)

Action also may come from E. R. Squibb & Sons' newly-introduced special dentifrice for power brushes, Lustrex. According to Squibb, regular toothpaste made for manual brushes has a tendency to be swept away from the teeth by the high-speed brushing action of automatic toothbrushes. The consistency of Lustrex is "maintained at a low foaming level that keeps the polishing agents active more of the time by allowing them to cling to the teeth and brush." If Lustrex catches on, other manufacturers may enter the field and a new TV battle will be joined.

Other prospects may come from abroad—as did the Swedish toothpaste Vademecum, which boasts a key to help you wind up the tube. Or from out in left field—as is the decay preventive chewing gum Warner-Lambert is testing as a complement to rather than a replacement for brushing. One thing is certain: the dentifrice industry will never again know the unruffled calm that preceded the 50's. To television, the status quo is anathema. END

FCC's Lee Loevinger thinks the concern over CATV is too much ado about next to nothing

the FCC action? "If I light the right candles and put the right money in the box, we might win," Paglin quips.

But according to the immutable logistics of the court, and though he's pressing for expeditious action, counselor Palin still has more anxious moments ahead. After the oral arguments are heard, the case will be taken under advisement and it will be a probable minimum of six weeks before a decision is rendered. Even then the legal storm will blow on. It's not unlikely that the FCC will appeal if it finds the decision a contrary one.

• *United Artists Television vs. Fortnightly Corp. and CBS-TV vs. Teleprompter Corp.* Both of these suits apply the Federal Copyright Act to CATV. Currently pending in the United States District Court for the Southern District of New York, both may be adjudged by the early part of next year. If resolved, they would become the first adjudicated cases specifically involving this issue, though United Artists, led by the redoubtable Louis Nizer, has been trying to get a court ruling for more than five years.

At stake is the question of whether CATV systems can continue—as they have done since their origin—to carry whatever broadcast signals they wanted to retransmit without obtaining the authorization of broadcasters or producers and without paying anything for program rights. A victory for the complainants in these suits could significantly change wire TV's economics, could take a lot of the bloom off the rose. The most expensive cost item in television today is programing, and this is one expense the CATV operator doesn't have to worry much about yet.

• *Television Accessory Manufacturers Institute Inc. (TAME), JFD Electronics Corp. and* WPHL-TV *Philadelphia vs. Rollins Inc.*: The petitioners in the case have asked the U.S. Court of Appeals to declare CATV's common carriers, subject to the FCC's authority to approve rates, grant franchises and establish conditions for operation. Such a decision would apply FCC jurisdiction to all antenna systems—microwave and non-microwave—and preempt local and state authority.

If CATV winds up declared a common carrier, all the sparring and fretting is over and the TAME members can go back to fighting each other competitively. Says the organization's president, Sam Schussel: "We'd like to see the right type of controls applied to CATV. As far as we're concerned it's a public utility."

The suit, brought to the court last summer, may be decided by the spring of the new year. "If the case goes against us," offers Schlussel, "we haven't as yet determined if we'd appeal. But there's a definite possibility that we would."

• *Copyright Bill HR-4347 and CATV regulation bill HR 7715*: The copyright bill, introduced by Representative Emanuel Celler (D-N.Y.) last February, is still kicking around in committee. If passed, CATV operators would have to get permission from and pay royalties to program originators before making use of their programs. It also would tend to make the United Artists and CBS suits the most extraneous ones of the year.

A SHEEP IN WOLF'S CLOTHING

The second bill pending in Congress is a parting shot from Representative Oren Harris (D-Ark.), for nine years chairman of that key communications governing body, the House Interstate & Foreign Commerce Committee. Last summer, just after being nominated for a post on the federal bench, Harris introduced HR 7715, which would establish "a national television policy" and provide for congressional review of future CATV regulation. If passed, it could be a sheep in wolf's clothing for the CATV industry. It would cool the ardor of the FCC, conferring on it the right to regulate CATV, but delaying rulings for 90 days until Congress had a chance to evaluate them. Both bills may come to a vote, if not this winter, in the spring.

• *FCC and its relationship to the CATV industry:* For years the commission has been groping for a policy on CATV. Its biggest concern: What is the potential impact of the wire systems?

Hovering over all of the commission's dealings with the cable TV industry is the inference that there's potentially great danger in CATV, especially to the local broadcaster. Pledged to the tenets of its "Sixth Report and Order" of 1952, the FCC wants to make use of the entire spectrum, see as many stations on the air as possible.

"The small broadcaster, local expression, may not survive," is the way Chairman E. William Henry puts it, "but it's not going to be the FCC's fault if they don't." The commission is seeking CATV controls as a means of setting up what it considers rules for fair competition. The American Broadcasting Co., among a covey of other interests, says the commission has not only the responsibility but the authority to regulate all CATV's. FCC Commissioner Lee Loevinger, however, thinks the concern over CATV is too much ado about next to nothing. He'd rather government and television broadcasters pack up their fears in an old kit bag and abstain from "interference with free-market forces."

But the commission, already on the record with its strict-tempered "First Report and Order," gives every indication that in its future dealings with CATV it's more disposed to frown than smile. It soon may come forth with its most telling rulemaking: restricting CATV's from importing distant signals (a practice known as leapfrogging) while excluding nearer ones.

• *Municipal relationships to CATV:* Local city governments, the bodies empowered to grant franchises (licenses to pirate, claim wire TV adversaries) to CATV's have been bewitched, bothered and bewildered by the coming to town of the medium. Bewitched because they know there's a mighty big buck to be made from CATV, and who ever heard of a local politician disinterested when there's money being mined?

Just last fall the city of Asheville, N.C., enfranchised an eager CATV system in return for about two tons of flesh. The demands of its giant sharking: 16% of the first $600,000 of the system's gross; 50% on all the gross above $600,000, with reversion of the system to the city at the end of 20 years. It could be the start of a trend which forces CATV's to be quick buck artists, able to draw a fast return on their investments before physical plant, good will and subscribers are all turned over to the city.

But on the other hand the municipalities are bothered by the packs of operators that have come to snap and snarl over choice franchises. A six-way fight developed for a CATV grant in Philadelphia and there were as many as eight applicants vying for the potentially fertile diggings of New York.

And city fathers are bewildered because they just don't know what sort of tail waggers CATV will bring with it (the political consequences inherent in pay TV are enough to make any elective official shudder) and also are unsure if there's culpability involved in holding hands with a maverick business. It's Louis Nizer's gambit to caution city administrators of possible copyright infringement suits if provisions are not made to protect copyright owners. The Philadelphia city council, for example, was told it could become jointly liable with a system operator for minimum damages of $3,640,000 a year, while New York was cautioned that its toll could be even higher, reaching up from $6.8 million annually.

Recognizing a maelstrom when they see one, many cities have taken a long pause to consider. Typically, the Charlotte city council in North Carolina

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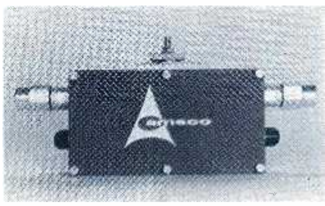

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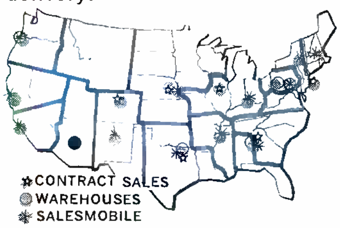

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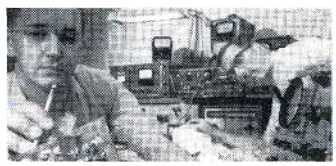

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AT&T's Williamson says: "We view the CATV operator as a customer, not as a competitor"

has recommended that "any future council delay any decision on this subject until the determination of pending legal action and the ramifications of FCC regulation" are established. Let's not move now and repent later seems to be the prevailing sentiment. It all adds up to a "wait and see" roadblock thrown up in many locales, an impediment to the progress of impatient CATV's.

• *Public utility commissions' relationships to CATV:* If the cities and towns across the country are perplexed about CATV, the states appear willing to take the problem off their hands. Several weeks ago delegates to the annual convention of the National Association of Railroad & Utilities Commissioners unanimously adopted a resolution calling on states to treat wire TV systems as public utilities. The resolution also directed that a model law be drafted to bring CATV's under state public utility commission control.

THE CONNECTICUT WAY

If a system's operator finds cause to fret over impending FCC jurisdiction, he may have reason to bust an ulcer when faced with public utility control. In Connecticut, where a 1963 law gives the state public utilities commission authority to license CATV systems in cities and towns, there are indications that franchise-seekers may be forced to settle for a relatively meager 6% return on their investments where many of them were anticipating profits of 20% or more. They also face a 6% state tax on gross earnings and already have been told that they cannot originate news or weathercasts or other original programing, but must act solely as a repeater.

Connecticut may set a pattern for other states and that could be decisive. For widespread PUC control of wire TV, obviously, would tilt the competition in favor of what would be the comparatively free-wheeling TV broadcasters.

• *What happens in Cleveland:* "The biggest development in this business in the last five years," points out Archer Taylor, consulting engineer to ABC's Cablesystems Corp., "is the movement of cable signals into major markets. I think it's right around the corner."

In Cleveland it's already down the block and the journey figures to be a lesson to all. Previously, wire TV gained acceptance almost exclusively in small, underserved communities. With the exceptions of Binghamton, N.Y., and San Diego, CATV has never really been tested in markets enjoying full three-network service. And in San Diego, the system, owned by Mission Cable TV Inc., was started as just a suburban operation, while Binghamton registers as smaller than a top 50 market with fewer than 250,000 TV homes.

But Cleveland, the seventh ranking TV market in the country, promises to be a valid test of CATV's acceptability. It long has been favored with three-network VHF station coverage and it's rated major in every way. But Cleveland doesn't receive an independent TV programing signal and there lies the honey that has lured two CATV's to the quest.

Telerama (Scripps-Howard has a 49% interest) has built about 50 miles of lines to serve the high-income suburban areas of Warrensville Heights and Shaker Heights. The system is targeted to begin operations on Dec. 1.

Meanwhile, Cox Broadcasting Corp., in association with the *Cleveland Plain Dealer*, has completed engineering and is ready to wire other parts of Cleveland. There are no regulatory or legal snarls in this instance. The only thing that remains to be determined is whether or not the public wants to buy the service that is going to be provided.

Observes Cox's president J. Leonard Reinsch: "We're going into this market with full knowledge of the problems and what we have to do, we believe, in attaining the opportunities. We think they will be considerable."

• *Telephone company relationships to CATV:* "Historically what happened in this industry," observes Philip P. Kalodner, counsel for Telesystems Corp., "was, in the first instance, the various Bell telephone companies, the AT&T constituents, were given the opportunity of entering into this business because it was thought to be a natural adjunct of their business; this was way back in the late '40s and early '50s when this business got started. What happened, however, is that they considered it a kind of a fly-by-night business and would not be around for long, and therefore gave up the opportunity to go into the CATV business."

As it has developed into an estimated $100 million a year enterprise, CATV rated a second look from the phone companies. Apparently they like what they now see.

"Based on studies our company has done with marketing people," remarks AT&T's assistant chief engineer Cliff Williamson, "we expect tremendous growth in the CATV field. We will continue to provide a number of systems for CATV operators. Estimates show that systems will increase by 10 or 15 a month. We expect to serve a number of that increase. We're exploring how to do it better and how to do it cheaper. We're selling a communications service and expect to grow considerably in this area in 1966."

The emphasis is on service. The Bell System companies insist heatedly that they do not intend to become operators of CATV systems. They propose only to provide local distribution channels for operators of CATV systems who choose to secure them from the telephone companies. They will continue to provide—as they always have—pole attachments under certain stipulated conditions and will increase their efforts to sell turnkey installations (so-called because the entire transmission system is built for the owner who only has to turn a key to open the door).

Bell is driving hard to attract customers for these installations and for rentals of its CATV service. At last count, the Bell companies so far this year had filed tariffs for CATV transmission channels in 30 states. In striking comparision, only six such tarffs were in effect a year earlier (for a complete look at how the Bell System companies stand see box, page 75). Two CATV transmission systems—one in New York, the other in Virginia—were in operation with firm orders on the books for 60 others.

Still, maintains AT&T's Cliff Williamson: "We view the CATV operator as a customer, not as a competitor."

CALL FOR POSITIVE ACTION

The nation's independent telephone companies are less reluctant dragons. Meeting in convention last fall, they heard Paul H. Henson, whose United Utilities Inc. has moved into complete ownership and operation of wire TV systems, sound a call for positive action.

"Will you try to ignore CATV, hoping it will go away? I doubt it. Will you play it safe, and leave the future to others who will put up venture capital and overbuild you on your own pole lines? I doubt it. Or will you see this CATV industry for what it truly is —the first major customer in the market for wideband communications? CATV is here to stay. ETV is here to stay. Industrial TV is here to stay—and to grow. Pay TV may be around the corner. There is a place for progressive telephone leadership."

To CATV operators, it could only have been a disquieting reminder. Compassion would not be inappropriate if they were overheard to says, "Oops, there goes a multi-million dollar dream." For the spectre of telephone company dominance of the brave and exciting new visual communications world-to-be must loom large indeed.

All of these then—the courts, the regulatory agencies, the major market tests, the phone company competition — are crucial to wire TV's future. How will they decide?

It's anybody's guess and almost everyone involved is willing to make one.

TV veteran G. Richard Shafto is president of Cosmos Broadcasting Corp., which owns and operates three TV stations. Like an increasing number of over-the-air broadcasters, Shafto has come to embrace wire television. Cosmos Cablevision Corp., a subsidiary company, now has several operating systems in South Carolina. Shafto doesn't find this relationship incongruous because he believes completely in the future of both varieties of broadcasting, wire and over-the-air. The totalness of his newfound dogma—a few years ago he'd probably brook no erosion of over-the-air's structure — speaks convincingly of the changes that may be headed television's way. Here's how he views the situation:

"I regard CATV as a supplement to broadcasting and firmly believe that within the next decade some 20% of all television circulation for the average television station will be on cable or through cable. I find myself in the same position as the Coca-Cola company found itself when it had to make up its mind whether or not to sit in Atlanta and just make syrup or whether it was going to go into the vending machine business and contribute its part in that fashion. I see nothing wrong with television stations being in CATV. I'm a television broadcaster first, but I think CATV is a great discovery that has come along at an appropriate time, at a time when the public is rebelling against outside antennas. As a broadcaster, I haven't the slightest fear of the competition that CATV brings. It's there to provide a variety of programs to the viewers of a particular community."

Cox Broadcasting's J. Leonard Reinsch, too, is a broadcaster of longstanding and impeccable reputation. Another convert to CATV, he sees the trend of the future rolling perhaps even more relentless to wire television.

Says Reinsch: "Basically, what will determine the future of CATV will be the public interest. The public interest, we feel, can be better served by wiring television sets via CATV.

"There are two fundamental problems today," he points out, "that are intertwined with the problem of CATV. One is the problem of UHF and the other is rural coverage.

"I happen to feel strongly," he emphasizes, "that CATV supports and strengthens UHF. The problem of rural coverage is similar to the problem faced by the REA [Rural Electrification Administration] in the '30s. At that time the REA had to have a certain density of population before it could run its power lines. Today, with the new techniques that have been developed, sparcity of population no longer is a problem.

"I think," Reinsch continues, "technological developments will solve the coverage of rural areas by wire television [reportedly Teleprompter soon will announce just such a development], make it economically feasible, just like power usage is economically feasible today, though it wasn't in the '30s.

"Therefore it comes down to the question: Is the public interest better served by having the maximum number of television programs available or are we going to continue to have some cities being second class citizens in effect, because they do not have the sources of programing that other cities enjoy? And this because an allocation table was developed, with the technical knowledge of the time—except that time happened to be almost 20 years ago—which did not permit additional program signals into a city. Now we have a new way of getting additional signals into that city. We have a new way of increasing service to the public. It's in the public interest to have the maximum number of signals available to them."

These are the faithful speaking, believers who may go so far as for broke, rebels of a fashion who have found a cause. Other broadcasters are not yet willing to go so far down the line with wire. Neither are they likely to discount it.

The three networks, forced always to look beyond the horizon, yet awkwardly caught between profit compulsions and affiliate relations, are talking softly about wire's future, viewing it as a sound if modest diversification investment. Yet if the situation should change dramatically, they'd wield a big stick and hang the affiliates, make book on it.

Remarks one network official in an off-the-record statement: "Our main interest is public service. Five years from now if there are no legal bars, we'll be in CATV all the way. We view it like pay TV. If the public demands and will pay for it, we'll be in it. And we'll serve public demands before we serve our affiliates or advertisers."

Currently, however, the networks have done no more than get their cuticles wet in the business. ABC reportedly has had an exploratory CATV interest in Cablesystems Corp., but has yet to do anything discernable with it. NBC, which views CATV as a public benefactor in unserved areas, but also as a potential bully to its affiliates, may make a move when legal and regulatory flak clears. CBS, which was the first

TvM December 1965

"He wants his residuals."

How some broadcasters view wired TV: Despite small total dollar return, it's sound

network into CATV (it has an extensive investment in Vancouver, B.C.) recently took an option to acquire a minority interest in a system in San Francisco.

"We've gone into CATV operations as an investment," explains CBS-TV Stations Division president Merle S. Jones. "We won't do anything with our San Francisco option until the copyright question is resolved one way or another. We'll take the result of the copyright decision and lay it down on the option and decide whether it's then economically viable. There's a good likelihood that we'd go ahead and try for other domestic systems. CATV yields a very small profit-income compared to our O&O stations. Yet if we could develop a number of viable systems in the United States, I know the economics could yield as much as, say, a worldwide organization such as CBS Films."

Some of the group broadcasters, too, take a bi-focal view of wire TV. As an economic investment for the future, despite relatively small total dollar return, no doubt it's thoroughly sound. Confirms Charles Woodward, president of Clearview of Georgia, Westinghouse Broadcasting's CATV arm: "It's going to be a long time before our CATV operation is going to give us the kind of return that our TV business does, if ever. But in terms of time, effort and money that we put into it, it does make sense as a return. A dollar here and a dollar there, and pretty soon you have a lot of dollars."

Yet it's as a different sort of an investment, as an insurance premium against the contingencies of the future, that CATV makes even better sense. Explains Woodward's boss, Don McGannon: "I believe CATV has a valid function as an extension of the free broadcasting system. I don't think that the situation in which CATV purports to bring signals into communities that have three or more services at the present time is either possible or rational or justifiable. I think on the other hand it could bring about a terrible upheaval insofar as the future of television is concerned and insofar as the ownership of programing is involved."

McGannon then pinpoints what may be strategy for much of the broadcast industry (considering his position of leadership). "We have taken a policy position," he points out, "against major market CATV. However, we have filed in most of our communities in order to protect our basic position. If the local fathers feel that CATV is in the best interests of the community and if this copyright problem is resolved, we'd like to be the franchise holder in these communities."

There are those unresolved questions confounding wire's course again. It seems the door to the future just won't open until the legal and regulatory keys are found.

That the wire TV business is going to get some form of regulation seems certain. It may be only minimum regulation but it's coming and probably soon. There's also a strong possibility that the copyright question is going to be resolved in the immediate future and most likely in favor of the program producers.

All this hardly spells disaster for wire TV's growth potential. It could even help. For to some operators today's situation is an impenetrable jungle overhung with different regulatory creepers.

Yet even so dogmatic a wire TV proponent as Teleprompter's Irving Kahn can see a silver lining through this maze.

"A BASIS OF GROWTH"

"Yes," he says, "there might be some regulation. But I don't think regulation is going to inhibit the growth pattern. This includes the copyright. I think the copyright question, once it's resolved, will stimulate growth because it will remove another of the imponderables about what's going to happen. I don't think this will be a limiting factor if it takes the resolution I think it will. I think it will be a basis of growth."

Attorney Michael Goldberg adds a concurring vote but also poses some sticky questions.

"Regulation? Yes, we're going to get it. But the question is from where?

"It could come from three levels," he feels, "federal or state or municipal. Each one wants to touch, but each is afraid. The FCC has it's feet stretched out but it doesn't know which step to take. It's vacillating.

"A copyright provision can be written," he continues, "but not administered. What are you going to do, base it on the number of people who watch the program? Do you cut it off at the apartment house owner? Once you commit something to the public domain, you lose control of it."

Yet some distinct guidelines must be established soon or else the second phase of wire TV's march to the future—its conquest of major markets—may never be spelled out. For the fact is, most major market applicants are stalling, waiting out the next few months to see how iron is going to be the hand which rules.

Once the decision is made to go ahead in the big cities, another crucible has to be faced. This one, suggests Television Communication Corp.'s board chairman Al Stern, will determine "how important is variety? Wire's acceptability in the big markets will be decided purely on the basis of the increased variety it will bring. I think variety is a damn important part of entertainment. If I'm wrong and this theory doesn't work in the big cities, CATV will remain a subsidiary service and will have to find smaller communities to stay viable."

Leon Papernow, president of the West Coast's Community Cablecasting Corp., thinks variety is great but suggests that its trip to the big cities may be detoured.

"In most cases," he says, "the big markets already have three-network TV service so to make the CATV service saleable it's necessary to bring in a lot of stuff they're not now getting from long distances. But the dilemma I have," he points out, "is one that I think other people ought to be facing up to. It's that most of these markets can't be served without microwave and I just don't see the commission giving us microwave to get into them."

There's notable exception to the contention that only additional incoming signals can sell wire TV in the metropolis. It's New York City, shrouded in hulking slabs of concrete and spiraling steel. The island of Manhattan unquestionably suffers from upset, if not disappearing, TV pictures (steel girded structures rising 50 stories high, it's said, bounce TV signals and disorient antennas) and CATV may have the remedy. But like everything to do with the subject, even this supposition doesn't pass unchallenged.

Cautions TAME's Sam Schlussel: "They're going to be selling better reception in New York but how much is their quality going to be guaranteed?"

Still, Manhattan has unique problems and advantages and this is one occasion at least when as New York goes, not necessarily goes the nation. If New York supports a cable system, it will be one of the two or three such cities in the country where the only service rendered is an improvement in the reception of the stations available. Traditionally that's not what wire TV has been doing. Traditionally its service is sought because it offers more programing.

Thus all industry eyes are turned to Cleveland where for the first time CATV is being tried in a truly major three network service market. The major protagonist in this test is Cox Broadcasting, a top group station broadcaster slotted for the clean-up spot in tomorrow's wire TV lineup. Sagely, discreetly, masterfully, Cox, under the sure hand of J. Leonard Reinsch, has maneuvered itself into the starting gates of key cities across the country. In several instances the company has tied up with the commanding newspaper in the market, for Cox

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FCC's Dr. Seiden projects that the potential growth of CATV is six million families

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In addition to Cleveland, Cox has already formed CATV companies with local interests in such key markets as Columbus, Toledo, Pittsburgh and Fresno. In all the company has operations in 20 communities in six states and soon will announce other actions in the field.

The pieces are gradually falling into place. Toledo's system may involve 745 miles of cable, more than any CATV project now in operation. A company subsidiary provides microwave service in Illinois and Indiana. A newly-formed firm, Kaiser-Cox Corp., which CBC owns equally with Kaiser Aerospace & Electronics Corp., is concocting a complete line of equipment geared to make Cox the most sophisticated operator in any town.

The implications are easy to read. If wire TV reaches its promised land, Cox Broadcasting is going to be leading the way. Prodded about this, the canny Reinsch chuckled: "We sure have a running start."

Once and if it takes complete jurisdiction of wire TV, the FCC is going to have to make agonizing decisions about the major market situation. True, they will be made under mandate of the "Sixth Report and Order," but also sure to come into consideration is whether public interests are better served receiving only local stations or getting five additional ones from out-of-town. The decisions are going to take many different forms, but eventually it seems likely that public wants will sit in final judgment.

Meanwhile the short term risk in proselytizing the major markets is not for the faint hearted. "You don't know whether people are going to put the real kind of money into it until some of these rules get a little better settled," says National Community Television Association president Frederick W. Ford. "We don't know whether there's that much risk capital around."

And the risks appear to be very real. "The guys I worry about," says Leon Papernow, "are the fellows who are banging their heads against city councils trying to get franchises and who are making very expensive promises. Cleveland showed me an example of this. Here are these people who are undertaking to install CATV systems and are posting most substantial performance bonds. Now they're going to be caught right smack in the middle of the city on the one hand and the FCC on the other hand. They're either not going to be able to do what they promised or else they're not going to be able to go at all and it will cost them very expensive forfeitures."

The point being made is that for the first time people are going to get really hurt as they wheel and deal in this business. Especially since a strange flow of would-be entrepreneurs—snappy dice-shooters whose passes were thrown on other tables, are now making the scene. There's a lot of gravy-train hitching going on, a situation that almost presupposes a large percentage of impending failures. Some of the new wire TV projects unveiled would seem poorly conceived, inadequately researched and destined to fail.

THE NEW WAVE

Yet it's the new wave, showing the oldtimers a few tricks they've never seen before, who have given the industry real momentum. The whole impetus into the big cities is attributable essentially to the newcomers, large organizations that are properly financed.

If the major markets now or eventually open up their golden gates to wire's propagation, how fast and far can the medium grow? Are only the Atlantic and the Pacific the limits? Most observers, friends and foe alike, tend to play down wire as the be all of the future. For the most part estimates on growth cover a wary range from the conservative to the careful. But even the dimmest view gives indication that CATV, now reaching less than 5% of the country, has some lusty life ahead.

The FCC's special consultant, economist Dr. Martin H. Seiden, does not give wire TV much benefit of doubt. In his much discussed 152-page economic analysis of the subject, he projects that the potential growth of CATV realistically is no more than 6 million families, or between 10% and 12% of U.S. TV homes. CBS's economist Dr. David Blank also figures that CATV eventually will reach about 6 million families and points out that this is "a substantial rate of growth" from the less than 2 million families now subscribing to systems. He's willing to add another 2 million families, or 3 to 4% of U.S. population, living in high-rate apartments in metropolitan areas to his estimates, but cautions that there's "no present evidence of the viability of such systems" although "there is considerable anticipatory activity in this area."

Sources more involved in the CATV industry are inclined to be a bit more expansive when dealing with potentials. Community Cablecasting's Leon Papernow believes that 10 years hence "another 12%-15%, or about 7 million additional homes, will receive service from systems that are not now in existence" (see separate story, page 30). The Jerrold Corp., perhaps the prime mover in wire TV to date, estimates an increase of 100 new operative systems, from 1,700 to 1,800, by 1966; another 100 by 1967, 200 more by 1968, still another 200 more by 1969 and a big jump of 300 more by 1970. Additionally, the Philadelphia-based company projects a gain of 300,000 new CATV subscribers, from 1.7 million to 2 million, by 1966, another 300,000 by 1967, 400,000 from 1967 to 1968, 500,000 the next year and a tall jump of 600,000 from 1969 to 1970.

Explains Jerrold's executive vice president, Robert H. Beisswenger: "CATV has been moving into larger and larger cities. While it is difficult to project long term trends, it seems quite likely that this trend will continue. A most conservative estimate is that by the end of 1970 there will be at least 2,600 CATV systems in operation, serving about 3.8 million subscribers."

Firebrand suggestions that wire will someday spread throughout the land are dampened even in places where enthusiasm could be expected to run high. "That 85% of the country eventually will be wired is a projection that I wouldn't care to make or even find fault with or confirm," says Fred Ford, late of the FCC, now the head of the cable TV trade group. "There are so many factors to be considered," he adds.

"If you're real bullish and you decided that every issue was going to be decided favorably to CATV, including the technical breakthroughs, even with communication satellites, then you might ultimately make that kind of projection. But to me it's a long time off and there are a lot of hurdles to clear before you get there. When you look today, and see you have 2 or 3% of the market and think tomorrow you're going to have 85% of the market, well, it's an awful long ways from here to there and how we're going to get there I just don't know."

CATV operator Fred Lieberman agrees with the former FCC commissioner. "Will 85% of the country be wired?" he asks rhetorically. "That's the way it should be, but I don't know that's the way it will be. My personal opinion is that it's unlikely to happen. Let's say it's technically logical but industrially impractical."

Washington broadcast consultant and management counsel Howard S. Frazier, who was bullish about wire TV long before most, maintains however that every city in the country will be wired with cable within 10 years. "The only things that can prevent this happening," he believes, "are the opposing forces with vested interests who are, of course, very happy with things as they are."

But the temper of these vested interests, the regulatory mood as well, does not bode well for the proliferating, unrestricted growth of wire television. Still, Teleprompter's Irving Kahn is nothing if not buoyant about the future.

"If you say cable or wire, I would say to you absolutely, we'll see 85% of the country getting it," he says. "There are compelling forces—shortage of spectrum space, better color reception capabilities—that are pushing towards wire. Now," he emphasizes, "whether or not this will take the form of CATV as we know it, I don't know. But I think in any event whether it takes this form or not, it will not be that far apart."

One of the compelling negatives to an all-wire society is the staggering capital cost involved. The cost of wiring varies with the number of miles that must be strung and the peculiarities of the community to be serviced. The Seiden Report estimated that the cost of most cable systems, exclusive of tower and antenna, falls between $3,500 and $4,000 a mile. Thus the estimated capital costs for wiring 246 street miles to reach a total of about 38,000 homes in Waterbury, Conn., are almost $1 million.

That's a big stake, yet a major market investment calls for even more and bluer chips. Triangle Publications Inc., an applicant for a CATV franchise in the market, figures that its investment in a system for community-wide service in Philadelphia could run in the range of $17 million to $23 million, or even higher. Sterling Movies U.S.A. Inc., which may have won a grant for operating in the borough, has testified that its investment to wire Manhattan alone would "be in the order of $12 million." Company president Charles Dolan points out that the cost of running cable in the streets, not including dropoffs to individual houses, will be about $100,000 a mile, some 25 times more than it is in the average smaller community.

The harvest, to be sure, may be worth the planting. One business journal last year hypothesized that a capital investment of $10 million in a Manhattan system could return—after all the accounting mumbo-jumbo was executed—a whopping 44%. But it's not for 44% returns alone—although this could be cause enough—that business men are climbing over one another to catch the wire tiger by the tail. For there are more things in wire TV's scope of plausibility than are dreamt of in a Rube Goldberg world.

Front and center is that California outcast, pay television. This elusive medium has turned more men's fancy than a Marilyn Monroe calendar picture.

"In the future, as we develop CATV, it will evolve into many things," says J. Leonard Reinsch, "and pay TV is not necessarily in CATV's future." But he leaves the possibility open.

TV consultant Michael Goldberg sees it as more a probability. "CATV," he observes, "is a vehicle like an automobile to get some place. You don't earn a living or live there. Closed circuit communications is where CATV is going and this includes pay TV and theater TV."

Fred Lieberman explains one way pay TV may fit in: "Pay television," he says, "will be useful only as a supplement—and inadvertently, there was no planning for it—to cover an entertainment area that is economically impractical for broadcasting. An existing CATV system which is paying its way," he continues, "can afford to carry, on a limited basis, special programing. Maybe it will be 30, 40, 100 a year. In substance it will be programing broadcasters don't carry, can't afford to carry, because if they could afford to carry it then there would be no justification in getting people to pay."

Al Stern takes this kind of contention a few steps further. "Pay TV," he believes, "can develop as some kind of extra service. But not on a per program basis," he stresses. "It will be a package of programs shown on a special channel. If people wanted to view this channel they'd have to pay an extra fee by the month. It would be like ordering a second phone in the house. They'd have a flat fee for use of the regular CATV service, just like they do for a phone and pay extra for the special channel programing the way they do for an extension phone in the bedroom."

In qualification of these projections, Leon Papernow probably speaks for most wire TV operators when he says: "I think many people, myself included, believe pay TV will come someday as part of a CATV system. But, hell, nobody is really counting on this when they make an investment in a system. The business has to validate itself on its present basis. You buy a CATV and to make a good investment of it you have to do it on the service you render today or you'll never stay in business."

Once wire systems operators attain general acceptability, they then can indulge fancies and possibly flood coffers.

"The only limiting factors will be," says J. Leonard Reinsch, "economics and man's imagination. All of the sophisticated services we hear about are technically feasible once you have the line into the set."

Adds consultant Howard Frazier: "When you get into 20, 40, 60 channel systems, television will really come into its own."

This added signal capability appar-

HOW MA BELL STANDS ON WIRED TV POLICY

What is the Bell System's part in the future of CATV? It's a question that perplexes and vexes a good many cable TV operators. Here for the record are the dotted "i's" and crossed "t's" of Bell's relationship with CATV.

"Bell system companies do not intend to become operators of CATV systems," company officials stress. They only propose to provide local distribution channels for operators of CATV system who choose to secure them from the telephone companies. Even though they already provide channel facilities they will continue to also provide pole attachments under the following conditions:

- Generally only one attachment per pole will be granted.
- The CATV operator must have a franchise or other legal authority from a community before the telephone company will accept his pole attachment application.
- Bell will not choose among competing applicants for pole attachment agreements.
- Bell will not permit CATV operators to put cable in its underground facilities because of the space limitation and safety and security considerations. Bell will offer to provide its own channel facilities instead.
- Bell will process without delay all qualified pole attachment applications.
- Bell will require attachment to poles by a CATV operator within a reasonable time to avoid the indefinite blocking of the area by an operator not genuinely interested in providing CATV service.

In regard to its CATV channel facilities, Bell considers that they *are* a common carrier service and that a regular telephone company franchise or permit includes provision of channel facilities for CATV along with data, teletypewriter, radio and television.

Wired TV has won greater relative acceptance in England than in the United States

ently is close at hand. The number of channels carried by CATV systems has been increasing steadily. Early CATV systems carried three channels, then five channels, seven channels and nine channels. Present systems can carry up to 12 TV channels plus 40 FM stations.

"This trend to variety of programing will continue," says Bob Beisswenger, whose firm, Jerrold, has produced much of the advanced equipment now in use. "Systems carrying fewer than 12 channels will be upgraded in the coming years," he goes on. "By 1970 some systems will carry as many as 20 channels. This will require," he points out, "a back-of-the set connector, costing about $30 per household."

Just last month at the California Community Television Association semi-annual meeting in San Diego, International Telemeter Co., a division of Paramount Pictures, showed a system with 10 channel capability. The system is able to transmit the 12 VHF channels and in addition transmits seven other channels below channel 2. The new equipment is scheduled to be tested in Canada almost immediately.

What can these seven sub channels be used for? Well, there's always pay TV.

"Now obviously," comments Telemeter vice president William C. Rubinstein, "you can use these seven channels in several ways. You can sell programing on these channels. You could sell by the program or charge people a supplementary fee for the extra service. You can have two classes of customers. Class A gets all kinds of programing including what you originate, while class B only gets the 12 over-the-air channels.

"You can even have a combined cash-credit system with this. Some subscribers will be credit card customers, others cash customers. We're even experimenting with a cash box which can handle dollar bills because we expect the prices will go high enough so that we don't want to bother with coins."

Having won acceptance as a CATV operation, having streamlined its equipment for the job ahead, wire TV can be off to exotic places.

"CATV will not be restricted to entertainment," Bob Beisswenger is quick to relate. "Systems will be used extensively to provide educational TV service. Programs originated in a school, college or central studio will be carried by cable to all schools within a district or even an entire state. The state of Delaware is already so equipped.

"It seems likely that by 1975 at least 60% of all school districts will be linked for ETV, either by cable or by 2500 m.c. microwave," the Jerrold executive predicts.

"CATV systems will also provide time-weather-music channels (now already widely used) and warning systems. Another possibility," he continues, "is in-home shopping service, with the subscriber phoning in orders for merchandise offered on a CATV channel. This idea," Beisswenger adds, "will almost certainly be tested, but it's not at all certain that it will succeed."

National Educational Television president John F. White sees great benefits deriving from a wire system to the local ETV station but doesn't think it will have the flexibility to serve his national networks needs. "My personal hunch," he comments, "is that a wire system—on a local or regional tieup—will allow teachers to ask for reactions. Kids in class will have a set of buttons on their individual desks that will read 'yes,' 'no,' 'maybe.' These will get punched. The pulse will be fed straight into a computer and the teacher at the television station will have it from 10,000 classrooms in two minutes time. And if she doesn't understand the results, she could go back again and clarify it."

The whirl of technology spins so fast these days that there's even evidence that the exotic is rapidly becoming the commonplace. In a speech before the Association of National Advertisers last month, CBS-TV network president John A. Schneider mentioned a closed circuit system in Texas which "links up the apartments in a building with a food store on the ground floor, and where the tenants switch on their television set and talk by phone to the butcher who is holding up a steak."

As another tangible proof of things to come, the Associated Press is offering a continuous visual news service using its own wire reports to interested CATV operators. Introduced at the NCTA convention in Denver last summer, the service has been bought by about 40 systems subscribers so far with the first installation scheduled for a Bill Daniels-owned system in Fort Madison, Iowa.

In England, where wire TV has won greater relative acceptance than in this country, Rediffusion Ltd. is pushing the medium into a new and more significant phase of development. "Wired reception," reports John Spencer Wills, chairman and managing director of the company, "is being made available to whole communities on a bulk basis and on bulk terms. . . Forward-looking housing authorities, both public and private, have shown great interest in the new Rediffusion Community Service, by which wired reception points are installed in every dwelling, along with the other main services."

Back in the U.S., RCA has come up with Divcom, which converts information in the form of digital coding to equivalent 525 line video signals for display on standard TV receivers (reportedly United Aircraft Products Inc. and GPL Division Precision Inc. have or are developing similar equipment). Divcon, supposedly, is a natural for closed circuit wire TV systems and is already being used by stock exchanges, banks and transportation companies, among others. Used in the home, someday, perhaps, it can make the computer as much a household item as the washing machine. Indeed, computers already are in the picture with Bell Telephone's Touch-Tone card dialers "talking" to computers in a Wilmington, Del. bank, to help them check customer's accounts. For the rush of scientific achievement is not inundating the telephone companies.

For the last two years, the Bell System has had Picturephone, its "see-while-you-talk" service. An out-growth of telephony, Picturephone has to overcome some definition and resolution problems before it can compete realistically with television. Using a slow scan technique it provides the same 30 frames a second as does television, but has a bandwidth of only 275 lines as compared to U.S. TV's 525 lines.

Currently only three Picturephone Centers—New York, Washington, D.C., and Chicago—are tied with Picturephone, but that's because the service is still under development and its rates are too steep for mass use (a three-minute call between Chicago and New York cost $13.50). Its initial customers largely have been businessmen. But once in the home—and there can be little serious doubt that someday it will be invited in—Picturephone could take a number of forms: as a marketing service for ordering from a retail store, for example, or as a protective system.

The key thing with Picturephone is that it has capabilities of universal service. Telephone companies already have that all-important cable into the home and its been well established that there's practically no limitations for additional services once that's a fact.

Says Fred Lieberman: "Technically the job of integrating additional sophisticated services with CATV presents a lot of problems. A system already exists which can do anything a CATV can do if it's wanted. That's the telephone company. The question doesn't become can all these wonderful things be done? They can be done. But when it's done, who's more likely to do it? There's a big question in my mind whether it's going to be the cable operators."

Leon Papernow also feels the die is cast and that CATV has to stop worry-ing and learn to get along with Mother Bell. "I think," he says, "it's pretty clear that the Bell companies are going to be very importantly involved in this business as wholesalers, not as owners.

"But," he continues, "I think it's also clear that the independent companies are going to be too and are doing both, building and operating. The only argument left is not whether or not they should be in or out, but what rates will they charge to people like myself for the lease of their facilities. I think that's the area in which there's going to be an awful lot of discussion in the next year or two."

The telephone companies—especially Bell—are no different than most CATV operators when it comes to wire TV. They're feeling their way. Bell has multiple problems of its own. "Every step AT&T takes," observes Michael Goldberg, "the government wriggles its ears."

The independent phone companies can move a bit more briskly. United Utilities Inc., serving 600,000 phones in more than 500 communities, already has announced that it's negotiating for CATV franchises and operating companies across the nation. Not a bit as big but even more active is the Chillicothe Telephone Co. in Ohio. It has been operating a CATV system in Chillicothe since September 1964 and besides bringing eight outside TV signals into the market, it originates an average of 15 hours of local programs every week throughout the year. In its first year of operation it did 59 remote telecasts.

If little Chillicothe can do that many originations, it may indicate that phone companies can be formidable competitors.

Yet Irving Kahn is ready to take them on. "If we're to judge the future by the past," he begins, "the phone companies will try to go as far as they can legally, monopolistically, to horn in on an industry that the Congress obviously did not intend for them to be in to start with. The state of our federal mentality today is working in favor of the smaller business company," he goes on, "and I think the only thing that will inhibit the phone companies going forward are the anti-trust implication more than the specific technical details.

"They can do everything we can do," Kahn continues, "but they can't do it more economically. The mentality of a telephone company is not commercially tuned to how cheap can I do it. It's cost-plus mentality because the more cost they build into it, the higher the rate structure they can get.

"I think," the CATV pioneer concludes, "just so long as this is the prevailing mentality, this is an outfit I'm perfectly willing to compete with. All I ask is they don't kill me in the process by smothering me with a monopolistic public utility concept."

The chances are that Kahn and his brethren are going to have a set-to with phone companies before long. Quips broadcasting-CATV operator Dick Shafto: "The telephone people are looking to take the heart out of the watermelon."

But that's the same way that many over-the-air broadcasters feel about wire TV.

"I think there will be a high degree of coexistence between us; there has to be," says William L. Putnam, president and general manager of Springfield TV, a vociferous battler against encroachments by CATV. "What will hurt is that the maximum potential won't be realized, that's all. Some stations won't have the income to do anything."

Dick Shafto, whose heart belongs to both media, flatly and finally rejects the contention that wire TV will climb over the corpse of over-the-air TV.

"CATV has never yet adversely effected a broadcast station and I don't think it will. I have no patience with the view that CATV is a potential threat to broadcasting."

The irony of the situation is that both forms of television may have to stave off a third form of television sooner than most observers think. Satellite TV is the name of the newcomer and Richard A. R. Pinkham, Ted Bates' senior vice president and guiding spirit over media and programing, believes its arrival will make wire TV's future superfluous.

"I am talking about direct television transmission from the ground to a satellite and thence right into the living room," he told the ANA convention in Hot Springs last month. ". . . I predict it will be commonplace and in less than 10 years . . . CATV programing, UHF networks, wrist watch television sets and even cartridge video . . . would pale into insignificance . . . when compared with [this] development."

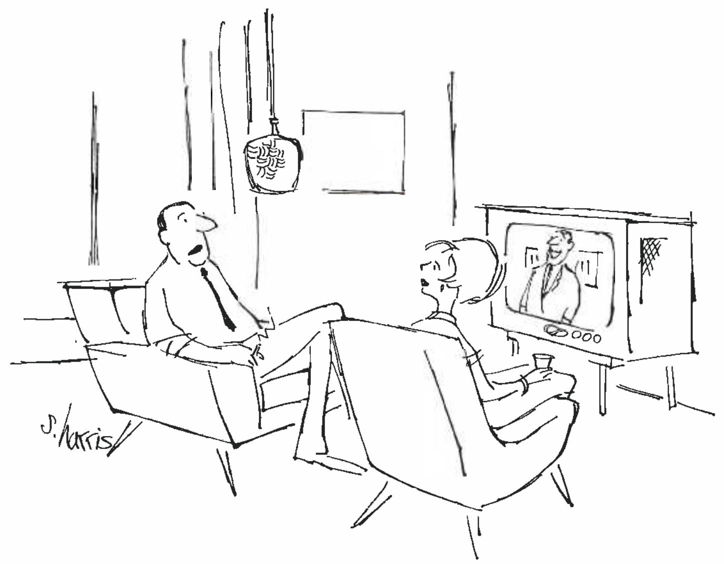
Comments Jerrold's Bob Beisswenger: "CATV systems will someday link communications satellites with all of the world capitals."

Dipping into the future is a precarious—possibly foolhardly—pursuit these fast-moving days. Even the most perceptive eye can't see all the changes and wonders that would be only a few years ahead. Technology trips to too lively a tune for conjecture to keep in step. It would seem, however, that wire TV's potential growth is dependent on what sort of regulatory line it has to toe, what services it can ultimately offer and how many people will be willing to accept them at a price.

Perhaps Fred Ford, with years at the FCC behind him and a cat bird's seat at the NCTA to guide him, has the clearest vision of what television will be about five years from now.

"I think," he says, "five years from now we'll be talking about an integrated system. I think five years from now CATV will have acquired a place for itself. I don't think it will have taken place of over-the-air television. I think at that point we will have bigger problems to face yet. But our system will be a much more effective nationwide one than we have today. I think people will have a great choice of services and everybody will make more money. The broadcaster really feels that the chips are down. It's survive or perish. I don't feel that way at all. I think he's going to survive just fine. I think wire TV will, too."

Almost everyone concerned will probably say "amen" to Ford's vision as they nervously look to see if that satellite is zooming in. END



TvM December 1965

"When, exactly, did we move from radioland to televisionland?"

EDITORIAL

Where do we go from here? (continued)

THE lead editorial on this page for the last two issues has concerned television programing. This one does too, although our approach will not be to quote ourselves, but the quote others. Two others, to be specific.

1. Dick Pinkham of Ted Bates & Co., who, after sharing with the Association of National Advertisers his views on the future of television, turned to a more pressing problem in saying:

"So I will close with some wild predictions about programing. I confess that they fall under the general heading of thobbery, a marvelous 18th century word which means wishful thinking.

"First I predict that within the next ten years the networks, be they three or ten, will realize that programing is indeed becoming banal. When *Beverly Hillbillies*, which has already spun off *Petticoat Junction*, which in turn spun off *Green Acres*, spins again and out comes another bumpkin background which this time fails; when *My Mother the Car* spins off *My Uncle the Chair;* when *Gunsmoke* and *Bonanza* deteriorate into *Frontier Dentist;* when *Tuesday* and *Thursday* and *Saturday* and *Sunday Night at the Movies* are joined by *Monday* and *Wednesday* and *Friday Night at the Movies,* only to discover that there are no more movies left in the studio vaults, then at last something will be done about the programing problem.

"And do you know what I think they will finally get around to doing? They will do what every company represented in this room does as a regular way of life—the networks will start spending real money on research and development for the product they sell."

2. He went on, but that was the thrust of his argument. To us it struck a chord that had, coincidentally, been struck a few weeks before in conversation, on an entirely different subject, with one of the expert hands of the television business. To quote him:

"Your position five years hence is dependent upon the risks you take today."

We offer those two statements to our readers with the suggestion that, together, they point to some conclusions. □

Two other random targets that need shooting at:

Brand X by any other name

OUR attention is attracted by all the furor going on over what does or does not constitute "disparagement" of competing products in television commercials. The National Better Business Bureau felt called upon to take a stand in the anti corner, prompting the National Association of Broadcasters' TV Code Board to get into the act.

What stung the BBB into action was the new Gillette campaign which shows a hand sweeping aside blades made by Personna, Schick and Wilkinson Sword. (Personna, we recall, was the company which first started mentioning the other guy's name with its "bleep, bleep" commercials of some time back.) The code board, however, found that mere mention of the competition did not constitute disparagement, and gave its OK to the Gillette efforts. For which our applause. We feel the calling of spades as spades can only help TV commercials. If "Brand X" has been laid to rest (which we doubt) it's none too soon. □

Let the people know

Remember Canon 35? That's the dictum of the American Bar Association which holds that radio and television have no place in the courtroom. There's a new book on that subject available to serious students of the communications arts. It's by a committee of the Association of the Bar of the City of New York, and it's called "Radio, Television and the Administration of Justice." The book puts forward a number of for instances, without in so many words saying that radio and TV should be kept out.

For our part we say let them in. We know the arguments about the dignity of the court. We've heard what they say about the right of privacy. And about ham lawyers who play up to the cameras. And still we say let them in. When the founding fathers set up freedom of the press they did it for a reason. They knew that the administration of justice was too important to be left to the lawyers. It's the people's business. □

A job needing doing

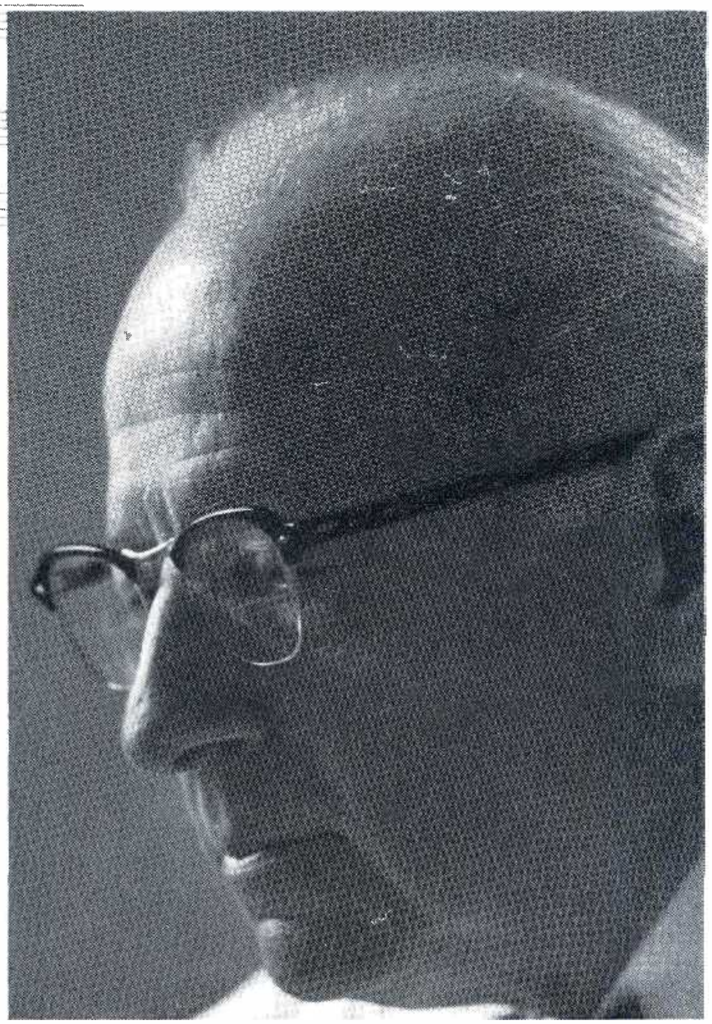
NO American need be reminded that there's a war going on—those nightly clips on the late news showing the dead and dying in Vietnam are too immediate to escape notice. But it may be appropriate to note that there's a world going on, too—a world constantly changing in its ideological and economic balances, a restless world in which yesterday's eternal verities are daily giving way to new realities.

That's thought number one.

Number two is that television, the greatest communications medium yet devised by men, must not stay aloof from that world. Those charged with determining what will or will not occupy the faces of millions of picture tubes across the land cannot leave to other media the job of filling the communications gap that presently exists between the peoples of the world, and between their ideas. There are, after all, many iron curtains—between cities and states, between nations, between men and their governments. All of them must one day be breached.

While we don't suggest that TV can furnish the answers to the world, it can be the forum in which men find agreement. The burden is there to be picked up. Television must do more than make itself available to the duty. It must seek it out. □

"Excellence is his pursuit and accomplishment."



Few composers produce works that are classics in their own time. There is, however, one who may claim this distinction. He is Walter Piston, acknowledged dean of today's American composers. Uniformly excellent are his eight symphonies, orchestral suites and his chamber music which critics have praised for their essential rightness as well as their magnificent craftsmanship. Audiences applaud them for their freshness and vigor. BMI honors this faultless musician, dedicated educator, winner of two Pulitzer Prizes, and feels privileged to license his music for public performance.

Among Walter Piston's musical contributions are:
Symphonies 1 through 8; The Incredible Flutist, Lincoln Center Festival Overture; String Quartets 1 through 5.

ALL THE WORLDS OF MUSIC FOR ALL OF TODAY'S AUDIENCE

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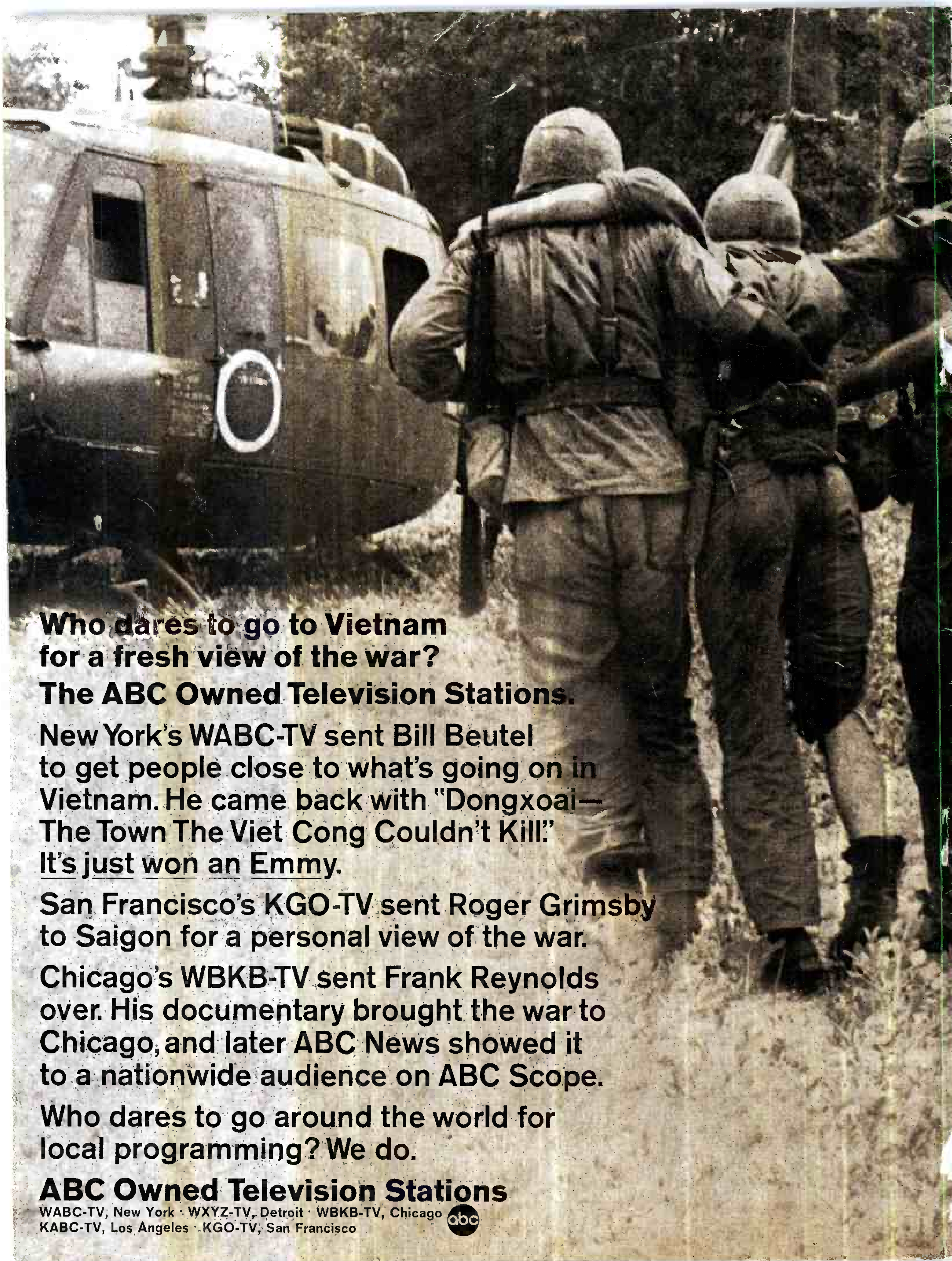
Who dares to go to Vietnam
for a fresh view of the war?
The ABC Owned Television Stations.
New York's WABC-TV sent Bill Beutel
to get people close to what's going on in
Vietnam. He came back with "Dongxoai—
The Town The Viet Cong Couldn't Kill."
It's just won an Emmy.
San Francisco's KGO-TV sent Roger Grimsby
to Saigon for a personal view of the war.
Chicago's WBKB-TV sent Frank Reynolds
over. His documentary brought the war to
Chicago, and later ABC News showed it
to a nationwide audience on ABC Scope.
Who dares to go around the world for
local programming? We do.
ABC Owned Television Stations
WABC-TV, New York · WXYZ-TV, Detroit · WBKB-TV, Chicago
KABC-TV, Los Angeles · KGO-TV, San Francisco
abc