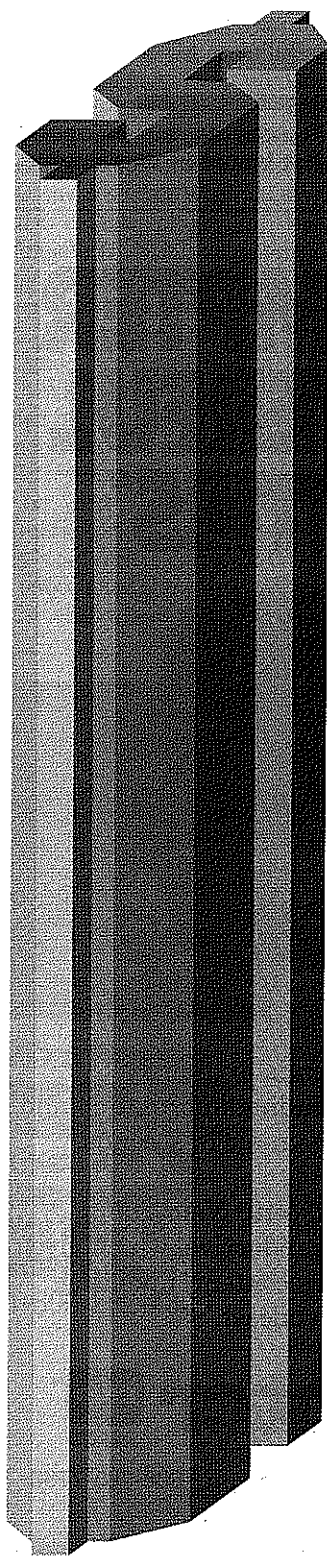


By Bob Papper, Andrew Sharma and Michael Gerhard

NEWS DEPARTMENTS: PRODUCING PROFITS



In a year that will go down in the history books for mega media mergers, one thing remained constant: Television news still makes money. In fact, nearly 75 percent of the TV stations reported a profit, and a mere 4 percent confessed to a loss. However, news directors this year for the first time were given a new choice in relationship to their profitability: "don't know." Seventeen percent of TV news directors opted for "don't know," as did 46 percent of radio news directors. 1995 proved to be a good year for radio, when the number of stations reporting a loss plummeted to 5 percent.

Are you kidding? Of course we make money," said Dave Overton, news director at KXAS-TV in Dallas. "Lots of money. For most local television stations, news is the primary source of revenue."

Overall, television news clearly makes money, with nearly three-quarters of the stations reporting they made a profit, according to the 1995 RTNDF/Ball State University Survey. Radio appears to have enjoyed a relatively good year, too, when the number of stations reporting a loss plummeted to just 5 percent.

A direct comparison to a year ago is impossible, because news directors had a new choice—"don't know"—in response to the question about whether news makes a profit. That addition made the survey much more accurate but harder to com-

pare with past surveys.

Seventeen percent of television news directors said they didn't know whether news made a profit. That was especially true in small stations and in small markets. A plurality of radio news directors—almost 44 percent—said they didn't know.

Most news directors we spoke with across the country—both radio and television—saw 1995 as a good year and are optimistic about the future.

Television

Probably no organization has as much at stake in the success of local news as New World Communications. During the last year and a half, New World cast its lot with Fox, and the former ABC, NBC and mostly CBS stations went into local news for up to seven hours a day in these markets: Atlanta; Birmingham, AL; Cleveland; Detroit; Greensboro, NC; Kansas City, MO; Milwaukee; Phoenix; and Tampa, FL.

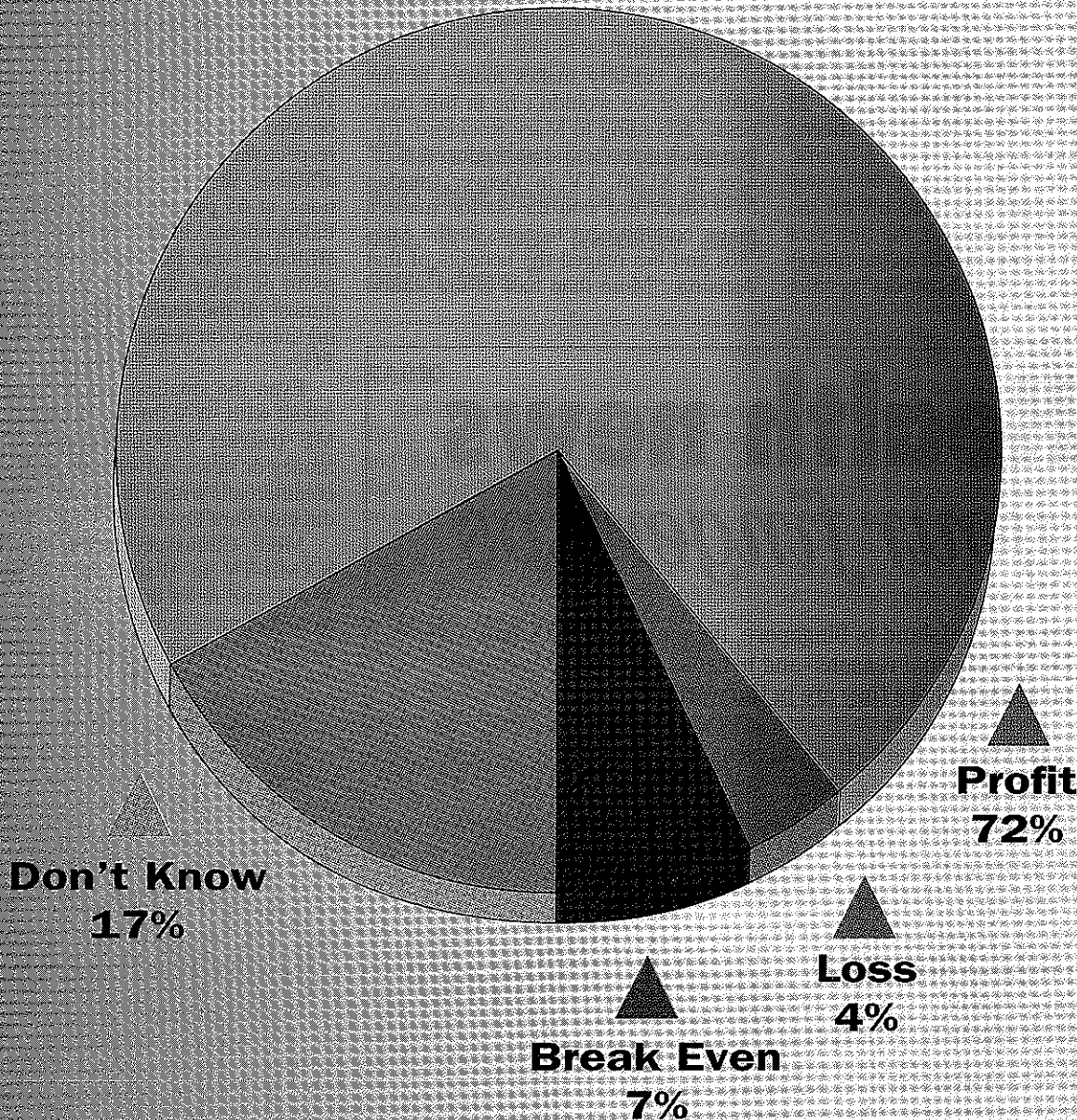
"News does make money," according to Mike Kettenring, vice president for news development at New World. "It serves the community, and it's an investment that's paying off. News is a major profit center."

Kettenring said that because the business ground rules are so different, comparing the stations before and after the switch is impossible. "We have news

About the Survey:

The RTNDF/Ball State University Survey was conducted in the fourth quarter of 1995 among all 1,196 operating, nonsatellite television stations and a random sample of 922 radio stations. Valid responses came from 679 television stations (56.8 percent) and 447 radio stations (48.5 percent).

TELEVISION NEWS PROFITABILITY



Overall, nearly three-quarters of all television stations reported making a profit on news in 1995. At 7 percent, break even was the same as in the previous year. The percentage which lost money dropped from nearly 7 percent in 1994 to just 4 percent this past year.

where we had network programming before. We had no expense in the network programming, but we had little time to sell. Now, with news, there's a considerable expense but a large amount of time to sell."

The bottom line? "We bring in considerably more dollars, but the expense is much higher," according to Kettenring.

Kettenring expects most of the New World stations to maintain the status quo

this year, although he said the stations that do less than six and a half to seven hours of news per weekday are likely to increase news.

Kettenring does not see the New World model being accepted by other Fox stations. "Most Fox affiliates have little or no experience in news," Kettenring said. "Their comfort level is much higher in syndicated programming." But Kettenring said New World is

comfortable with news, happy with the results so far, and has no intention of cutting back.

What about a more traditional Fox station running one newscast a day? It doesn't bring in the high percentage of station revenue that others do, but it can still make money. Ron Petrovich is news director at WXIN-TV in Indianapolis

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"I think news is valuable. The baby boomers are interested in facts and factoids—not in depth, but not rip 'n read."

(market #24). The Fox affiliate runs a half-hour newscast a day, counter-programmed at 10 p.m. Petrovich has 28 people full time and a lot of part-timers, but he said news makes a profit. "Investing the right amount of money and doing it right" has paid off for the station. It didn't happen in the first year (1991), said Petrovich, but as the ratings have grown, it's a "business venture

that's paid off."

News "clearly makes money at this station, or we wouldn't be in this business," according to Marv Rockford, former news director and now general manager at KCNC-TV in Denver (market #18). Rockford said the station made a major commitment to news in the early '80s and has reaped the benefits of that decision. "More than half of the station

revenues comes from news, probably more in the range of 60 percent," according to Rockford.

Seventy-two percent of television news directors reported that news made a profit, compared to just 4 percent who said they lost money (see figure on page 19). NBC and ABC affiliates came out on top, with 83 percent and 77 percent, respectively, reporting a profit. But Fox affiliates, at 69 percent, and CBS stations, at 65 percent, weren't far behind. Independents, including WB and UPN affiliates, were far less likely to make a profit on news, and that group supplied almost all the stations that reported losing money on news (see figure on page 21).

Even the smallest-market station we talked with, WAGM-TV in Presque Isle, ME (market #206), reported it made money on news. Advertisers really "want commercials within the news," said news director Sara Dyer.

Mike Chaussee, news director at KXMB-TV in Bismarck, ND (market #153), said news brings in 55 to 70 percent of station revenues. That's based on morning cut-ins and news at noon, 6 and 10. Chaussee said, in the past, the station had focused more on syndication, but now it's focused more on news.

As a region, the Midwest led the country with the highest percentage of stations reporting that news made a profit and the lowest percentage reporting losses. But all areas of the country did well (see map on page 22).

"News contributes a very large portion of the station revenue," according to Doug Ballin, news director at WTVM-TV in Columbus, GA (market #122). Ballin labeled the news a real profit center and noted that his 6 p.m. news, with a 27 rating and 46 share, is the highest-rated program in Columbus television—network or local.

Dave Shaul remembers when they ran news at WCIA-TV in Champaign, IL (market #78), because the FCC said so. He's seen many changes in his 35 years at the station. "It's a vital part of operational revenue," said Shaul. Beyond that, it "sets the tone for the station." As is true for many of the stations we contacted, WCIA has expanded its news and is looking at new areas for growth.

At KATV-TV in Little Rock, AR (market #58), news accounts for well over 50 percent of the revenue, according to news director Bob Steel. Steel noted that news is a profit center for the station because of the long-time commitment of management.

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RadioNews

Outgoing news director Joel Anderson at KOB-TV in Albuquerque, NM (market #49), said news makes money. They broadcast two and a half hours of local news each weekday, and Anderson said news accounts for about 35 percent of station revenues.

"News makes money, you bet!" said Jeff Klotzman, news director at KGTV in San Diego, CA (market #27). At KGTV, news brings in about 30 percent of station revenue. The station has an extremely strong commitment to news, according to Klotzman.

"Sure we make money," said Larry Perret, news director at KCBS-TV in Los Angeles (market #2). Perret noted that, because of the demographics—more 25- to 54-year-olds—the 11 p.m. news actually makes more money than any other newscast.

Dave Overton at KXAS-TV in Dallas (market #8) echoed those same sentiments: "The late news (a half-hour at 10 p.m.) is the second-most-important source of revenue (for the station)—behind the three hours of prime time."

News director Ray Carter at KSL-TV in Salt Lake City (market #37) remembers when the "charter" was to "do good journalism." Now, he said it's to "do

good journalism and be smart business people." Carter doesn't think that's wrong, given the commitment management has made to his news department of about 100 people. News brings in just over 50 percent of total station revenue. "The station learned long ago," according to Carter, "that news is *the* product. It's our identity and our future."

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RADIO

Radio news presents a mixed picture. Twice as many stations in the Midwest and South reported running local news than in the West or Northeast (see map on page 23).

Overall, three-quarters of radio news directors said news broke even or they didn't know. As in the past, AM/FM operations were more likely to do better than just FM or just AM (see figure on

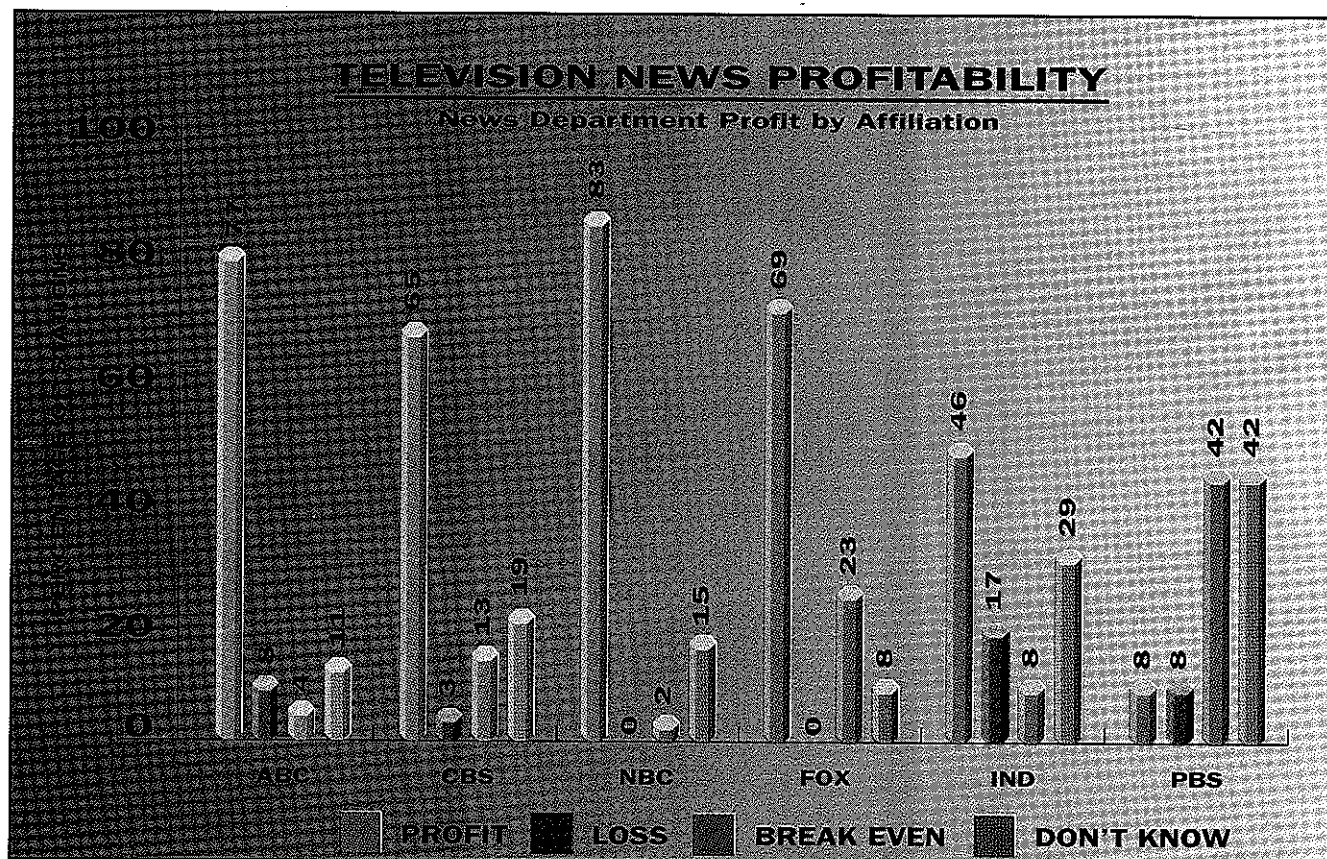
page 23). Stations in the West were most likely to make a profit on news, while stations in the Northeast were most likely to lose money (see map on page 24).

Charles Fedullo oversees both TV and radio news operations at KTVF-TV, KXLR (FM, classic rock), and KCBF (AM, oldies) in Fairbanks, AK. He said the television news operation makes money but radio news doesn't. He described the radio news operation as "just rip 'n read from AP and the television operation."

"News helps pay the bills," according to Dave Denton, news director, program director, operations manager, morning drive personality and half owner at WRRZ (AM, country) in Clinton, NC. Denton said they used to have someone full time in news, but it didn't work out for just three newscasts a day. "Local news is very important to us," said Denton, and everyone at the station pitches in to help cover local events.

Kevin Brown said KRIG (AM/FM, country) recruited him to start up a news operation just over a year ago. There had been no local news in Bartlesville, OK, for several years. Brown does eight five-

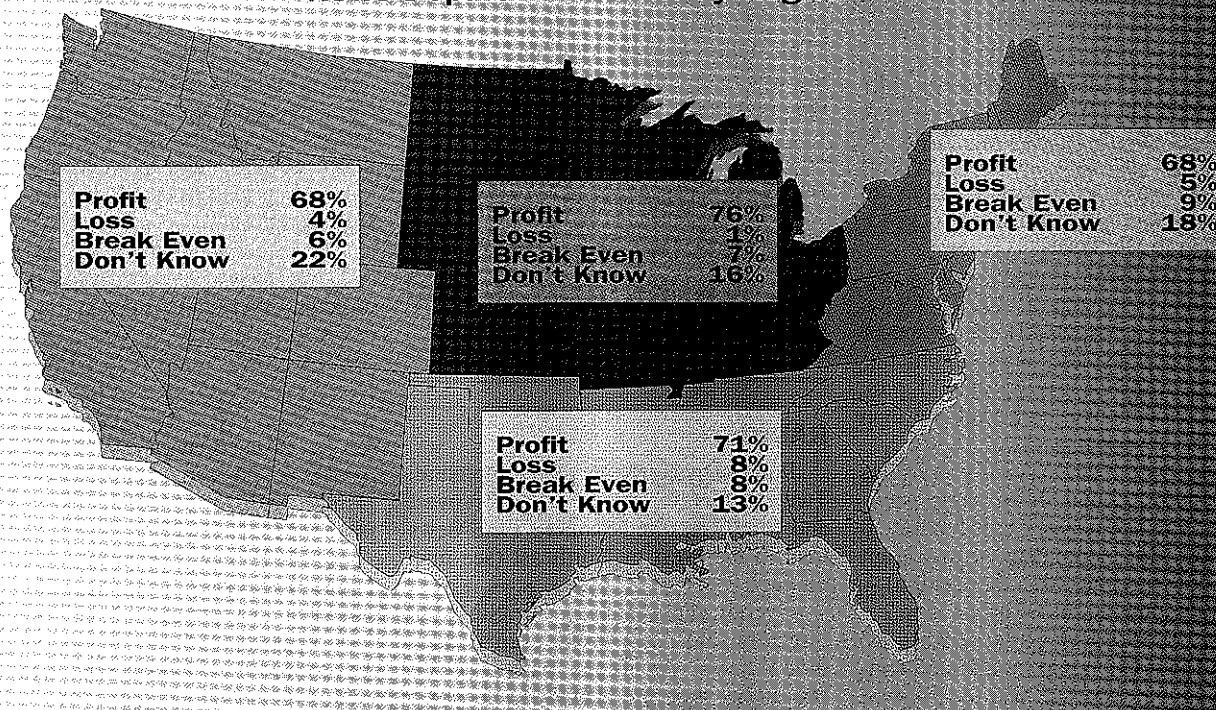
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NBC and ABC affiliates were most likely to report a profit on news, but Fox and CBS stations were close behind. Just 46 percent of independents (including WB and UPN) reported making a profit on news. Most PBS stations that run news said they broke even or didn't know.

TELEVISION NEWS PROFITABILITY

News Department Profit by Region



Television stations throughout the country reported making money, although stations in the Midwest were slightly more likely to report a profit and slightly less likely to report a loss.

Get Set, GO!

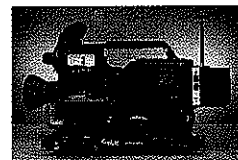


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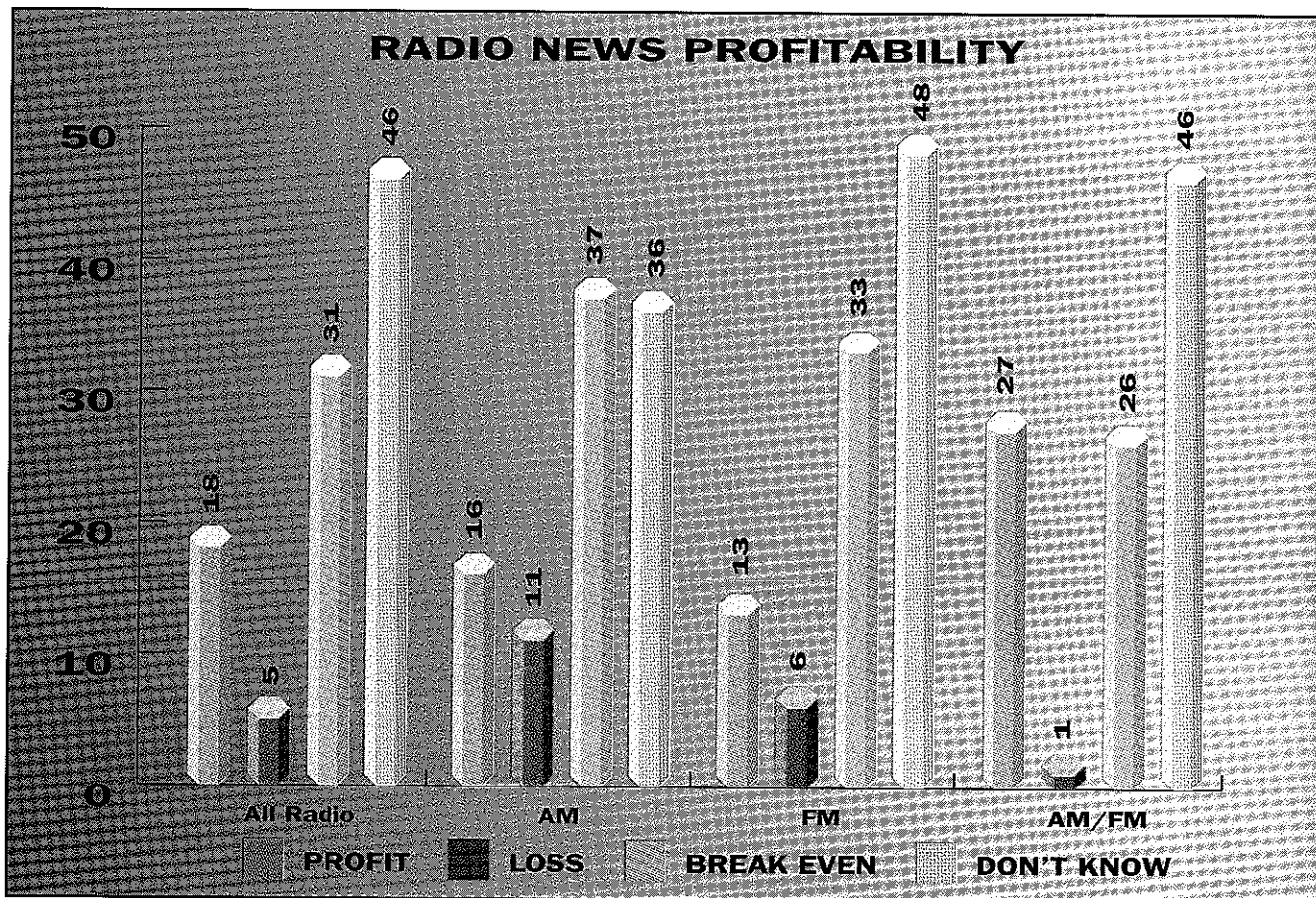
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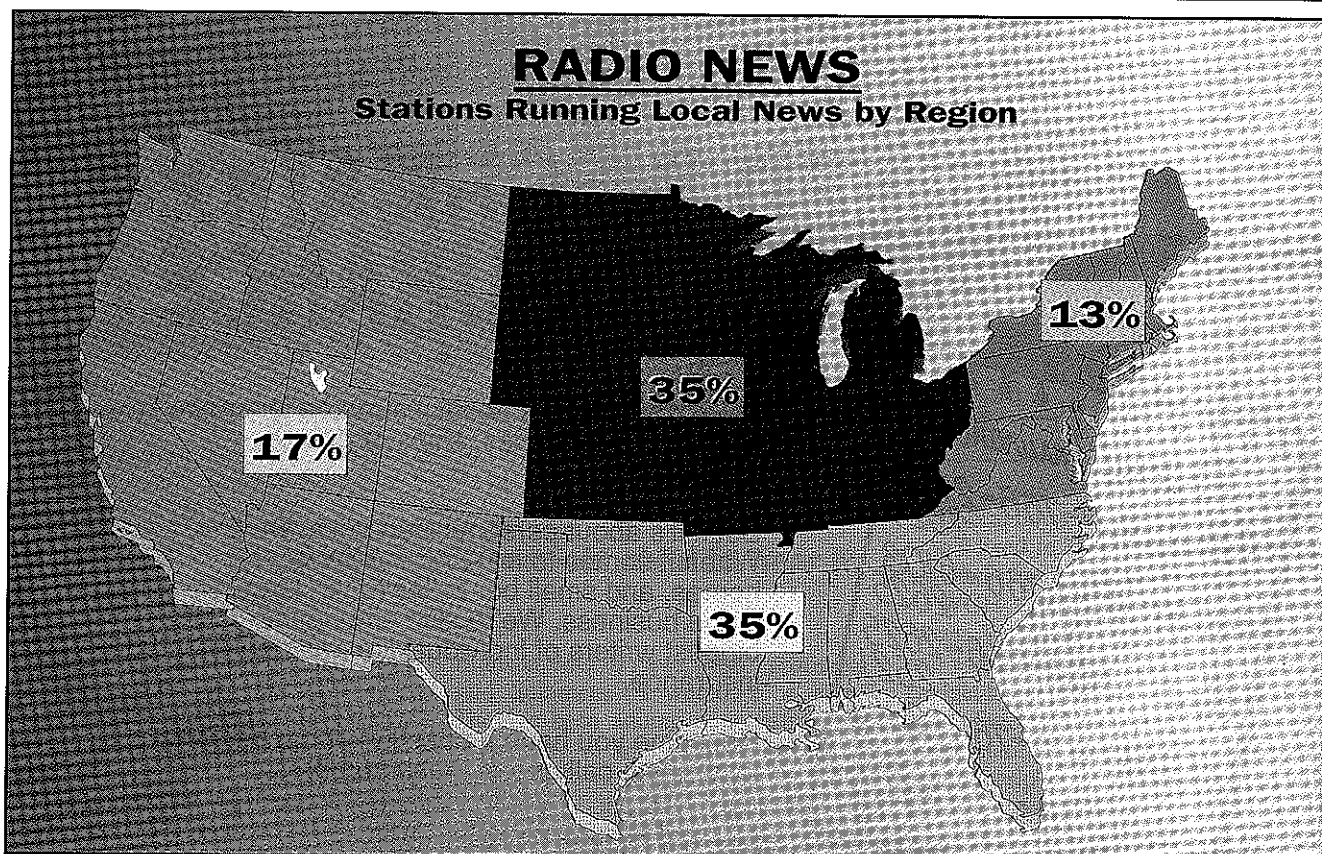
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START

The CamLink 200 is available in frequency agile 2 and 2.5 GHz models. Patents pending.



As in the past, AM/FM combinations were most likely to report a profit. More AM stations than FM reported a profit from news in 1995, but fewer FM stations reported losing money on news.



Radio stations in the Midwest and South were far more likely to run local news than stations in the West or Northeast.