

more fluid [than network], where there is usually this long mating dance," Scanzoni said.

The early syndication upfront is similar to what happened two years ago, when syndie deals went down in April. Buyers said there is considerable interest in several shows set to premiere this fall in daytime, late night and prime. On the hot list of new fall strips are Paramount's off-network repeats of *Frasier*; Eyemark's *Martha Stewart Living* and *Gayle King* talk-show combination; and Buena Vista's *Keenen Ivory Wayans* talk show for late night. Among the new weekly entries, the fastest early sellers are expected to be Twentieth Television's repeats of *The X-Files* and *NYPD Blue*.

Buyers said that first-tier syndie shows should earn 8-9 percent CPM increases. However, distributors said that hot shows such as Columbia TriStar's *Seinfeld* and Warner Bros. *The Rosie O'Donnell Show* will top out in the 10-15 percent range. "If buyers are saying 8 percent, they're spinning," said one syndicator.

Dan Cosgrove, Eyemark Entertainment vp of advertiser sales, predicted that the renewed popularity of "clean" talk shows (such as *Rosie* and Eyemark's upcoming *Martha Stewart*) could push CPMs in daytime up by as much as 15 percent. "The fact is, daytime is fueling the syndication market because there are a lot fewer shows which raise content concerns among advertisers," Cosgrove said.

Buyers will be trying to stay away from syndicated shows with ratings lower than 3, but sellers are attempting to package the A-list product with lesser fare. Buyers said that shows under a 3 ratings will earn minimal pricing increases.

Some cable networks have also been able to take advantage of buyers' trepidation about the broadcast upfront by closing early deals. Buyers are expected to make additional cable deals this week, alongside the syndie business, as a hedge against high broadcast rates. MTV Networks closed a major deal last week, sources said.

Some buyers are projecting that the cable upfront will generate \$2.2-\$2.4 billion in total ad sales, up 10-12 percent over last year. Leo Burnett, TeleVest, J. Walter Thompson, Grey and Chiat Day are ready to move some business; buyers there are looking for CPM increases of 5-7 percent. One sales executive at a midsized cable network said last week that, like the market two years ago, "it's a freight train—only this year, the agencies saw it coming and have planned to put more money into cable."

Cable will not come close to wrapping its business this week. But deals are working for the likes of USA Networks, Discovery Networks, Lifetime and The Family Channel. Even midsized networks including Comedy Central and E! are expected to get into the game this week. —with Michael Bürgi and Richard Katz ■

A Billion for Billboards

Giant Outdoor Systems gets even bigger with deal for 3M unit

OUT-OF-HOME ADVERTISING / By Claude Brodesser

The country's largest and fastest-growing billboard company, Outdoor Systems, shook the industry again last week with a \$1 billion deal to acquire 3M's National Advertising Co., the U.S.' No. 3 outdoor concern. Phoenix-based Outdoor Systems has been on an acquisition binge; the company's 11 deals in the past 12 months have included a \$710 million purchase of Gannett's outdoor unit and last month's \$170 million buy of Van Wagner Communications.

All of Outdoor Systems' acquisitions in the past year, with one exception (Dallas-based Reynolds Media), have been in markets where the company already operated out-of-home media. "The first thing we always look at is where we operate, where they operate," Wally Kelly, Outdoor Systems senior vp, said of the company's competitors. "[With] 3M, there are a lot of efficiencies."

Some media buyers and analysts believe that the Outdoor-3M merger could lead to higher rates for outdoor advertisers in major markets where the two companies have a substantial presence—including Los Angeles, Chicago, Detroit, Houston, Dallas, Atlanta and Phoenix. The deal will give Outdoor Systems control of 15 to 18 percent of the out-of-home industry and a major presence in 20 of the top 25 markets. The Justice Department's antitrust unit will review the deal; Outdoor Systems is expected to have to sell off some of its properties.

"Price increases are one of the consequences of concentration," said one Wall Street analyst who requested anonymity. "The leverage moves now to the sellers."

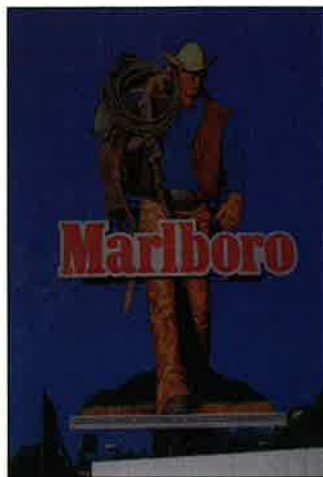
The deal comes at a time of rapid consolidation in the out-of-home industry, set in motion in part by the anticipated departure of tobacco advertising. The cigarette industry is mulling a voluntary ban on billboards as part of a far-reaching agreement with the federal government. Also contributing to outdoor's uptick is the erosion of TV ratings, which has prompted many advertisers to consider outdoor as an alternative medium.

"I am encouraged by the purchase, because Outdoor is a terrific operator," said Ellis Verdi, president of DiVito Verdi, the outdoor buying firm. But Verdi also added that he is "discouraged... about a lack of competition. We're very

sensitive to price increases because we do a lot of buys for retailers." Verdi said that he expects rates to rise for his clients that do business with Outdoor Systems.

Evidence is continuing to mount that tobacco—which accounts for 10 to 12 percent of outdoor advertising—may soon be disappearing

from billboards. The U.S. Supreme Court last week declined to review a challenge to Baltimore's two-year-old ban on alcohol and tobacco advertising in residential areas. That news was followed by a flurry of new moves to curb tobacco and liquor ads in cities including Detroit, New York, Milwaukee and Philadelphia. "We are prepared to move expeditiously on



THE PURCELL TEAM/PNI

Smoke-free push: 3M has already limited its boards' exposure to tobacco ads

this," said Alberta Tinsley Williams, a member of Detroit's city council.

Drew Marcus, an analyst with Alex. Brown & Sons, believes that Outdoor Systems and many other out-of-home companies are well positioned to ride out a pinch on tobacco business. "Consolidation has helped a lot of the [outdoor companies] that [previously] were not able to deliver good regional or national coverage," Marcus said. "Tobacco should be replaced without any pain."

Outdoor Systems' Kelly said that it is an "ironic" but happy coincidence that 3M has refused to take new tobacco ads since last December, a move that has left tobacco at only 3 percent of 3M's outdoor revenue. Outdoor Systems currently takes in about 8 percent of its revenue from tobacco.

Outdoor advertising currently accounts for just 2.2 percent of total ad spending. Because of the industry's recent wave of consolidation, Marcus predicted that outdoor will attract 3 percent of spending within five years. Marcus added that a less-fragmented business will attract spending from new ad categories, which should offset the looming loss of tobacco. ■

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Syndication Upfront Breaks

Buyers' concern over high network CPMs spurs early market **PAGE 4**

OUT-OF-HOME

3M Outdoor Sold for \$1Bil

Buyer Outdoor Systems to control 15-18% of total industry revenue

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MAGAZINES

'Vibe' Eyes 'Spin' Buy

Owners of hip-hop title see good ad-sales fit in talks.

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WASHINGTON

FCC: Inertia On Ownership

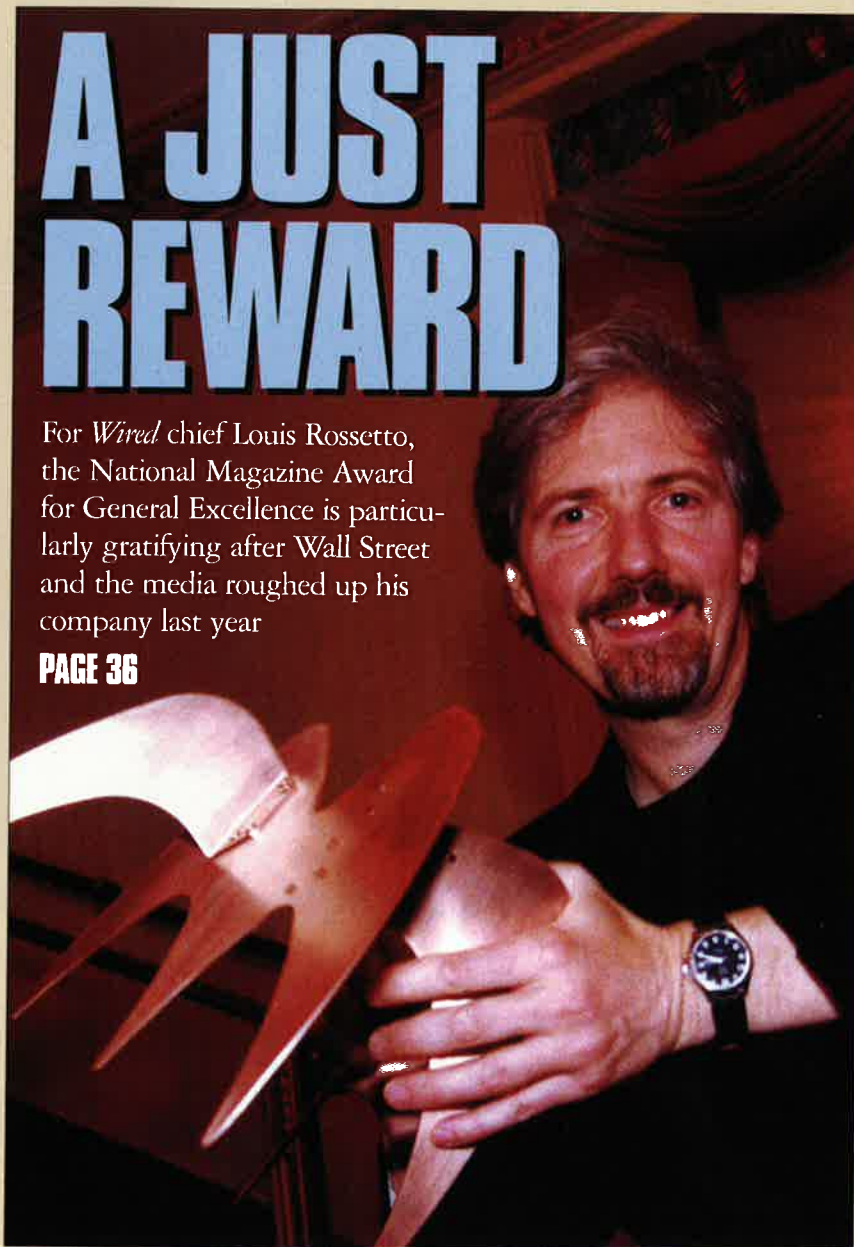
Case of N.C. radio station owner has languished in D.C.

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A JUST REWARD

For *Wired* chief Louis Rossetto, the National Magazine Award for General Excellence is particularly gratifying after Wall Street and the media roughed up his company last year

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MARKET INDICATORS

National TV: Tight

Third-quarter scatter is moving, but inventory is tight. Prices are at 20 percent CPM increases over last year's upfront. "It's ugly out there," said one buyer.

Net Cable: Moving

Several cable nets expect to move some upfront business with agencies this week, looking to land CPM increases of 7 percent to 9 percent.

Spot TV: Tight

For May, all dayparts are moving well, particularly morning and early fringe, where cereals and package goods categories are reawakening.

Syndication: Moving

Second quarter is all but done. Automotives, fast foods and package goods are leading the way.

Magazines: Solid

Personal finance and "good life" titles are soaring, even as summer kicks in. One publisher said he does not anticipate a notable downturn in pages throughout the hot months, though he said he still hopes to "slip out a little early on Fridays."

