

Station experiment hits its stride WB 100+ aiming to conquer with cable

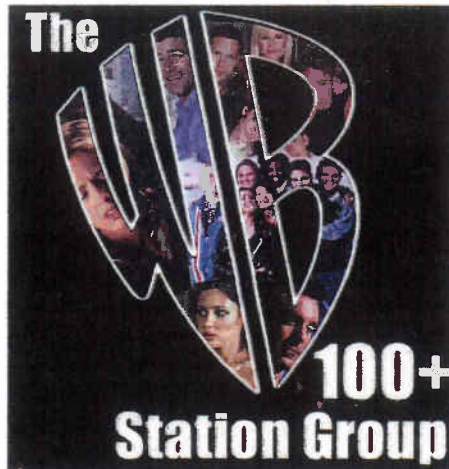
The WB 100+ Station Group just celebrated its two-year anniversary with an announcement that it will be in 6.5 million cable homes--up from 6.3 million--by November. When WB Television Network CEO Jamie Kellner envisioned the station-in-a-box concept, it was a revolutionary idea. An established television station in a market would be a partner to help run, promote, sell ads and receive revenue for the WB station, which would only be on cable in designated market areas greater than 100.

"We found a way to create local television stations with relatively modest investment," Mr. Kellner said, adding that it costs about \$5 million to start up a station with operating losses, even if the broadcast license is free. "In order to build a new network, you have to have distribution that can eventually get you up to near parity with the existing Big 4. Since there are not station or broadcast licenses available, we had to devise a different kind of plan that made sense from a standpoint of a financial investment and getting a fair return on it."

The station group has also begun to move beyond Warner Bros. The 100+ stations now air some non-Warner Bros. syndicated programming, and some have plans to start local newscasts.

"I'm excited about the prospect of putting on local news," Mr. Kellner said. "I think we're going to get one or two of them soon. I think in these markets generally there isn't a 10 o'clock news; the Fox affiliates can't afford to do a 10 o'clock news. By having a partner in the market, they can turn around news with a very small amount of money."

The station group began with 3 million cable homes and 82 markets and is now at 102 markets, with the plan of being in 111 markets, including all those above DMA 100, within a year. Mr. Kellner said the



station group now has 8 percent coverage of the United States, and the goal is to be in 8 million cable homes. Most of the WB 100+ stations are found in the coveted 2 to 18 channel positions on cable systems.

Mr. Kellner said The WB makes revenue on the station group by selling inventory throughout the day and not just in prime time.

Local sales are up 256 percent and national sales are up 400 percent since the fourth quarter of 1998. Major advertisers include General Mills and Polaroid.



Jamie Kellner
The WB Network CEO

"Sales numbers have grown, and the good news is a lot of the big advertisers such as Johnson & Johnson and Procter & Gamble are now starting to buy," Mr. Kellner said. "Once you get them buying, business tends to go pretty rapidly. Once they see the numbers start to grow, they get excited."

It takes longer for the ratings numbers because all of the WB 100+ stations are in Nielsen Media Research diary markets. But every sweeps, Mr. Kellner said, the numbers grow, with The WB gradually reaching parity with other broadcasters in each market.

CBS affiliate KFDM-TV, Beaumont, Texas, joined the pro-

gram in the beginning and helped create WB affiliate KWBB-TV in that market. Rix Garey, general sales manager at KWBB, said double runs of off-network "Friends" and "Drew Carey" episodes from 5 p.m. to 7 p.m. can equal ratings of traditional affiliates.

For example, he said at 6:30 p.m. KWBB's "Drew Carey" pulls a 2 rating in the 18-34 demo, while competi-

tor ABC affiliate KBMT-TV's "Home Improvement" also earns a 2. "It shows we can hang in there with the guys that have been established in a marketplace for a long time," Mr. Garey said. "We've gone from a TV station that didn't exist to tying our network competitors here in some demos, especially the younger demos."

KFDM and KWBB General Manager Larry Beaulieu said the two stations have separate ad sales staffs, and both will pitch clients separately. He said it's an advantage to be able to offer clients the younger and older-skewing demos. "We have been well-pleased with the ratings," Mr. Beaulieu said. "They have been better than we would have expected, and considering it is a cable environment only and to show up in the overall ratings book, it's done quite well."

He attributed much of KWBB's performance to the partnership with KFDM, which offers cross-promotions and public service opportunities, in addition to giving stations another opportunity to collect revenue.

WB 100+ Station Group Executive Vice President and General Manager Russ Myerson said the average number of TV sta-

tions in 1 through 99 is 5.5, while in the smaller markets it's only 3.5 stations. "So there is less shelf space and an awful lot of syndicated TV shows," he said.

That's why major syndicators are beginning to look at the WB station group as a good place for one-stop shopping. This fall was the first season the station group picked up non-Warner Bros. programming from major syndicators.

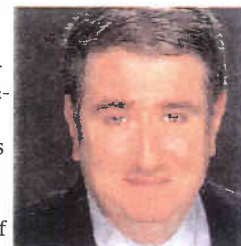
Earlier this month, the station group began airing King World Productions' "Early Edition" and Twentieth Television's "The Pretender" in prime time on all of its 102 stations on Saturday nights. That is unusual since many of the major-market WB affiliates air first-run syndicated programming or movies in that time slot.

The station group also bought the first four seasons of the MTV reality hit "Real World," which debuted this month. In 2001, the station group will air Twentieth Television's "The Practice."

Lynn Stepanian, WB 100+ senior vice president of programming and distribution, said she just made another deal with Twentieth Television last week, but it hasn't been signed yet.

"We've proven ourselves because we're growing, and when the syndicators go out and sell, when they get to the smaller markets they weren't able to clear all 111 of the 100+ markets," Ms. Stepanian said. "It's one-stop shopping with us, and they get a clearance with all stations in the same time period across the board."

"For it to be considered for national coverage (a show) needs a 75 percent clearance in the country, said Bill Carroll, vice president/director of programming at Katz Television Group. "The addition of the WB 100+ for a solid clearance list of the top 100 markets gives you that needed mass."



Russ Myerson
The WB 100+ GM