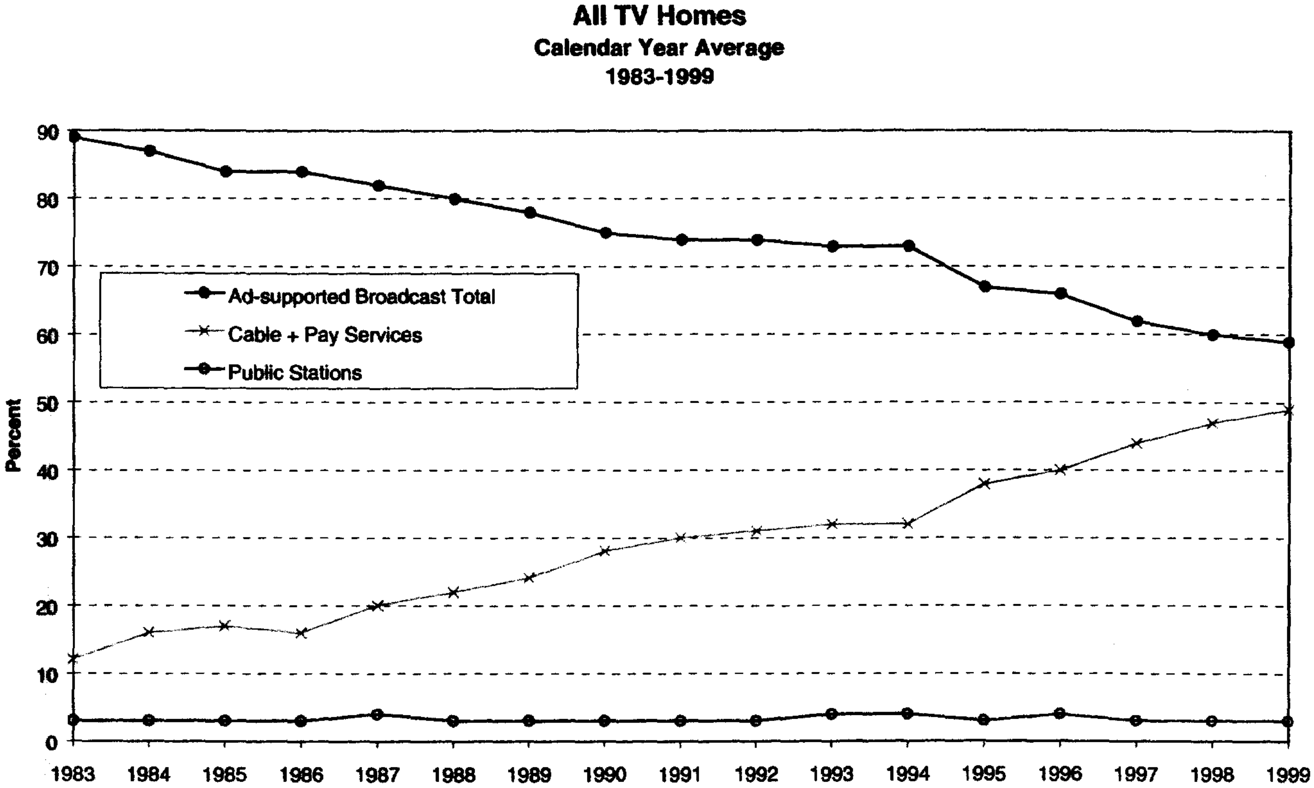
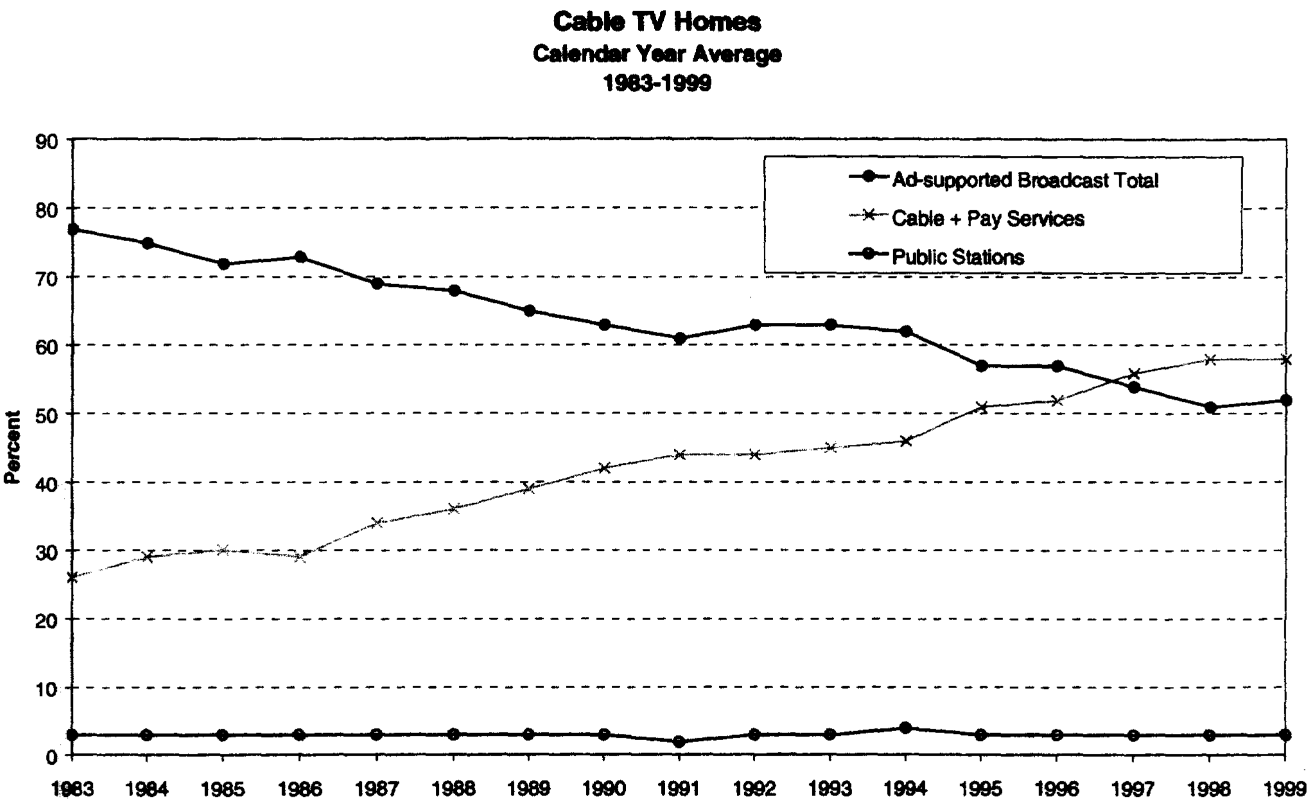
FIGURE 7
TELEVISION VIEWING SHARE TRENDS



Notes: Shares in some cases add to more than 100% due to viewing in multi-set homes.
Historical superstation shares are split equally between cable networks and independent stations.
1999 data are for the first quarter.

Sources: Paul Kagan Associates, *Cable TV Advertising*, February 28, 1999 and June 21, 1999.

FIGURE 8
TELEVISION VIEWING SHARE TRENDS



Notes: Shares in some cases add to more than 100% due to viewing in multi-set homes.
Historical superstation shares are split equally between cable networks and independent stations.
1999 data are for the first quarter.

Sources: Paul Kagan Associates, *Cable TV Advertising*, February 28, 1999 and June 21, 1999.

television on broadcast television viewing. As can clearly be seen from a comparison of Figures 7 and 8, this difference is substantial. This finding supports the conclusion that cable provides significant viewer competition for broadcast television.

Figure 8 also illustrates another important point. The figure shows viewing trends of households that subscribe to cable. Hence, the continuing decline in broadcast viewing over time and the corresponding increase in cable viewing in the figure are not due to the increasing penetration of cable. Rather, the rise of cable reflects the fact that cable programming has become an increasingly attractive option to broadcast programming. Since the second quarter of 1994, the average weekly amount of time per cable household spent watching basic cable has increased 43 percent, while broadcast television's collective viewing time has shrunk 15 percent.[12] As discussed below, this increased competition is not surprising given the dramatic increases in the number of cable channels per system and the tremendous growth in the number of national cable programming services over the past fifteen years.

As described earlier, many of the rules governing broadcasting today were put in place to prevent problems that were thought to stem from the economic power of the broadcast networks. Thus, it is instructive to examine what has happened to the viewing share of the three traditional networks, ABC, CBS, and NBC. Like all broadcasters, the traditional networks have been losing share to cable and satellite channels. They have also been losing share to other terrestrial broadcasters, including an increasing number of

---

12 "Weekly Hours Spent Watching Basic Cable now Exceeds all Broadcast TV in most U.S. Homes, Reports CAB," available at http://www.cabletvadbureau.com/news/072199news.htm, August 12, 1999.

rival networks.[13] Figure 9 illustrates the viewing shares of the three traditional networks in comparison with cable television. As the figure shows, cable's share has steadily increased, while the traditional networks' has steadily fallen—to the point that the shares crossed in 1997. This chart dramatically illustrates the fact that broadcast television networks do not dominate the video marketplace.

The conclusion that these networks lack dominance is, of course, even stronger than this graph indicates. These networks are not a monolith. The three traditional networks compete with each other for viewers, advertisers, programming, and affiliates. From the perspective of assessing market power, one should examine each network individually. Clearly, any one network has only a small part of the total audience or any other measure of size.

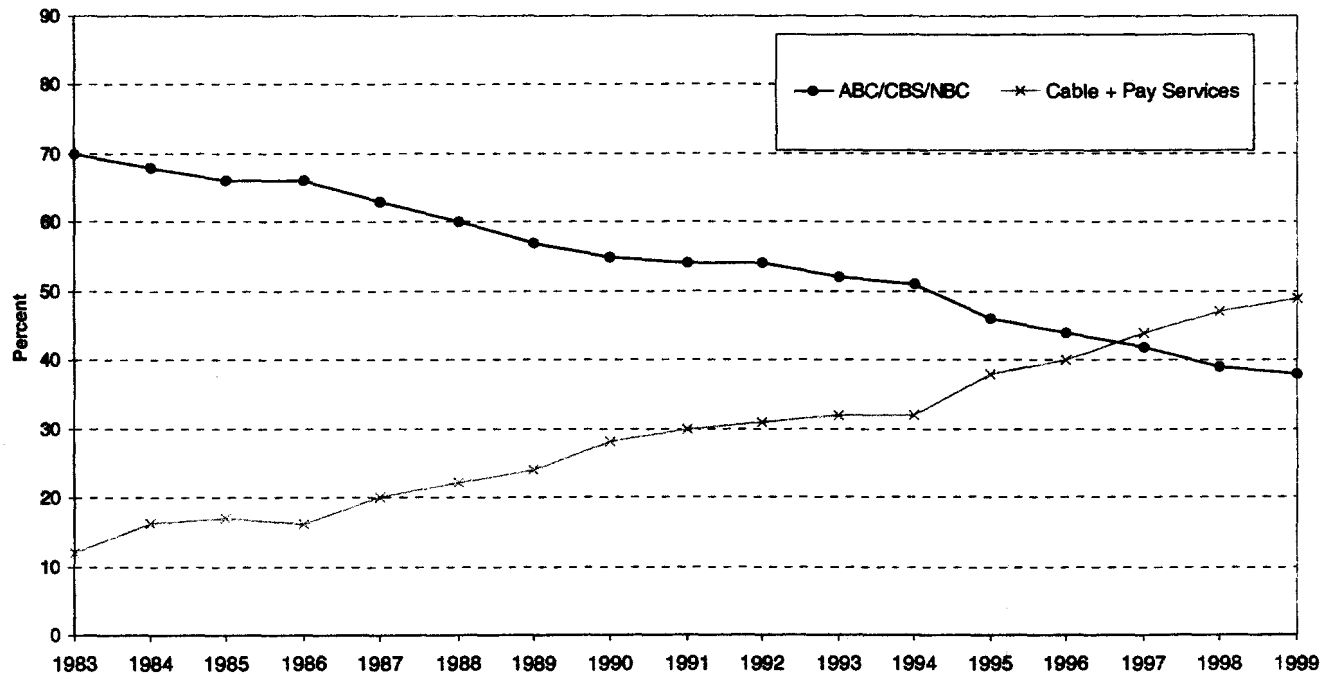
The increase in cable viewing is the natural outcome of several other trends. First, as shown in Figure 5 above, the availability of cable and satellite television has greatly increased, rising from 60 percent in 1982 to essentially 100 percent today. Second, as shown in Figure 10, the typical number of channels per cable system has increased substantially. Third, the overall number of cable services has steadily increased, as Figure 11 clearly illustrates. The average cable subscriber has access to over 54 channels of programming, and satellite services typically offer subscribers

---

13 "The decline in [traditional] network share is attributable, in large part, to the emergence of other viewing options, including a new network, independent television stations, and cable television networks. Each of these alternatives represents not only a source of diversity for viewers, but an additional market opportunity for program producers." *Evaluation of the Syndication and Financial Interest Rules,* 8 FCC Rcd 3282 (1993) at ¶ 45.

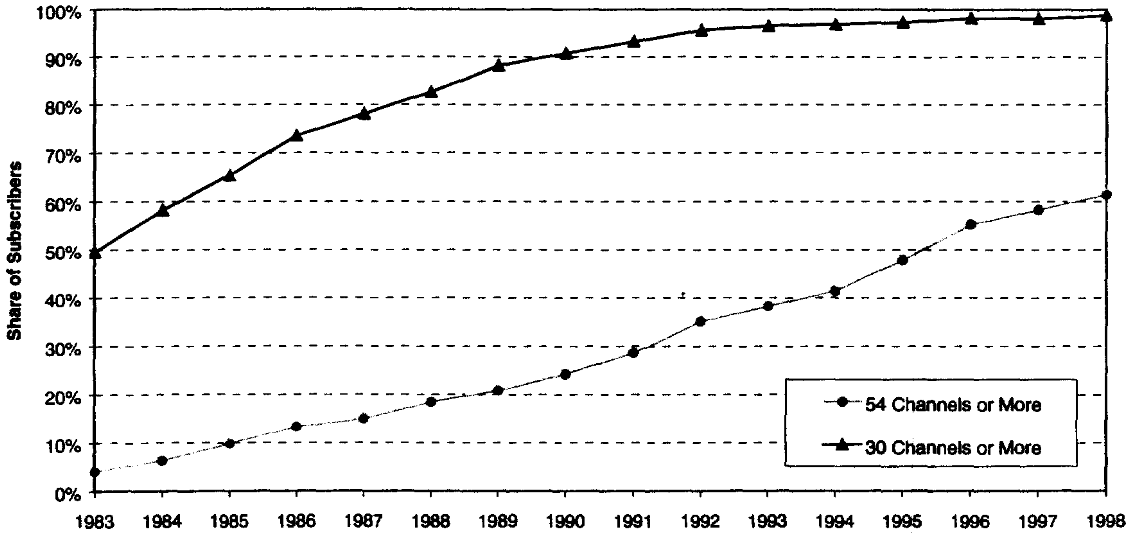
FIGURE 9
TELEVISION VIEWING SHARE TRENDS

All TV Homes: Traditional Networks v. Cable
Calendar Year Average
1983-1999



Notes: Shares in some cases add to more than 100% due to viewing in multi-set homes.
Historical superstation shares are split equally between cable networks and independent stations.
1999 data are for the first quarter.
Sources: Paul Kagan Associates, *Cable TV Advertising*, February 28, 1999 and June 21, 1999.

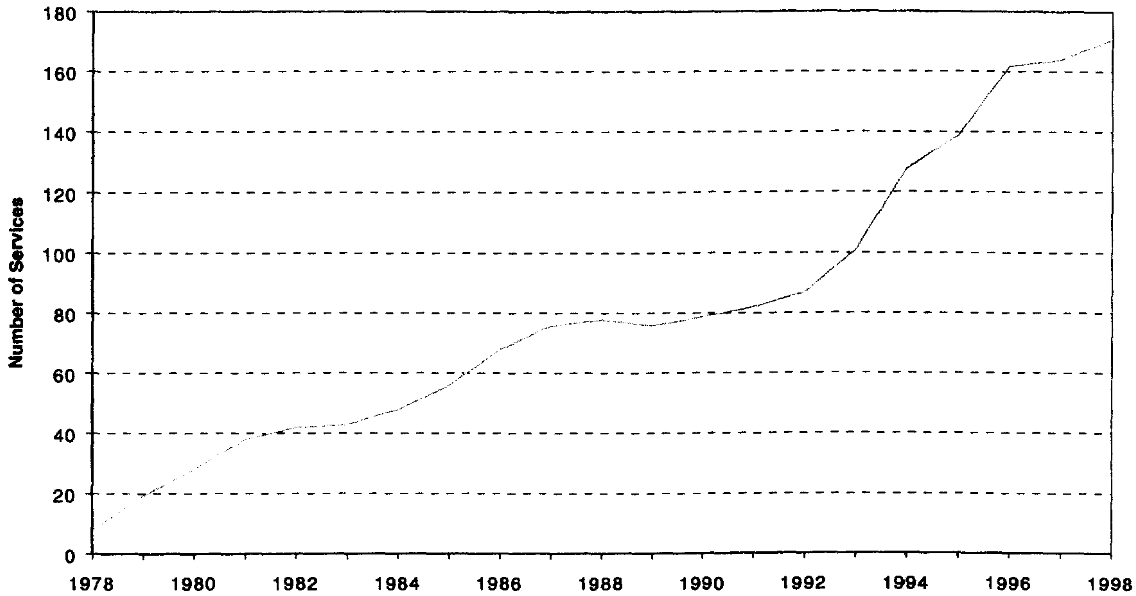
FIGURE 10
GROWTH IN THE NUMBER OF CABLE CHANNELS PER SYSTEM
1983-1998



Notes: Data are as of March 1 for 1983, April 1 for 1984 - 1991, November 1 for 1992 - 1993, and October 1 for 1994 - 1998. Data for 1997 and 1998 do not include wireless cable systems.

Sources: Warren Publishing, Inc., *Television & Cable Factbook*, Cable & Services Volume Nos. 51-61, Services Volume Nos. 62-64 and 66, Stations Volume No. 65, and Cable Volume No. 67, 1983-1999 Editions, "Channel Capacity of Existing Cable Systems."

FIGURE 11
GROWTH IN THE NUMBER OF CABLE SERVICES
1978-1998



Source: National Cable Television Association, *Cable Television Developments*, Spring 1998, p. 6.

hundreds of channels. Thus, nearly 80 percent of today's television households have literally dozens of program channels from which to choose.

The result of these developments is that cable systems can do more to fine tune their service packages to viewer tastes. At the same time, this process of fine tuning by cable program producers and system operators has led to audience fragmentation and a move toward narrowcasting (*i.e.,* programming aimed at relatively narrow audiences). Although narrowcasting is a trend that suits a subscription-based business model, it weakens the economics of an advertiser-supported mass medium such as broadcast television.

While cable and satellite service providers have provided the greatest competition for broadcast television to date, Internet-based technologies are likely to be an increasing source of competition for viewers' time in the future. Figure 12 below illustrates how several different new technologies have penetrated television households over the past decade. Perhaps most notable is the tremendous increase in the number of households that have Internet access. While fewer than half of all households are on line today, these households represent many of the most desirable demographic groups from the perspective of advertisers.[14] Thus, these are the viewers for whom broadcasters most need to compete to be profitable.

---

14 Indeed, the fact that on-line connectivity has historically been skewed toward young, affluent, males has often been pointed to by policy makers as a source of concern. See, for example, "Falling Through the Net: Defining the Digital Divide – A Report on Telecommunications and Information Technology Gap in America," National Telecommunications and Information Administration, July, 1999.

FIGURE 12
NEW TECHNOLOGIES' PENETRATION OF TELEVISION HOUSEHOLDS
1988-1999

Year	VCRs	PCs	On-Line	Video Games	Pay-Per-View[1]
1988	61%	18%	1%		
1989	67%	20%	1%	25%	
1990	72%	24%	2%	31%	
1991	75%	25%	2%	34%	16%
1992	76%	28%	3%	39%	18%
1993	76%	30%	4%	41%	19%
1994	78%	33%	5%	45%	21%
1995	80%	35%	10%	51%	22%
1996	81%	40%	16%	50%	26%
1997	82%	45%	23%	57%	30%
1998	83%	47%	29%	69%	33%
1999[2]	84%	49%	33%	n/a	35%

Notes:

[1]Includes movies only.

[2]1999 television household data and VCR data are as of June 30th.

Sources:

Paul Kagan Associates, *The Kagan Media Index*, "Historical Data Base," April 28, 1999.

Paul Kagan Associates, *The Kagan Media Index*, "Media Index Data Base," July 30, 1999.

Paul Kagan Associates, *Marketing New Media*, March 24, 1999.

The Veronis, Suhler & Associates Communications Industry Forecast, July 1997, p. 202.

The Veronis, Suhler & Associates Communications Industry Forecast, October 1998, pp. 180 and 316.

At present, there is considerable debate about whether on-line activities already are displacing television viewing. Some studies have found significant effects. For example, a recent Nielsen Media Research survey commissioned by America Online found that households connected to the Internet view an average of 13 percent less television per day than unconnected homes.[15] Other market analysts, however, have questioned the reliability of findings like these.[16] Whatever the situation today, there is little doubt that Internet-based media will pose major competitive challenges to the broadcast television industry in the coming years.

Today, hundreds of radio stations are available streamed over the Internet, and video streaming is likely to become widespread in the future.[17] As cable and telephone companies' local access networks for providing Internet services improve, so will the quality of the video signals that service providers will offer households, creating new outlets for video programming of all sorts to compete directly with broadcast television. Even with the comparatively low production values that local access networks currently support, new media are becoming sources of news and opinion for many people.[18]

Competition for Advertisers and Programming. The increased competition for viewers has been accompanied by increased competition for advertisers and programming. The increased competition for advertisers is illustrated in part by the

---

15 Mike Snider, "Less TV in on-line homes," *USA Today*, July 20, 1999 at 1D.

16 For a brief summary of the debate, see Saul Hansell, "Studies Differ on Internet's Impact on TV," *The New York Times*, September 21, 1998 available at http://www.nytimes.com/library/tech/98/09/biztech/article/, May 3, 1999.

17 At present, broadcast.com alone streams the broadcasts of over 448 radio stations and networks as well as programming from 65 television stations and cable networks. Available at http://www.broadcast.com/about/, September 5, 1999.

18 Witness the tremendous growth in on-line newspapers and portals, which often offer news and related information.

tremendous growth in cable advertising revenues. As can be seen from the numbers in Figure 13, cable advertising revenues have been growing at a much more rapid rate than have broadcast revenues. Cable industry gross advertising revenues for 1999 are projected to exceed $10 billion.[19]

Figure 14 illustrates this point graphically. In 1988, cable accounted for only 6 percent of television advertising. By 1993, the amount had doubled to 12 percent. And by 1998, cable's share of television advertising had risen to 19 percent. Moreover, national cable advertising has gained acceptance among major national advertisers, such as automobile manufacturers and consumer products companies. Forty-eight of the top 50 television advertisers in 1998 spent 10 percent or more of their television advertising dollars on cable television advertising.[20] Procter & Gamble Company, the largest television advertiser spent almost one quarter of its television advertising dollars on cable.[21]

The fact that individual broadcast programs generally enjoy higher ratings than do individual cable programs is a source of advantage for broadcast television in competition with cable. However, some cable television programs today achieve ratings as high as

---

19 "Advertising Revenues Will Top $10 Billion in 1999" citing Paul Kagan Associates *Financial Data Book, 1998* projections. Available at http://www.cabletvadbureau.com/99Facts/facts02.htm, August 12, 1999. Adjusting downward by 15 percent to account for advertising commissions, the net figure is $8.8 billion.

20 Cabletelevision Advertising Bureau, "Top 200 Television Advertisers (1998)," available at http://www.cabletvadbureau.com/Marketplace/98top200TV.htm, August 12, 1999. Ninety-four of the top 100 television advertisers in 1998, and 179 of the top 200, spent 10 percent or more of their television advertising dollars on cable television advertising.

21 *Ibid.*

FIGURE 13
BROADCAST AND CABLE/DBS INDUSTRY NET REVENUES[1]
1985-1998

	Broadcast Industry ($ millions)													
	1985	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**
Networks' Net Advertising Revenues [2]	6,820	7,038	7,186	7,768	7,691	8,337	8,129	8,620	8,209	9,008	9,487	10,960	11,032	11,996
Stations' Net Advertising Revenues	10,374	11,494	12,213	12,991	13,593	14,280	13,744	14,430	15,091	16,994	18,228	19,608	20,550	21,867
Broadcast Industry Total	17,195	18,532	19,399	20,760	21,284	22,617	21,872	23,050	23,300	26,002	27,715	30,568	31,583	33,863

	Cable/DBS Industry ($ millions)													
	1985	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**
Cable Program Services' Net Advertising Revenues [3]	551	655	785	1,009	1,231	1,607	1,842	2,135	2,488	2,909	3,521	4,247	5,045	5,835
Cable Operators' Net Advertising Revenues	118	163	224	266	422	534	613	695	831	1,023	1,218	1,413	1,636	1,882
Cable Subscription Revenues [4]	8,195	9,203	10,589	12,287	14,047	16,022	17,441	18,821	20,322	20,249	21,965	23,754	25,525	27,203
DBS Subscription Revenues [5]										431	918	1,474	2,124	2,672
Cable/DBS Industry Total [6]	8,864	10,021	11,599	13,562	15,699	18,163	19,896	21,652	23,641	24,612	27,622	30,888	34,330	37,592

Notes:

[1] Advertising revenues have been adjusted downward 15 percent to reflect advertising commissions.

[2] Includes Fox beginning in 1989. Includes UPN and WB beginning in 1995.

[3] Includes regional sports services.

[4] Includes full-service basic cable, pay, mini-pay and pay-per-view revenues.

[5] Includes pay revenues for DBS and all other non-cable operators and pay-per-view revenues for DBS operators. Basic and mini-pay revenues are not included because data are not available.

[6] Sum of elements may not match total due to rounding.

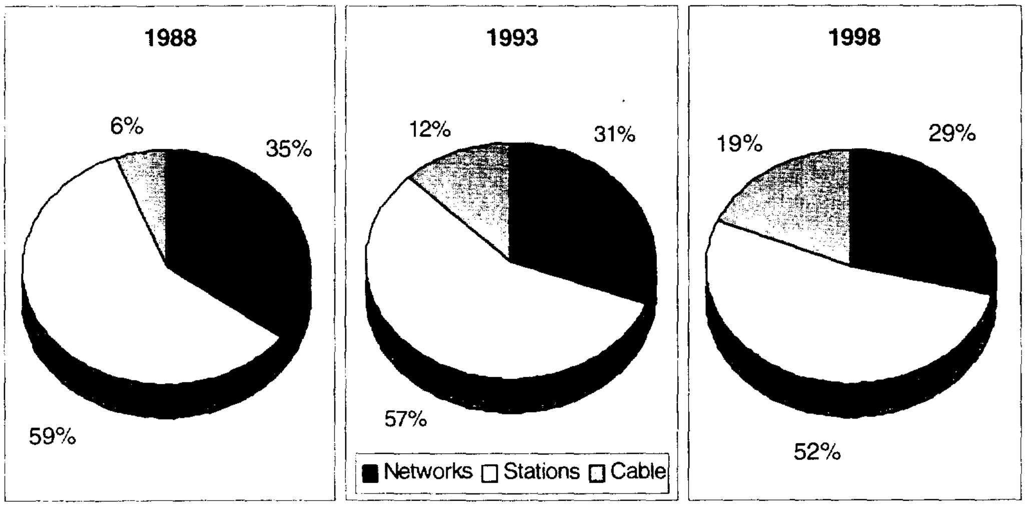
Sources:

Paul Kagan Associates, *The Kagan Media Index*, January 30 1997, January 29 1999, and February 18 1999.

Paul Kagan Associates, *Cable TV Advertising*, March 31, 1998.

Paul Kagan Associates, *The Pay TV Newsletter*, April 30 1997, August 19 1998, and May 31 1999.

FIGURE 14
BROADCAST NETWORKS, STATIONS, AND CABLE SHARES OF NET TELEVISION ADVERTISING REVENUES
1988-1998



Note:
Gross advertising revenues have been adjusted downward 15 percent to reflect advertising commissions.

Sources:
Paul Kagan Associates, *The Kagan Media Index*, January 30 1997, January 29 1999, and February 18 1999.
Paul Kagan Associates, *Cable TV Advertising*, March 31, 1998.

some broadcast network programs.[22] Moreover, even when the total audiences are smaller, cable programs can in many cases offer very targeted audiences that advertisers find valuable. Further, cable households offer more attractive demographics than do average television households.[23]

In addition to cable services, broadcast television competes with outdoor advertising, direct mail, print media, and radio for advertising dollars.[24] There is considerable debate about the extent of this competition. Even if these media are dismissed completely as sources of competition, however, there should be no debate about the facts that television advertising itself is more competitive than ever and there is no need for the national multiple ownership rule examined below to protect competition.[25]

While broadcasters, particularly the traditional television networks, face dramatically increased competition today, there is one piece of evidence that may appear to contradict this finding: measured in terms of revenues, the networks collectively had

---

22 For recent examples of cable ratings, see http://www.broadcastingcable.com/cable/cable.asp.

23 See, for example, "Why Advertise on Network Cable," Cabletelevision Advertising Bureau, available at http://www.cabletvadbureau.com/WhyCable/whynetca.htm, August 12, 1999.

24 For arguments that there is significant competition among these media, see "An Economic Analysis of the Broadcast Television National Ownership, Local Ownership, and Radio Cross-Ownership Rules," Economists Incorporated, May 17, 1995 submitted *In the Matter of Review of the Commission's Regulations Governing Television Broadcasting*, MM Docket 91-221, Appendix D. See also Kitt and Beutel, "An Economic Analysis of the Relevant Advertising Market(s) within Which to Assess the Likely Competitive Effects of the Proposed Time Brokerage Arrangements between WUAB Channel 43 and WOIO Channel 19," National Economic Research Associates (July 15, 1994).

25 Indeed, as shown below, the rule does nothing to protect competition. The fact that markets perform well today is a reflection of the strength of market forces, not the efficacy of regulation. Given that these conclusions hold even if one excludes all non-television media from consideration, there is no need in this white paper to address the issue of whether broadcast and cable television advertising constitutes a distinct relevant market.

their best up-front sales season ever in the summer of 1999.[26] Simply put, the question is this: if there is so much competition, then why did the networks have such a good up-front season this summer?

There are several parts to the answer to this question. First, and most important, there is no inconsistency between an increase in revenues and an increase in competition. The total size of a market may well grow as competition increases. Indeed, broadcasters are garnering a smaller proportion of total television advertising dollars, as can be seen from Figure 14 above. Moreover, local broadcast advertising revenues are down, apparently under pressure from cable.[27]

Still, it might appear paradoxical that network revenues are increasing as audience size shrinks. The consensus among industry observers is that this trend is in part due to the Internet boom and the need for Internet companies to advertise on traditional media to establish their brand names and web presence.[28] But while today new media appear to be net *demanders* of advertising, new media are being built on business models that anticipate being net *suppliers* of advertising in the future. Indeed, in a recent report, the Internet market research firm Jupiter Communications predicted that spending on Internet

---

26 Up front sales refer to advertising sales made prior to the launch of a new fall television season. For a discussion of 1999-2000 season up front sales, see for example, Sally Beatty, "TV Networks Top Forecast for Ad Sales," *The Wall Street Journal*, June 1, 1999 at B6.

27 See, for example, Erin White, "TV Stations See Ad-Time Demand Slow Considerably," *The Wall Street Journal*, June 11, 1999 at B2 and "Slow going in second quarter," *Broadcasting and Cable Online*, http://www.broadcastingcable.com/top/top_article.asp?articleID=692236751 (posted June 25, 1999).

28 See Stuart Elliot, "Advertising: A blitz by new media helps old media foil forecasts of doom," *The New York Times*, July 23, 1999 at C1. Broadcast television networks still deliver the largest numbers of viewers, so advertisers turn to these networks when they want to reach a truly mass audience.

advertising will rise to $11.5 billion in 2003.[29] And Forrester Research, a technology research firm, projects that U.S. spending on online advertising will grow almost tenfold between now and 2004 to reach $22 billion.[30] Like cable television, new media also hold the promise of providing advertisers with highly targeted means of reaching the audiences they seek.[31]

Moreover, broadcasting revenues are driven by more than competition. The demand for advertising is sensitive to the overall health of the economy. Today, the U.S. economy is continuing an unparalleled run of prosperity. But experience teaches that the boom will not continue forever. From the mid 1980s through early 1990s, the networks endured tremendous pressures on their revenues in part as the result of slack demand for advertising in a weak economy. Indeed, at the time, some observers feared the networks were about to go out of business. Just as it was important not to overreact to the bad times then, it is important not to let the current strength of the economy mask problems created by regulation.

The focus on current network advertising revenues has another shortcoming. It obscures the other side of the profitability formula: costs. The increased competition for viewers and advertisers is being accompanied by increased competition for programming. There appear to be two ways in which this competition is driving up the costs of programming. First, in interviews, industry executives have indicated that they turn to premium or event programming in order to fight fragmentation. Hence, there is an

---

29 Press release available at http://www.jup.com/jupiter/press/releases/1999/0818.html, August 29, 1999.

30 Press release available at http://www.forrester.com/ER/Press/Release/0,1769,159,FF.html, August 29, 1999.

increased emphasis on big-ticket sporting events, movies, and awards shows that can attract mass audiences even today. The rights to these programs are expensive. And the increasing demand by the broadcast networks and their rivals for the limited supply of event programming is driving the prices of movie and sports rights up even further. For example, between 1998 and 1999 alone, the license fee paid by ABC for the Academy Awards increased by over 67 percent. Similarly, the per-season cost of broadcast rights for Monday Night Football in the deal commencing with the 1998 season was more than double the cost in the previous deal covering the 1994 through 1997 seasons.

Second, with the tremendous growth of video programming outlets, there are more buyers chasing a limited pool of talent (*e.g.*, writers, producers, and actors). Dramas and sitcoms are increasingly expensive due to a shortage of talent relative to increased demand. Even if the competition for dramas and sitcoms today were solely an inter-network battle, that battle would be increasingly intense because there are more networks today than in the past. Moreover, broadcast television networks face growing competition from cable for talent. For example, Turner Network Television recently announced that the network will spend $800 million over the next five years on original movies, miniseries, and dramatic series.[32]

The ability and incentive to pay for high-cost programming depends, of course, on the value that the purchaser can expect to receive from exhibiting the programming. In the case of broadcasters, that value is derived from the size of the audience and the resulting ability to sell advertising. Many cable programming services also rely on

---

31 Greg Farrell, "Niche Web Sites Draw Advertisers," *USA Today Tech Report*, http://usatoday.com/life/cyber/tech/ctf782.htm, posted August 6, 1999.

32 Linda Moss, "TNT to Reveal Several Hour-Long Dramas," *Multichannel News*, August 9, 1999 at 20.

advertising sales as a source of revenue. However, cable programming services have another source of revenue as well, subscription fees. Figure 15 illustrates graphically the fact that cable television's dual revenue streams surpassed broadcast television's single revenue stream in 1997. This dual revenue stream likely explains why cable programming services have been outbidding the broadcast networks for the rights to many event programs such as recent hit theatrical movies.[33]

C. Network and Station Growth and Ownership

While competition between terrestrial broadcasting and other media has increased, so has competition within terrestrial broadcasting. This increase has occurred at both the station and network level. In 1946, there were six television stations authorized and on the air, with one additional construction permit holder operating intermittently.[34] Today there are over 1,200 commercial stations. The growth of stations has in turn fueled the growth of additional networks. There are more broadcast television *networks* today, than there were television *stations* in 1946. There are now seven mainstream commercial networks plus several other more specialized and regional broadcast networks. At the time of the Barrow Report,[35] there were only two.

Fox was launched in 1986, and The WB Network and UPN were launched in the mid-1990s. More recently, Pax TV has debuted. It is significant that, with the exception

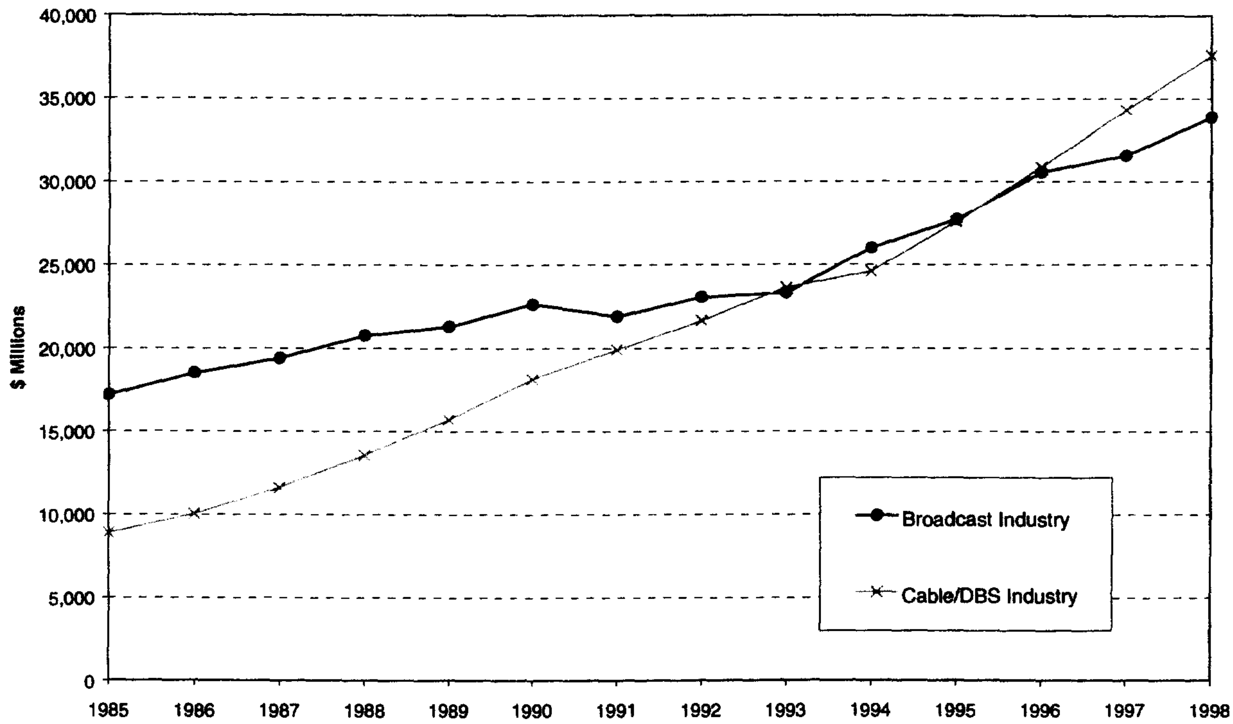
---

33 Movies for which cable networks outbid over-the-air networks for the broadcast window premieres include: "The English Patient," "Grosse Point Blank," "He Got Game," "The Jackal," "Midnight in the Garden of Good and Evil," "Shawshank Redemption," "Wag the Dog," and "The Wedding Singer."

34 *Network Affiliation Agreements (Two-Year Rule),* 4 FCC Rcd 2755, 66 RR 2d 190 (1989) at 2757 (¶ 14, footnote omitted).

35 *Network Broadcasting, Report of the Network Study Staff to the Network Study Committee* (Oct. 1957) reprinted in Report of the House Committee on Interstate and Foreign Commerce, H.R. Rep. No. 1297, 85th Congress, 2d Sess. (1958) ("Barrow Report").

FIGURE 15
BROADCAST AND CABLE/DBS INDUSTRY NET REVENUES
1985-1998



Notes: Gross advertising revenues have been adjusted downward 15 percent to reflect advertising commissions.
DBS pay revenues include revenues from DBS and all other non-cable operators.
DBS basic and mini-pay subscriber revenues are not included because data are not available.

Sources: Paul Kagan Associates, *The Kagan Media Index*, January 30 1997, January 29 1999, and February 18 1999.
Paul Kagan Associates, *Cable TV Advertising*, March 31, 1998.
Paul Kagan Associates, *The Pay TV Newsletter*, April 30 1997, August 19 1998, and May 31 1999.

of The WB, all of the recent network entrants were launched from a base of network owned and operated television stations. And even The WB has close ownership links with several affiliates.[36] This finding that station ownership typically serves an important role in launching a viable broadcast network is not surprising given the benefits of the network-station coordination that is facilitated by ownership.[37]

Turning from networks to stations, there are several significant trends in the number of stations and the pattern of station ownership.

Station Growth. The first fact to recognize is that the total number of stations has risen dramatically over the past quarter of a century. Figure 16 illustrates the number of stations from 1953 through today. At least two points stand out. First, the number of VHF stations roughly doubled in the 1950s. Second, the number of UHF stations rose dramatically in the 1970s and continues to rise. In part, this increase likely reflects the fact that cable retransmission of UHF signals has reduced the disadvantages associated with UHF transmission. The net result is that the total number of commercial broadcast television stations has increased between three- and fourfold since many of the rules governing the industry were put into effect.

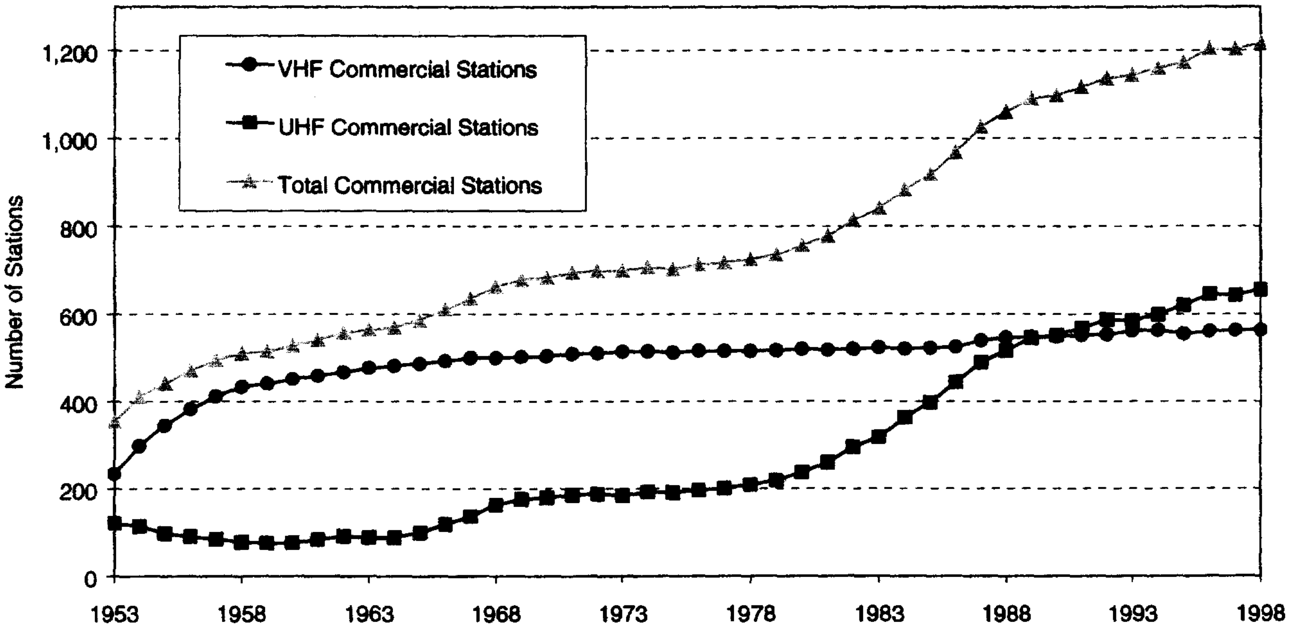
Not surprisingly, the increase in the overall number of stations has led to greater numbers of stations in each market. This is an important trend because both competition and diversity are primarily local phenomena. Figure 17 illustrates how even since 1979

---

36 The WB Network is owned in part by Tribune Broadcasting, which also owns WB affiliates in eight of the nation's top 11 markets. (Elizabeth A. Rathbun, "Wheeling starts; dealing to come," *Broadcasting & Cable*, August 18, 1999, at 8.) And Jamie Kellner, the Chief Executive Officer of The WB Network, owns part of Acme Television, which operates nine WB affiliates. (Steve McClellan, "Acme TV Goes Public," *Broadcasting & Cable*, August 18, 1999, at 34.)

37 These benefits are discussed further in Section IV.B below.

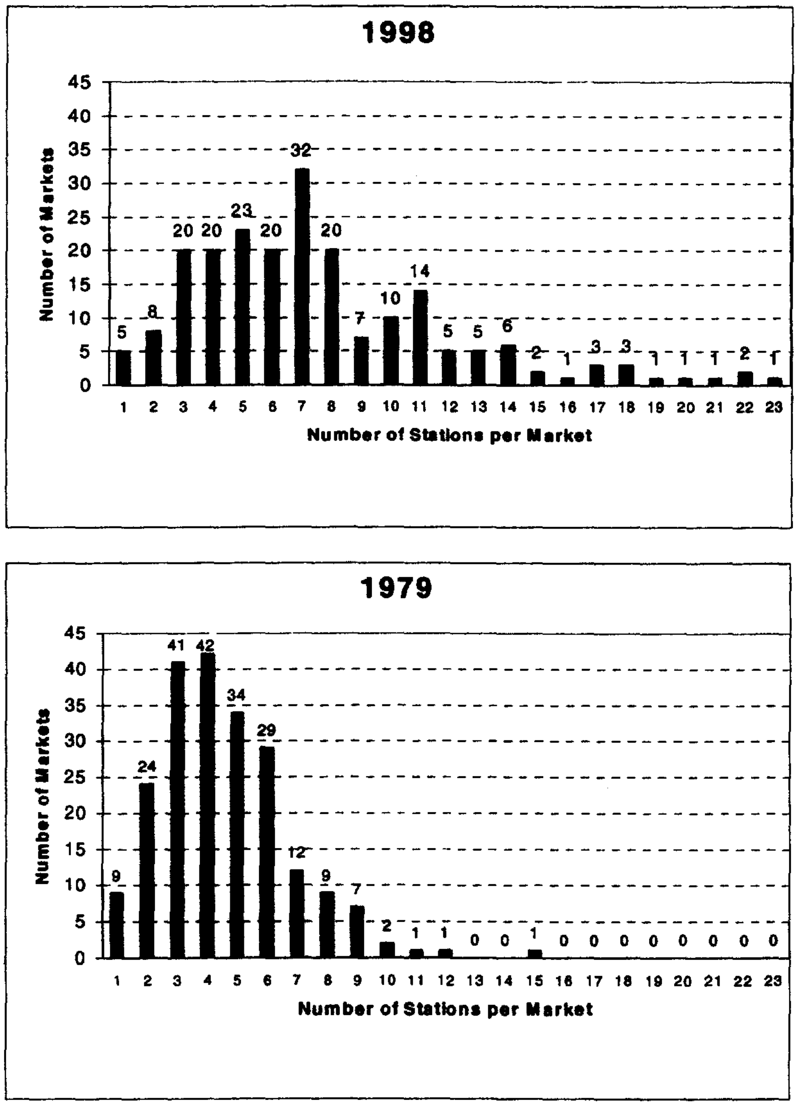
FIGURE 16
NUMBER OF COMMERCIAL STATIONS
1953-1998



Note: The *Television and Cable Factbook* reports data as of January 1st of each year, but the data are given here as the year-end total for the previous year.

Source: Warren Publishing, Inc., *Television & Cable Factbook*, Stations Volume No. 67, 1999 Edition, p. C-1.

FIGURE 17
GROWTH IN BROADCAST STATIONS PER MARKET



Sources: Warren Publishing, Inc., *Television & Cable Factbook*, Stations Volume No. 67, 1999 Edition, "Affiliations by Market," p. C-48 - C-51.
Southern California Law Review, vol. 54, January 1981, no. 5, p. 982.

the number of stations per market has risen significantly.[38] In 1979, only 33 markets had seven or more television stations. Today, 114 markets—more than half of all television markets—have seven or more television stations. And because markets with larger populations tend to be the ones with greater numbers of stations, the majority of television households are located in markets with 11 or more stations.[39]

Station Ownership. There are several important facts to recognize about the ownership of these roughly 1,200 stations. One, shown in Figure 18, is that most stations are controlled by group owners. This pattern is to be expected given the existence of efficiencies associated with group ownership. There are economies of scale and scope in management, sales, and program acquisition. Nevertheless, Figure 18 also shows that a significant number of stations are individually owned.

Figures 19.A and B provide additional information about the largest group owners. Figure 19.A shows their station holdings for the past four years measured in terms of adjusted reach.[40] Figure 19.B shows the number of stations held by each of the largest groups over the past five years.

Several points emerge from these figures. First, the groups that control the largest number of stations are not necessarily the groups with the largest national reaches. As will be discussed below, this divergence has implications for assessing the impacts of group ownership on diversity. Second, large group owners (or their parent companies)

---

38 When the Barrow Report was published, only 16 television markets had more than three television stations and only 53 had more than two stations (Barrow Report at 187).

39 *Television & Cable Factbook*, Stations Volume No. 67, Warren Publishing Inc., Washington, D.C., 1999.

40 The Federal Communications Commission makes this adjustment by giving a 50 percent discount to the reaches of UHF stations.

FIGURE 18
NUMBER OF NON-NETWORK GROUP-OWNED AND SEPARATELY-OWNED COMMERCIAL TELEVISION STATIONS YEAR END 1994 AND 1997

	Number of Commercial Television Stations	
	1994	**1997**
Group-Owned	821	881
Separately-Owned	304	251
Total	**1,125**	**1,132**
Percent Group-Owned	73%	78%

Source: "Comments on Filing by Network Affiliated Stations Alliance," John Haring and Harry Shooshan III, August 21, 1998.

Original Source: Warren Publishing, Inc., *Television and Cable Factbook*, Stations Volume Nos. 63 and 66, 1995 Edition (p. A-1361 - A-1394) and 1998 Edition (p. A-1445 - A-1474), "Ownership of Commercial Television Stations."

FIGURE 19.A
TOP 25 TELEVISION GROUPS
ADJUSTED PERCENTAGE OF US. HOUSEHOLDS COVERED[1]
1996-1999

TV Group	1996	1997	1998	1999
Fox Television Stations Inc.	22.1%	34.8%	34.9%	34.5%
CBS Television Station Group[2]	31.0%	30.9%	30.8%	32.8%
Paxson Communications Corp.	18.0%	26.8%	30.9%	29.0%
Tribune Broadcasting Co.	25.0%	25.9%	26.5%	27.0%
NBC Inc.	24.6%	24.6%	26.9%	26.6%
ABC Inc. (Disney)[3]	24.1%	24.0%	23.9%	24.0%
United Television Inc./Chris-Craft Industries Inc.	17.7%	17.6%	18.7%	18.8%
Gannett Broadcasting	14.1%	18.0%	16.5%	17.2%
Hearst-Argyle Television Inc.[4]	7.3%	9.2%	9.6%	16.1%
USA Broadcasting/HSN, Inc./Silver King Broadcasting	20.0%	18.4%	15.5%	15.5%
Sinclair Broadcast Group Inc.	8.9%	8.2%	13.0%	14.2%
Paramount Stations Group Inc.	10.2%	9.1%	12.4%	13.6%
Univision Communications Inc.	12.8%	9.9%	13.5%	13.5%
A.H. Belo Corp.	8.0%	10.5%	14.2%	13.4%
Telemundo Group Inc.	10.4%	10.7%	10.7%	10.7%
Cox Broadcasting Inc.	7.7%	9.5%	9.6%	9.6%
Young Broadcasting Inc.	9.1%	9.0%	9.1%	9.0%
E.W. Scripps Co.	8.0%	8.7%	8.0%	8.1%
Hicks, Muse, Tate & Furst Inc.			7.2%	8.0%
Shop at Home Inc.				7.7%
Post-Newsweek Stations Inc.	7.0%	7.1%	7.1%	7.2%
Ellis Acquisitions/Raycom Media[5]	4.0%	5.6%	5.2%	6.6%
Meredith Broadcast Group		6.2%	6.3%	6.3%
Media General Broadcast Group		4.7%	4.5%	4.4%
Clear Channel Communications				4.2%
Allbritton Communications Co.	3.5%	4.2%		
Granite Broadcasting Corp.		5.9%	6.1%	
LIN Television	6.3%			
New World	12.8%			
Providence Journal	5.4%			
Pulitzer Broadcasting Co.	5.2%	5.2%	5.2%	

Notes:

[1]Total household coverage has been adjusted to reflect the 50 percent discount that is used in calculating household coverage for compliance with the FCC's ownership cap.

[2]Westinghouse Electric Corporation changed its name to CBS Corporation in December 1997.

[3]The Walt Disney Company acquired Capital Cities/ABC in July 1995.

[4]Hearst-Argyle was formed in 1997 with the merger of Argyle Television, Inc. and The Hearst Corporation's Broadcasting Group. Prior to 1997, figures correspond to the Hearst Corporation.

[5]Raycom Media, Inc. acquired Ellis Communications in September 1996.

Sources:
"Top 25 Television Groups," *Broadcasting & Cable Magazine*, July 8, 1996 (pp. 12-20), June 30, 1997 (pp. 30-41), April 6, 1998 (pp. 46-68) and April 19, 1999 (pp. 39-58).