Local TV v. Distant Signal

It is important for anyone considering allowing Distant Signals into a local market to understand how local television stations generate their revenue.

In the case of WRAL 45% comes from local news, 25% from network prime, 11% from syndication, and the remaining from sports, specials, and other network programming.

It is necessary for a local station to have as many rating points as possible, i.e. eyeballs on the station, in order to generate revenue.

The case in point is a program like CBS's CSI. CSI generates 18 rating points in the Adult 25-54 demographic. Each one of these points is worth $350 to WRAL, or a total of $6,300 per :30 commercial.

If a Distant Network Signal were to siphon off just 5 of these points, or just 27%, by allowing their Distant Signal to come into the local market, it would cost the local affiliate $1,750 per :30 commercial. When you take into consideration the local affiliates have (7) seven commercials to sell each week in CSI, the loss of revenue weekly would be $12,250, or $637,000 annually. Take into consideration this is just one hour per week in prime out of a total of 24 hours of prime per week.

CSI Example

18 Adult 25-54 rtg. points per week at $350 per point = $6,300
$6,300 per :30 commercial x (7) seven commercials per week = $44,100

The consequence of a Distant Signal entering the local market is:

13 Adult 25-54 rtg. points per week at $350 per point = $4,550
$4,550 per commercial x (7) seven commercials per week = $31,850

 $44,100 = 18 rtg. points per program
<u>-$31,850 = 13 rtg. points per program</u>
 $12,250 Loss per week in revenue

 $12,250 Loss in revenue per week
<u>x 52 weeks per year</u>
 $637,000 Loss per year

Again, this is the impact to the local station in just one hour of network prime. Imagine that loss spread over 24 hours of prime per week.