

MARKETING & MEDIA

Advertising / By Joe Flint

ABC Takes Risks With Fall Lineup

WALT DISNEY'S ABC and AOL Time Warner's WB had two strikingly different stories to sell to advertisers when each unveiled its new fall lineup.

For ABC, this season was one to forget: Its audience declined steeply from the previous season, and it had to give advertisers many free commercials to make up for its ratings shortfalls. The WB, on the other hand, recovered from the loss of its cult hit "Buffy the Vampire Slayer" to make slight gains in viewers and the young demographics it seeks.

Hoping to close the gap with General Electric's NBC and Viacom's CBS, ABC programmers introduced nine new shows. The only nights that ABC left intact are the low-rated Saturday movie night and the Sunday lineup of "Wonderful World of Disney," "Alias" and "The Practice." The network also is bringing back its reality dating show "The Bachelor," which turned into a surprise success this spring. Gone are "Spin City," "Dharma & Greg," "Philly" and "Once and Again." The game show "Who Wants to Be a Millionaire" also is off the schedule but will return as occasional specials next year. "Millionaire" had been a huge hit two years ago, but it faded when ABC started putting it on several nights a week, diluting its strength.

Core Goal

"The core goal for us is to stop this downward trend," says Susan Lyne, ABC's new president of entertainment. "No one," she adds, "is expecting us to jump to first place." Not only is the network launching a lot of new shows, it doesn't have a strong base to promote them. ABC is putting several of its new shows at the 8 p.m. or 9 p.m. hour, which is usually when networks park more established shows, which can feed their viewers into new programs at 8:30 p.m. or 9:30 p.m.

But ABC had little choice but to risk launching new programs in so-called unprotected time periods, even more unprotected now that former anchors such as "Spin City" have been cut loose. Ms. Lyne doesn't rule out the possibility that ABC may try to get out of the gate earlier than the other networks this fall so its new shows don't get lost during premiere week. Lloyd Braun, chairman of ABC's Entertainment Television Group, says the network would seek to brand its 8-9 p.m. time slots as "Happy Hour."

ABC is also moving its few established shows to different nights, which could either help launch time periods that have struggled—or backfire, if view-

Massive Overhaul

ABC's new fall lineup leaves little unchanged.

- | | |
|---|---------------------------------|
| IN | OUT |
| ■ Dragnet* | ■ The Job |
| ■ Miracles* | ■ Who Wants to Be a Millionaire |
| ■ 8 Simple Rules for Dating My Teenage Daughter | ■ Spin City |
| ■ Life With Bonnie | ■ Dharma and Greg |
| ■ Less Than Perfect | ■ Once and Again |
| ■ Meds | ■ Philly |
| ■ Dinotopia | ■ The Court |
| ■ Push, Nevada | ■ Bob Patterson |
| ■ That Was Then | |



ABC will air "8 Simple Rules" and cancel "Spin City."

*After "Monday Night Football" ends in January. Source: the company

ers can't find their favorite shows. "The Drew Carey Show" is moving from its longtime home of 9 p.m. Wednesday to 8 p.m. Monday and will be paired with Mr. Carey's improvisation show "Whose Line Is It Anyway?" The move is seen as an attempt to deliver younger men to "Monday Night Football," which has seen its ratings fade over the past few seasons. When football season ends, ABC is launching a remake of "Dragnet," from "Law & Order" creator Dick Wolf; and "Miracles," a drama about paranormal and bizarre events.

Cash In on Success

ABC also is looking to cash in on the success of its miniseries "Dinotopia," which premiered Sunday to solid ratings, but tailed off on Monday. The program, which is about a world where humans and dinosaurs live together, is aimed at kids and families and will air on Thursday as a regular series. Although the miniseries cost \$85 million to make and ABC paid about a \$25 million license fee, Ms. Lyne says it will be much cheaper as a regular series because the special-effects technology and sets already have been built.

ABC's other new shows include the

comedies "8 Simple Rules for Dating My Teenage Daughter," starring John Ritter; "Life With Bonnie," starring comic actress Bonnie Hunt; and "Less Than Perfect," about a secretary smarter than her bosses. Other dramas include "Meds," about harried doctors trying to help patients while dealing with bureaucracy; and "That Was Then," about a 30-year-old loser who goes back in time to high school to try to fix the events that screwed up his life.

Slot Changes

AOL's WB network introduced six new series, all geared toward viewers age 12 to 34. The network's main goal for next season is improving its Friday and Sunday performance. On Sunday, the network has moved its veteran shows "Charmed" and "Angel" to the 8-10 p.m. slot. Friday, which got a boost this season from the surprise success of the comedy "Reba," will include two new sitcoms, "What I Like About You" and "Greetings From Tucson."

WB President Jed Petrick says the network expects a strong selling season when it starts to unload commercial inventory in coming weeks. Last year, the network sold \$475 million in the so-called upfront market, and this year it hopes to break the \$500 million mark. Demand for spots on the WB has grown this season as the network overcame its slow start. "I was a little bummed early on," Mr. Petrick says about ad sales this season, "but I feel really good now."

BRIEFS: Despite a slight drop in revenue, Bcom3 Group said it earned \$20.5 million in the first quarter compared with \$2.6 million a year earlier. As of Jan. 1, Bcom3 ceased recording goodwill amortization, as required under new accounting rules. If those rules had been in effect in the 2001 quarter, the company said it would have reported earnings of \$17.5 million in the first quarter of 2001. The Chicago ad holding company, which owns Leo Burnett and D'Arcy Masius Benton & Bowles, managed to post an increase in net income because of "rigorous expense control and greater focus on margin improvement." Revenue slid to \$445.7 million from \$447.2 million. Closely held Bcom3 is required to disclose certain financial information because more than 500 employees own Bcom3 shares. Bcom3 is in the process of being acquired by Publicis Groupe. ... VTech Electronics tapped Omnicom Group's Merkle Newman Hartly & Partners to handle its \$20 million ad account. Omnicom's TBWA in London will handle the European duties.

Circuit City Says Financing Drives Much of Profit

By ELLIOT SPAGAT

Circuit City Stores Inc., disclosing its gains from its credit-card and car-financing businesses for the first time, said its financing operations provided more than half of its pretax income over the past two years.

The disclosure highlights the low margins and stiff competition in selling consumer electronics, where extras like warranties or credit can make the difference between a profit and a loss.

For the year that ended Feb. 28, for instance, credit-card operations and auto-financing operations and fees brought in \$188.4 million. That amount is deducted from selling, general and administrative expenses, however, and hasn't been visi-

ble to investors. The company's pretax income for the year was \$352.9 million.

"It's a significant portion of its income and the company practically refused to acknowledge it even existed," said Colin McGranahan, an analyst at Sanford C. Bernstein & Co.

Investors have struggled to understand the Richmond, Va., company, which mixes a chain of consumer electronics stores with a chain of used- and new-car dealerships. The credit-card business has been largely invisible, though Circuit City's First North American National Bank unit was created in 1990 and issues Visa and MasterCard credit cards, along with private-label Circuit City cards.

The company said it plans to disclose credit-card and financing income in the future, though it will continue to deduct it from operating expenses on its income statement, said Celeste Gunter, director of investor relations. The new reporting is a response to investor interest in a "greater degree of transparency in our financial operations," she said.

For the year ended February 2001, the financing operations accounted for \$131.1 million of income, or 50.4% of pretax earnings of \$259.4 million.

The figures show Circuit City was one of the least-profitable publicly traded consumer-electronics retailers last year in terms of what it made from selling goods, said Scot Ciccarelli, an analyst at Gerard Klauer Mattison & Co.

Circuit City's lending unit reports pretax income, default rates and other information to the Federal Deposit Insurance Corp. every quarter. But the figures don't correspond to Circuit City's fiscal year, which typically ends in February. The FDIC figures also include some payments from Circuit City electronics stores.

The increased disclosure coincides with the spinoff of Circuit City's CarMax auto retail business, which is scheduled for a shareholder vote July 12. The spinoff should make Circuit City easier for investors to understand. The company currently trades as two tracking stocks—one for consumer electronics and one for CarMax—but the electronics-store shares include an interest in the auto business.

In 4 p.m. New York Stock Exchange composite trading, Circuit City electronics-store shares were up 73 cents to \$24, while CarMax shares were down \$2.15 to \$30.42.

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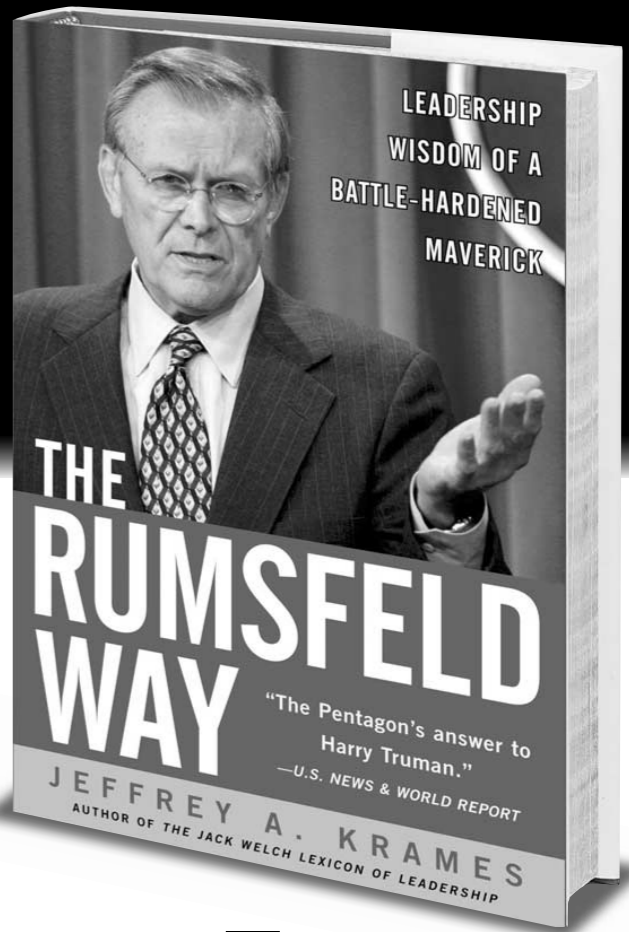
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