

BUSINESS

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ABC, Raycom team up

College games telecast by region

By JOHN DAY
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The major TV networks are puzzled. They're losing money broadcasting football, baseball and basketball games.

Charlotte-based Raycom Inc. thinks it has cracked the code.

Today, with the North Carolina-Georgia Tech contest in Atlanta (4 p.m. on WSOC, Channel 9), Raycom kicks off a 26-game deal producing college basketball for broadcast over ABC-TV.

How does Raycom hope to draw an audience where the networks couldn't? By buying blocks of national airtime and splitting them into regional slices.

"Fans would much prefer to watch their local teams play than watch national games of teams that are many miles removed," said Ken Haines, Raycom's executive vice president. "If you give them regional games, ratings will be higher."

Raycom will make money by selling two different kinds of commercial time. It will sell the regional games separately to smaller local advertisers, and the whole package to large national ones.

Using that simple formula, Raycom has signed a deal with ABC to buy four-hour blocks of network airtime over the next six Sundays. It will broadcast as many as six separate regional games per day. Viewers in each ABC market will see two of the games.

Here's the arithmetic:

Raycom is paying ABC \$1.8 million for the airtime. Raycom will pay nonunion crews about \$650,000 to produce the games, a quarter the cost for a major network. It will pay the colleges and their athletic conferences about \$4 million for the rights to the games. That's less than ABC would have to pay, Haines said, since Raycom already has bought the rights to broadcast ACC, Pac-10, Big Ten, Metro, Big Eight and other conference games.

That makes Raycom's costs \$6.45 million.

Raycom expects to take in about \$10 million in ad revenues. The company already has signed up Domino's Pizza, GM's Buick Division, United Parcel Service and State Farm Insurance, among others. Haines said 85% of commercial airtime has been spoken for.

That would mean a \$3.5 million profit for Raycom. Not bad for six days' work at a company that grossed \$65 million in 1991.

Going on his own

Raycom chief executive Rick Ray, 42, was working as manager of broadcast operations at WCCB-TV in Charlotte in 1979. He tried to get the station to broadcast the Great Alaskan Shoot-Out, a college basketball tournament in Anchorage featuring N.C. State.

When he hit roadblocks, Ray decided to leave and form his own marketing company.

He joined with Dee Birke, who owned a Charlotte advertising agency. The two married after six months as business partners. Dee Ray is now Raycom's president.

The couple's Charlotte home is the 25-bedroom James B. Duke

Mansion, a 4-acre property valued at \$4.97 million — the city's most expensive house.

Raycom has sales offices in New York, Chicago and Dallas, and in 1987 formed an entertainment arm to produce and market entertainment programming to loose networks of local stations.

ABC happy

ABC welcomed the Rays, said Anthony Petitti, ABC's director of sports programming.

"It's a good deal in two important ways," said Petitti, who helped negotiate the agreement. "It enables ABC to offer a really solid regional schedule, and the stations are guaranteed of getting games their viewers care about. And it enables ABC to turn a financial loss on college basketball into a guaranteed profit."

Faced with declining numbers of viewers, stemming in part from a glut of cable and local sports events, the major networks lost money last year on televised sporting events.

ABC lost millions on college basketball, Petitti said. CBS has lost \$500 million halfway through its \$1 billion, four-year contract with Major League Baseball. And NBC is losing money broadcasting pro football games.

A steady rise in fees charged by colleges, conferences and pro sports for the rights to broadcast their games have contributed to the losses, Petitti said. Raycom's existing deals with many schools helps keep costs down.

What Raycom is offering, said Haines, is guaranteed local interest. Now an ACC fan can watch a doubleheader of Sunday games of

either ACC teams or nearby rivals.

Why hadn't anyone tried it before?

"There hasn't been the situation before where all the networks were in this sort of losing situation," Haines said. "These big losses are something new."

The company uses its own ad sales staff, based in a two-story building on Trade Street near uptown Charlotte, and contracts out only the actual game production to free-lance crews.

And the games will be as polished as any network production, said Petitti. Raycom is using ABC announcers Jim Valvano and Brent Musberger, among others.