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Cable Brings Some Bright Spots to Disappointing Upfront

USA, TNT, TBS Lead With Smallest Pricing Losses; Syndication Still Strong

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NEW YORK (AdAge.com) -- A few high-rated cable networks and syndicated shows are emerging as diamonds in the rough that is this year's upfront market, even compared with some of their broadcast competitors.



Pricing is holding relatively strong on the syndication side, led by long-running, top-rated shows such as 'The Oprah Winfrey Show.'

Photo Credit: Harpo Productions, Inc.

NBC Universal's USA and Turner's TNT and TBS are said by multiple executives to be leading the cable market with the smallest loss margins in pricing, banking average decreases of 2% to 6% in the cost of reaching 1,000 viewers, or CPM. Most broadcast networks agreed to CPM rollbacks in the 1% to 3% range.

The cable upfront is estimated by three executives to be 60% to 70% completed by week's end, and fully wrapped by Labor Day, with syndication about 40% to 50% wrapped. Volume is expected to be down 10% to 15%, to \$6.5 billion to \$6.9 billion, from last year's \$7.65 billion.

Like broadcast buyers, cable and syndication buyers are earmarking 10% more of their upfront dollars for scatter this year, betting on healthy fourth-quarter ratings and an improved economy in early 2010. "We don't believe the inventory's going anywhere, and if we need to hunker down and hold out, we will," one media buyer said.

"It feels like it will be above upfront pricing by the first to second quarter of next year," another key buyer said.

Top-rated networks at Lifetime, Discovery and Scripps are booking deals at prices down 6% to 8%, while smaller networks are down as much as 10% to 12%. Sports and news networks -- which still do a third to half of their deals based on live ratings, vs. the new industry standard of Nielsen's C3 ratings that measure viewership of commercials within three days -- are down anywhere from 5% to 20% this year, based on the same holdouts for scatter.

But Ed Erhardt, ESPN's president-customer marketing and sales, said he is optimistic that the sports market will see some momentum in the coming weeks. "Scatter is strong right now for us. It's strong around town," he said. "There's no question scatter's a last-minute thing, but the upfront combination of cable, football and multimedia will move about the same time it always does, which is mid- to late August."

Pricing is holding relatively strong on the syndication side, with CPMs down in the 2% to 9% range, led by long-running, top-rated shows such as "Wheel Of Fortune," "Jeopardy" and "The Oprah Winfrey Show."

Several executives attributed the market's comparatively healthy pricing to syndication's history of consistent ratings. "There's no reason to believe ratings for the new shows on broadcast are going to go up this year, so you've gotta go with what works," one buyer said.

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