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Diller's Latest Tele-Vision; First, a Network of Cubic Zirconium. Now, a Station of Lips and Hardbodies.

By GERALDINE FABRIKANT
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How would you promote a television show called "10" that visits the beaches of Miami seeking the best-looking guys and girls and lets audiences vote for their favorites?

Well, if you work for WAMI, Barry Diller's new television station in Miami, and it is the Thanksgiving season, you create a commercial that scans bikini'd bodies while a voiceover says "10" offers "all the breasts, legs and thighs you can handle." Executives at WAMI (pronounced whammy) like to refer to the show as an "egalitarian, populist beauty pageant."

The WAMI approach to local television also includes "Ken's Freakquency," a midnight tour of the outre -- replete with body paint, snakes and nose rings -- that derives its name from the R.E.M. song "What's the Frequency, Kenneth?". And then there is the nightly 11 o'clock newscast "Lips," consisting solely of a woman's rouged mouth reading headlines in a sultry voice.

So it goes in the latest television test kitchen of Mr. Diller, the man whose career highlights include building the Fox Network in the 1980's on the risqué ("Married . . . With Children") and the tabloid ("A Current Affair") and introducing the world to cubic zirconium through the QVC home-shopping channel. Now Mr. Diller, as part of the work of his sprawling video empire, has turned his commercially astute, if sometimes jaundiced, eye to the world of local television.

WAMI, channel 69 in Miami, is one of 13 television stations owned by USA Networks Inc., of which Mr. Diller is chairman. The company also includes the cable service USA Networks, a television production operation called Studios USA, the Sci-Fi Channel, Home Shopping Network, Ticketmaster and Ticketmaster Online-Citysearch. For the first nine months of this year, the company had profits of \$26 million on revenue of \$1.87 billion.

Since USA Networks converted WAMI from a Home Shopping Network affiliate in June, the Miami station appears to have become an experiment in redefining local TV in the era of video diversity.

Industrywide, local television advertiser spending has been perking along at an impressive pace and is expected to grow 4 percent next year, to a total of \$12.5 billion. But analysts point out that the explosion of national and regional cable services and broadcast networks makes it harder than ever for an individual local station to make its voice heard. Currently, for example, there are 173 national cable services, compared with only 79 in 1990.

And so WAMI's oddball melange of shows reflects the challenge of creating any new service in an increasingly competitive environment -- particularly on a low budget.

Starting new programming services "is always done in an unfriendly environment," Mr.

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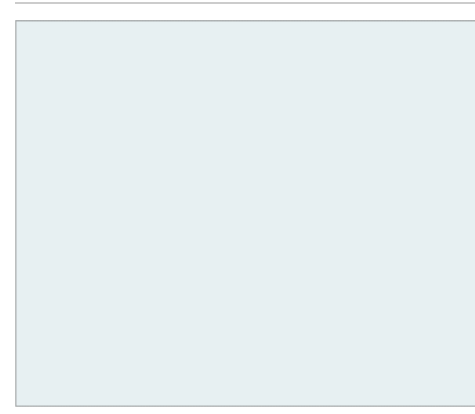
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Diller said.

"It is like bouncing off the side walls of a squash court," he said. "It's like constant carom shots, and you find your way like a fool. And each year, as fragmentation continues, it certainly gets more difficult."

Not all of WAMI's local programming is camp or farce. For example, "The Times," a half-hour early-evening newscast somewhat more conventional than the 11 P.M. "Lips," investigated the 16-year prison term for armed robbery that had been served by a Cuban national, Alberto Alfonso. The original sentence had been 13 years, but he remained behind bars because the United States does not have an agreement with Cuba that would have allowed him to be sent home at the end of his sentence. After the program was broadcast, Mr. Alfonso was eventually freed and The Miami Herald cited WAMI's role in bringing his case to light.

WAMI also broadcasts "City Desk: The Herald," a documentary-style program that tracks Miami Herald reporters on the job.

Mr. Diller's decision to focus anew on the local broadcast audience is something of a departure from the television industry trend in recent years. Virtually all new programming efforts over the last decade have focused on cable services, with their enviable ability to attract both national advertising and fees from local cable operators. But Mr. Diller's theory is that local broadcast programming has been ignored and that people want a sense of what is going on in their local communities.

WAMI is situated smack in the heart of Miami's trendy South Beach section, in a glass-walled studio in the Lincoln Road Mall, where some programs are shot indoors and others on the mall itself.

Though the programming is clearly aimed at the young and hip and the average age of the staff seems somewhere south of 30, Mr. Diller said that he never programs "for demographics," adding, "I just try to do what is contrarian and interesting."

There is some evidence, though, that members of the young-adult audience attractive to advertisers are beginning to watch WAMI. "The Times," for instance, got a 1 rating in the current November sweep period, meaning that 1 percent of the television households in the Miami area were watching.

Though the number is tiny, a Diller lieutenant voiced cautious optimism. "There are signs of life," said John Miller, president of USA Broadcasting, the programming arm of USA Network. "The question is: Does this get to be a business?"

The competition is daunting. There are 16 television stations in Miami, led by the Spanish language Univision-owned station, WLTV. WLTV's most recent local news rating was a 7.1.

But WAMI's "The Times" newscast remains Mr. Diller's favorite part of his station's lineup. One recent newscast carried a feature on worker absenteeism, in which the anchor, Amy Atkins, facetiously wondered where some of her station's own staff might be.

Another "Times" segment -- broadcast in August after a local politician with a reputation for vanity about his appearance, Humberto Hernandez, was indicted in a voter fraud scandal -- included a demonstration by a physical trainer of how to stay fit in prison.

"It is a genuinely alternative news show," Mr. Diller said of "The Times." "We have done one murder in five months. By definition, that is an alternative news program."

"Alternative," though, is not necessarily a word that goes far with advertisers, particularly when there are dozens of hours of local news each week in the Miami market.

WAMI expects to take in about \$4 million in revenues this year and hopes to double that

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number next year, according to a company executive who insisted on not being identified. USA Networks has already invested about \$12 million in the station and projects a budget of about \$18 million annually.

To break even, Mr. Miller explained, the station needs about 4 percent of the Miami market's \$455 million annual advertising pie. But getting there, he said, will require that WAMI attract a 2.5 percent to 3 percent share of the viewing audience.

"Right now, for the key time period of 4 P.M. to 11 P.M., we have about a one share," Mr. Miller said. "People say they want innovation, but the room to do it is narrower. It is hard to appeal in ways that people are comfortable with. You can see the pressures that push people toward the status quo."

Still, a handful of cautious advertisers, including McDonald's, are at least testing the WAMI waters. "It is common for local ad buyers to look at new and fun ways to reach customers," said Anna Rozenich, a McDonald's spokeswoman. "So our current participation is a small part of the overall marketing mix in Miami."

Making the Miami market particularly tricky is the fragmentation caused by its mix of English- and Spanish-speaking viewers. Chuck Budt, who heads WAMI's advertising effort, said that of the \$455 million spent last year on advertising in the Miami market, about \$75 million went to the Spanish-language stations. In Miami, Mr. Budt said, "companies such as Budweiser have two ad budgets" -- one for the English-language media and one for the Spanish media.

WAMI has tried to introduce programs for the younger Spanish market, whose members typically are fluently bilingual. One is a talk show, "Generation N," whose title is a play on the term Gen-X. The executive producer, Bill Tech, and the host, Maria Budet, are both native Miamians of Cuban descent.

The program "is for the young, hip, Hispanic market," said Matti Lesham, the station's editor in chief. "Much of the programming on the main Spanish language stations here is aimed at an older audience."

But segmenting cultural groups will never generate the numbers of viewers that coverage of, say, a hot sports team can deliver. Thus was Mr. Diller determined to establish his station with Miami's sports audience by paying \$6 million for the broadcast rights to the Miami Heat basketball games. "Sports helps enormously," Mr. Diller said. "When you are unknown, having something known is of enormous benefit."

Unfortunately for WAMI, the National Basketball Association's lockout has put the Heat on the sidelines so far this season.

Sports tickets also provide the most obvious tie-ins with the company's Ticketmaster telephone and on-line sales business, and, through sports-related paraphernalia, with USA's Home Shopping Network business.

To keep costs down and exposure up, WAMI has assiduously been promoting itself, often forgoing more traditional, costly advertising. One recent ploy of the station's ebullient marketing chief, Chris Sloan, and a team of WAMI executives was a pilgrimage through the streets of South Beach chanting "WAMI Krishna" and handing out copies of WAMI's programming schedule.

And with an eye toward the appeal of freebees, an on-air contest promoted by the life styles guru Robin Leach awarded as its prize a free family weekend at a palatial local beachfront villa.

Given all the vagaries, why is Mr. Diller, at this stage in his career, devoting so much attention to development of a single local TV station? For one thing, he may eventually be able to spread the start-up costs over his other stations. If a programming concept like "10"

or "The Times" takes off, USA could expand the concept -- or the WAMI show itself -- to USA's 12 other local stations around the nation.

And for that matter, the start-up costs are relatively small. Mr. Leshem, for example, discovered the co-hosts of "Ken's Freakquency," Patrick Doody and Chris Valenziano, flipping burgers at Johnny Rockets, a fast-food restaurant, after they graduated from the University of Miami Film School.

"When we told them they would earn \$850 a week, they kind of incredulously said 'For both of us?' " Mr. Leshem recalled. "We said, 'No, for each of you.' They nearly fell off their chairs."

Photos: Barry Diller, who formerly ran the QVC shopping network, is now chairman of USA Networks Inc., whose 13 local TV stations include WAMI in Miami. (Reuters); Barry Diller's Miami TV station, WAMI, promotes itself as a non-traditional local broadcaster . . . with programs like "Ken's Freakquency," a midnight tour of nonconformism . . . "Lips," an 11 P.M. newscast that offers an alternative to the typical lineup of talking heads . . . and the series "10," which station executives describe as an "egalitarian" beauty pageant . . . and promotional segments that strive to appeal to a hip young-adult audience. (pg. C1) Chart: "Diller's USA" The businesses of Barry Diller's USA Networks Inc. fall into two categories: television broadcasting and shopping services. Here is an overview of the company. SHOPPING AND TICKET SALES Ticketmaster -- Ticket sales service; its on-line site recently merged with City Search Home Shopping Network -- Television and on-line shopping service REVENUE BREAKDOWN For the nine months ended Sept. 30; figures in millions Networks and television production -- \$757.3 Electronic retailing -- \$776.4 Ticketing operations -- \$283.5 Broadcasting -- \$35.3 Internet services -- \$14.5 TV NETWORKS AND STATIONS USA Networks -- Cable network Sci-Fi Channel -- Cable network that broadcasts old science fiction movies Studios USA -- Television show production and distribution USA Broadcasting -- Owns all of 13 TV stations: STATION CHANNEL CITY WHSE 68 New York City WHSI 67 New York City KHSC 46 Los Angeles WEHS 60 Chicago WHSP 65 Philadelphia WSHS 66 Boston KHSX 49 Dallas WNGM 34 Atlanta KSHS 67 Houston WQHS 61 Cleveland WBHS 50 Tampa-St. Pete Sarasota, Fla. WAMI 69 Miami- Ft. Lauderdale WBSF 43 Orlando, Fla. Owns part of five TV stations: STATION CHANNEL CITY WHSL 46 St. Louis KTVJ 14 Denver WTMW 14 Washington KPST 66 San Francisco WYJS 62 Chicago (Source: USA Networks)(pg. C8)

A version of this biography appeared in print on Monday, November 23, 1998, on section C page 1 of the New York edition.

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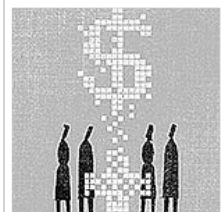
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