THE FIRST MEDIA/MARKETING RETRANSMISSION PLAN

Broadcast stations obtained retransmission consent rights from cable and satellite carriers in 1993. At the time none of the elements of a functioning market were in place because the two industries literally never had any market-based relationship. Broadcast stations did not have a complete or in many cases even partial inventory of what was then a highly fragmented set of cable systems that were carrying them. They had no inventory of geographical coverage of each of those systems or the number of their subscribers or in many cases on what channels they and their competitor stations were being carried. Nor did they have contact names and telephone numbers at the cable systems. All of that had to be built from scratch. Yet no broadcasters had any budgets for establishing and conducting payment and carriage negotiations with cable and satellite operators.

By contrast, the cable industry had a large dedicated program infrastructure with well-established programming negotiation tools and techniques. And they had built their programming strategies and budgets, and the fees charged to consumers, on the assumption that broadcast stations would continue to be available essentially for free. Even after the passage of the Cable Act of 1992, cable operators refused to accept the new reality and resisted establishing the precedent that broadcast stations were entitled to program payments analogous to those of cable programmers. Almost across the board, following the lead of TCI, they announced that they would never pay anything for broadcast carriage and would drop carriage of any broadcast station demanding payment.

As a consequence, most broadcast companies, including those with the largest and most powerful stations, either asked for nothing other than guaranteed advertising buys, "most favored nations" clauses guaranteeing them payment if a cable system paid any other broadcaster or the somewhat more productive charade of using retransmission consent for stations to secure carriage (and payment) for new cable networks with content unrelated to that of the local stations (such as Capital Cities/ABC's ESPN/ESPN 2, Scripps' HGTV and Fox's FX).

LIN-TV was much more ambitious in its transmission objectives and determined to receive value that was at least somewhat concomitent with the large audiences LIN stations brought to cable systems From the outset LIN also understood that more nuanced strategies and tactics were required to break down the cable wall. The first strategy was to focus on cable systems where LIN had a clear strategic advantage - namely those that had a small enough percentage of a local market that being dropped for a substantial period of time would not materially affect a station's Nielsen ratings. And just as in the '80s the Soviets thought that Ronald Reagan might be a bit nuts, which was enormously beneficial in his arms reduction negotiations with Gorbachev, LIN cultivated the notion among the MSOs that I might be more than a little crazy.

After considerable thought, we determined to make our first retransmission foray in Dallas/Ft. Worth, the site of LIN's powerful flagship station, channel 5 NBC affiliate KXAS-TV, at that time the largest market in America without a network-owned television outlet. And our first target was TeleCable, a middle-sized MSO owned by Landmark, which served 120,000 subscribers in the suburban cities of Arlington, Plano and Richardson, roughly 6.8% of the television households in the Dallas/Ft. Worth DMA.

TeleCable had adopted a hostile strategy in other markets where TV stations were demanding recompense for carriage under the new law. The cable MSO's tactics included threatening to move recalcitrant TV stations from their historic channel positions in the lineup to high channel numbers - far away from the most watched channels - and airing commercials on cable networks like CNN and ESPN that portrayed the TV stations as greedy and unconcerned about their viewers. If that didn't bring the TV stations to their knees, TeleCable - and other MSOs - made it clear they were prepared to lose the right to carry the TV stations and drop them from their systems.

LIN decided to launch a preemptive strike against TeleCable by initiating an aggressive marketing strategy. We were determined to remain on the offensive - not on the defensive and reactive, as were some of the less aggressive TV stations in the other TeleCable markets. I appointed LIN Television corporate head of marketing and special project Lee Spieckerman - who conveniently, was based at KXAS - to marshal the effort and serve as the station's spokesman.

Goals:
1. Control the message to TeleCable subscribers in D/FW, neutralizing TeleCable's hardball tactics .
2. Use subscriber pressure to drive TeleCable to the bargaining table; obtain the best carriage compensation deal possible.
3. Send a signal to other MSOs in Dallas/Fort Worth - and in LIN markets across the Country (TCI, now absorbed into Comcast, in particular) that we were willing to engage in a scorched earth strategy to derive fair value.

In any war, it's essential to maximize all of one's advantages. In the Civil War, the Union had a much larger population from which to draw troops, a vastly more developed railroad and telegraph network and a geometrically greater industrial infrastructure than the Confederacy. Lincoln fully exploited all of these to achieve victory. KXAS had the benefit of affiliation with the most watched television network, highly rated local newscasts and that it would be carrying the 1994 Super Bowl - in which the beloved Dallas Cowboys were widely expected to make a repeat appearance (and, as it turned out, the team did and won again).

NAB market research across the country revealed that cable subscribers were very receptive to the notion that if their cable company took a major channel off the system, the monthly bill should be substantially reduced.

KXAS was only asking TeleCable for a few cents per month per subscriber the first year. The MSO was charging subscribers nearly $9 per month for the local broadcast stations, among which KXAS received a disproportionate share of audience. We knew TeleCable would never cut subscriber bills by $9 month - or even $3 per month (amounting to over $4 million a year in cash flow) before the loss of one subscriber - were KXAS to be dropped. But it was great marketing ammunition.

So we devised the slogan, "Keep my 5 or cut my cable!" The double entendre drove the message that if TeleCable dropped KXAS, it should "cut" subscribers' cable bill, or the subscriber might "cut" the TeleCable cord by cancelling their service.

Lee, who'd worked in the political realm earlier in his career, conceived a political-style marketing offensive integrating hard-hitting television spots, newspaper ads, direct mail and coordinated, proactive news media messaging. I directed that KXAS devote a prodigious amount of on-air inventory and allot $500,000 to the campaign.

It was crucial to put direct pressure on TeleCable by dramatically and tangibly demonstrating demonstrating subscriber anger at the prospect of losing KXAS. In that pre-email, pre-social media era, Lee believed that the strongest and simplest tactic would be to deluge TeleCable with post cards from (or by proxy form) its subscribers.

It was determined that the phone number 1-800-KEEP MY 5 was available and reserved it. To execute the postcard onslaught, we retained the top political telemarketing firm that was used by Bush political guru Karl Rove. The plan: operators answering calls to 1-800-KEEP MY 5 would invite callers to authorize mailing of a "Keep My 5 or Cut My Cable" post card to TeleCable. If the customer agreed, the operator would instantly trigger mailing of one of the cards to the MSO, with the subscriber's name and address printed on along with the "Keep My 5" verbiage.

A TV spot blitz on KXAS and full page newspaper ads importuned TeleCable subscribers to call 1-800-KEEP MY 5.

This mass media effort was augmented by target marketing to TeleCable subscribers: Direct mail pieces were sent to all residents in zip codes within the TeleCable footprint. The full color brochures explained the retrans issue in greater detail and, of course, beseeched recipients to call 1-800-KEEP MY 5.
In addition to handling the incoming calls, the telemarketing firm conducted a massive outgoing call program, screening out non-TeleCable subscribers. The operators would briefly recite the same message points in the "Keep My 5" TV spots and ask for the respondent's name, address and permission to trigger mailing of the post cards to TeleCable.

A plethora of television spots for the anti-TeleCable barrage were produced employing a variety of techniques. Some were deliberately designed to look like news stories. To insulate KXAS' news operation from any controversy, none of its news anchors were featured in anti-TeleCable commercials. However, the ads did feature longtime KXAS sports anchor Scott Murray - who was also extremely active in the local community - and, later, a well known and well regarded former news anchor who'd retired from a competing TV station.

The fusillade of TV spots, newspaper ads, outgoing calls and direct mail pieces commenced simultaneously on the same morning in September 1993. To say it had an impact is an understatement.

By that afternoon, Lee was besieged with calls from local media. That evening, stories about the KXAS-TeleCable dispute incorporating interviews with Lee were aired in the first block of every newscast in the market. It was front-page news the following morning in both Dallas/Fort Worth newspapers. Blindsided by the marketing assault, flustered TeleCable Executives claimed that they were negotiating amicably with KXAS and accused the station of stealing the TeleCable subscriber list (apparently they didn't understand how zip code targeted direct mail and screened outgoing telemarketing calls work). A parade of news stories and TV and radio talk show interviews followed over the next few weeks. Lee also debated a TeleCable executive before the Arlington City Council.

The massive effort resulted in nearly 50 thousand post cards arriving at TeleCable's offices (constituting nearly 40% of TeleCable subscribers).

Click here or go to https://youtv.be/snDVPog1iw to see the KXAS ads and excerpts from one of Lee's TV appearances.

This successful effort - unprecedented and unmatched by any other television group or station in America - resulted in an accretive retransmission agreement with TeleCable long before Super Bowl Sunday (in fact, hours before the huge Thanksgiving Day

Cowboys game on KXAS). It also served as a template for similar marketing efforts Lee oversaw in other LIN markets, including WAVY-TV in Hampton Roads, VA and WOOD-TV in Grand Rapids, MI.

While TCI wouldn't countenance paying LIN-TV stations in cash directly to TV stations for carriage, as noted above, they were open to carrying and compensating new cable channels owned by the TV stations' parent companies. After listening to a WISH-TV Indianapolis focus group, where participants extolled The Weather Channel and the importance of weather coverage on local TV, he proposed that LIN stations launch local cable weather channels featuring the TV stations' weathercasters, in cooperation with their cable systems. I had just received a news attitudinal research presentation in another market that suggested a local weather channel was of great viewer interest at a quarterly entitlement meeting and approved the venture.

Lee Led creation of LIN's "LWS" - Local Weather Station - the first channel of its kind in the U.S. LWS launches in Dallas/Fort Worth and was then rolled out in most other LIN-TV markets. The intrinsic appeal of a cable channel with 100% local weather and popular local personalities, 24/7, was the carrot for cable operators in retransmission negotiations. The prospect of being assailed by a LIN-TV, KXAS-style media attack was the stick. The result was a trend-setting retransmission paradigm and pioneering local cable programming concept. Both would become increasingly valuable to LIN in coming years.