Media giants circle

Herald, Channel 7 seen as prey if FCC eases rules

By Mark Jurkowitz and Peter J. Howe, Globe Staff, 5/30/2003

With the Federal Communications Commission on the brink of a crucial decision that could loosen current restrictions on media ownership, the eyes of Boston are focused on two independent operators surrounded by a sea of media powerhouses. Boston broadcast executives and analysts predict that the area's media landscape will largely remain stable after Monday's expected deregulation vote. But they say that the greatest chances of ownership changes could come from Boston Herald owner Patrick Purcell, who might sell to the paper's former owner, media mogul Rupert Murdoch, and from WHDH-TV (Channel 7), if owner Ed Ansin would look favorably on suitors that could range from NBC, a subsidiary of General Electric Co., to The New York Times Co.

Ansin has denied any interest in selling his Boston station, and Purcell is discouraging such thinking. But in a market dominated by such major companies as Viacom Inc., Hearst Corp., Murdoch's News Corp., Tribune Co., and Times Co., there could be intense pressure on smaller entrepreneurs to make a deal with the bigger media concerns.

"This is not one of those markets where you're going to see immediate action unless Rupert Murdoch and Pat Purcell renew their marriage vows," said Paul La Camera, general manager of WCVB-TV (Channel 5), a station some analysts think could change hands in a deregulated environment.

"I see it as stable, with the wildcards being Sunbeam," which is Ansin's company, and Hearst-Argyle, owner of Channel 5, said Ed Goldman, general manager of WBZ-TV (Channel 4) and WSBK-TV (Channel 38), the two stations owned by Viacom in Boston. "But again, anything could happen."

As a result of lawsuits by broadcasters challenging ownership caps, the FCC is under orders from federal courts to review a seven-year-old rule that no company can own TV stations reaching more than 35 percent of American homes. Viacom and News Corp.'s Fox TV unit already are slightly over the 35 percent reach, under temporary waivers. The five-
member FCC's Republican majority is expected to raise that cap to 45 percent and allow ownership of both TV stations and a newspaper in the largest 80 percent of markets, while possibly further loosening caps on radio station ownership.

Proponents of the changes, including FCC chairman Michael K. Powell, argue that in an era of proliferating cable, satellite, and Internet news sources, the current ownership caps are overly strict. Media companies see potentially huge profits and cost savings from combining TV stations or cross-promoting TV and newspapers and having a single news and photography staff supply both outlets.

But critics, including US Representative Edward J. Markey of Malden, the ranking Democrat on the House telecommunications subcommittee, contend the FCC changes could sharply reduce media diversity and localism, expanding the reach of cookie-cutter national programming.

The new rules will create "one communications juggernaut in every community," warned Alex Jones, director of Harvard's Shorenstein Center. "It would be very foolish for any newspaper in any town not to make a combination with a television station," Jones said. "That's good business. It's just bad policy."

For the Boston market, media executives say there are numerous scenarios for combinations. Ansin, whose emphasis on speedy pacing and flashy graphics revolutionized Boston TV news, could opt to cash out his winnings. Murdoch could pair the feisty Herald with his local Fox affiliate, WFXT-TV (Channel 25). Tribune, which owns WLVI-TV (Channel 56), could buy another local television station or a newspaper. Times Co., which already owns The Boston Globe and the Worcester Telegram & Gazette, could extend its local brand with a television acquisition. Hearst-Argyle could sell Channel 5, the onetime jewel of local television stations.

Tampa-based Paxson Communications Corp., which is already 32 percent-owned by NBC, has put itself on the shopping block, hiring investment bankers Bear Stearns and an appraiser that last month valued the company at $3 billion. Paxson owns Channel 68 in Boston and two other stations in Martha's Vineyard and New Hampshire that rebroadcast Channel 68.

For all of the interest, few executives believe there will be a flurry of deals after the expected FCC decision. "I think it's going to be anticlimactic," said Channel 7 general manager Mike Carson, before adding the caveat: "I'm sure people will poke around."

A lot of local attention focuses on Ansin, who is marking his 10th anniversary operating a station that has dominated the crucial 11 p.m. newscast wars. In the past, several media companies including Times Co. have expressed interest in Channel 7, an NBC affiliate, Carson said.
Ansin said he is not interested. "I wish they would forget about it. We're not going to sell. . . . I like what I'm doing."

Times Co., which owns 19 newspapers, eight network-affiliated television stations, and is part owner of the Boston Red Sox and New England Sports Network, known as NESN, declined to comment on the impact of any FCC deregulation or any possible interest in other Boston media properties.

Still, La Camera said, "In the long term, I'm absolutely convinced the Globe will have co-ownership with a television station in the market."

Last year, when FCC chairman Powell spoke at Harvard about media deregulation, sitting in the audience was Purcell. A longtime friend and former employee of Rupert Murdoch, Purcell bought the Herald from the Australian-American media magnate in 1994 when Murdoch bought Channel 25 and had to sell the Herald. But as the tabloid continues to battle a rough economy, analysts wonder whether an end to the cross-ownership ban will pave the way for his old boss to buy the paper back. In Senate committee testimony last week, Murdoch declared that he was not about to go on a buying spree.

Purcell isn't ruling out a purchase or a sale. Quoted in a recent Herald column, Purcell indicated he was interested in adding a radio station to his holdings, but also said "we'll have to consider it," if someone made him an attractive offer. Yesterday, Purcell said the issue of whether deregulation "means anything in the short term remains to be seen, but you know it certainly will give us more options and opportunities to compete."

"I think Rupert will buy the Herald again," said Josh Bernoff, a media analyst with Forrester Research in Cambridge. "There are enormous benefits to having both a newspaper and a TV station in cross-promotion, the ability to have a common website and share resources" -- benefits that could be equally appealing to Times Co. if it could make a deal for Channel 5 or 7, he said.

When it comes to any possible acquisitions by Channel 5's owner, La Camera said, "I don't see anything in this market." But Hearst-Argyle, which purchased WMUR-TV in Manchester, N.H., in 2001, is "looking to grow the television group," La Camera said.

It could also go the other way, media executives said. "Hearst-Argyle might be in play as a takeover target as a result of this," Channel 7's Carson said.

Others cite factors -- including ratings troubles (Channel 5 finished third at 11 o'clock during the recent May sweeps period) and the company's reputation as more of a middle-sized market operation -- that point to the possibility Channel 5 could change hands.
Another possible player is Tribune, which owns a number of large metropolitan newspapers and television stations. It runs Channel 56 in Boston and owns the Hartford Courant and two television stations in Hartford. Shaun Sheehan, a Tribune vice president, indicated his company could be interested in expanding its media holdings in Boston. Asked if Tribune could be a buyer for the Herald, Sheehan responded, "Make us a deal."

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