

A Network That Serves Youth, and Sells It as Well

By Jim Rutenberg

"Reveal the Goddess in You."

So goes the marketing campaign for Gillette's Venus razor, a device the company says is a considerable leap in women's shaving technology, a female match for that renowned enemy of male stubble, Gillette's own Mach3.

When Gillette's media planners sought places to advertise the Venus, one broadcast television network's profile was particularly attractive: WB.

Most of WB's viewers are female and between the ages of 12 and 34, squarely in the razor's target demographic: young women who, Gillette bet, would be more likely than their elders to try the new device. WB's "power babes" - the witches of "Charmed," the superheroes of "Birds of Prey," the self-possessed women of "Gilmore Girls" - also seemed to create the ideal setting for the campaign's cheeky message of female empowerment.

Decisions like Gillette's, which made AOL Time Warner's WB an important part of the Venus marketing mix, have suddenly made the network a real business. Despite predictions at its birth eight years ago that there was no room for a fifth network, particularly one with such a niche audience, WB said last week that in 2002, for the first time, it made a profit. Although the profit is small, UPN, a rival network started by Viacom the same year as WB, is still losing money, in large part because of frequent management changes and shifts in strategy.

WB's rise, built upon young stars like Katie Holmes and Sarah Michelle Gellar, provides an explanation of why television looks as it does, a case study in the relationship between advertising and the programming choices that drive the culture.

Many marketers prefer to reach the swollen ranks of younger consumers, believing they are vital for growth, not only because their brand loyalties are still malleable but also because they rival baby boomers in numbers. And marketers will pay a premium to reach members of Generation Y, who are thought to be too distracted by video games, e-mail and other entertainment choices to watch as much television as their over-35 brethren.

So WB created a world where young women with bare midriffs and pretty faces fight monsters, bewitch thieves or fall in love with attractive young men in music-videolike montages.

All of this was a particular help to the carmakers, telecommunication companies and banks that are now vying to reach the baby boomers' children with services and products, like Verizon Communications' Freeup prepaid wireless phone and text-messaging service, or Honda Motor's new sport-utility vehicle, Element.

In the case of WB, part owned by the Tribune Company, commercial success is a relative term.

Executives say its profit last year was in the single-digit millions on advertising revenue of \$700 million. Still, WB was one of only three networks to post profits last year; CBS, a unit of Viacom with more than \$300 million in profits, and NBC, a part of General Electric with about \$600 million, were the others. And though some analysts caution that WB is taking a risk by staking its future on a notoriously fickle bunch, the network's executives predict that ratings increases and demographic trends will help to ensure much larger earnings in the future.

"The demographic bulge was coming and we saw it and created a business plan to target it, and it's still growing," said Jordan Levin, 35, the president of WB Entertainment.

WB's more established rivals poke fun at it, calling it a weblet because its average prime time audience of 4.4 million people - up 12 percent from a year earlier - pales next to the average CBS audience of 12.7 million people. It even ranks fifth, just behind CBS, in the size of its core audience of people between 12 and 34.

But with an audience that has the lowest median age in broadcast television - 31 - WB has been able to offer advertisers reaching out to young consumers a cheaper, more targeted broadcast alternative to immensely popular programs like "Friends" on NBC or "C.S.I." on CBS. It also has larger audiences of young viewers than cable's MTV.

Because of their younger profile, some WB programs can get higher advertising rates, by some estimates, than those of stalwarts like CBS's "60 Minutes." A typical episode of "60 Minutes" is watched by 14 million people with a median age of about 60, according to Nielsen Media Research. By contrast, a typical episode of "Smallville" is watched by just 7.5 million people, with a median age of about 29. Nonetheless, a 30-second advertisement on "Smallville" sells for about \$111,000, according to the trade publication Advertising Age, which prices a 30-second ad on "60 Minutes" at \$90,000. (CBS calls that estimate low.)

That disparity between overall ratings and ad prices helps explain why old-line news broadcasters like Diane Sawyer, Barbara Walters and the team at "60 Minutes" are feeling pressure to tailor at least some reportage for younger people. The emphasis on younger viewers has drawn complaints from people in television news, and others on the wrong side of the trend, who argue the youth drive is misguided.

"Madison Avenue people tend to look at aging as if you wake up one day and you're 49 and you can't try new things anymore," said Madelyn Hochstein, president of DYG Inc., a market research firm based in Danbury, Conn. "We take great exception to that."

Leslie Moonves, the president of CBS Television and the new overseer of UPN, said WB's success does not mean that people over 35 are out of style on Madison Avenue, just that WB has done a good job in selling that audience. "You go after where your strength is," he said. "You sell what you have, you sell what is best for you."

In essence, the WB sales pitch holds that CBS, with the viewers' estimated median age over 50; ABC, a unit of Walt Disney, and NBC in the mid-40's; and Fox, a unit of the News Corporation, in the upper 30's, draw audiences with a disproportionate number of viewers over 35.

"They dramatically underdeliver everything under 35 and overdeliver everything over 35," said Jamie Kellner, who co-founded the WB network with Warner executives and is now head of the Turner Broadcasting System, the AOL Time Warner unit that oversees WB and the Turner cable networks. "Advertisers buy us to level out."

The pitch has worked fairly well with Hollywood, which voraciously seeks young theatergoers under the premise that they are more likely to go to movies on opening weekends - crucial to a film's profitability - than their elders.

WB has received renewed interest from carmakers, who are placing a new emphasis on young drivers. Honda, for example, has advertised the Element, which is designed to hold surfboards, mountain bikes and ski equipment, on WB programs like "Smallville," "The Jamie Kennedy Experiment" and "Birds of Prey."

"Being associated with the programs on WB, and the other advertisers there, helps position you as younger," said Coby Low, a senior vice president at the Los Angeles-based firm that handles Honda's advertising, Rubin Postaer & Associates. Planners like Ms. Low can reach

more people between 18 and 34 on a program like "Friends" on NBC (four million) than on a program like "Smallville" (roughly three million). But with an average overall audience of 24 million people, "Friends" draws a large number of people in nearly all demographic categories, driving up advertiser demand and prices. The average 30-second advertisement on "Friends" costs \$455,000, according to Advertising Age.

"We still want to use that 'Friends' audience," said Rich Meyer, director of media services for Gillette. "But because of its mass it becomes expensive for us. WB fits a nice niche, has reasonable pricing and makes for a very focused and targeted purchase."

Keeping it focused will be the challenge. Mr. Kellner said that he was aware WB was walking a tightrope with younger viewers, and that today's "Smallville" can easily become tomorrow's "Who Wants to Be a Millionaire." WB, he said, is taking precautions to rope in the younger side of its target with Saturday morning cartoons.

And, Mr. Levin said, WB would continue to experiment with new forms of youth programming. This summer, for instance, it will try its luck with X Games-style sports, with a reality show about professional surfing competitions.

"We saw this swell," he said. "We paddled on out past the other waves and staked our spot and waited for it to come. We're riding it down, and it's a monster."

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