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Chapter Recaps & Study Guide

Chapter 13: The Television Industry

Digital technologies have changed the ways in which we "watch television." At the same time, advertisers are trying to find ways to address audiences through tighter and tighter targeting of their messages through different devices and platforms.

Chapter Objectives:

1. Compare and contrast broadcast, cable, satellite, and over-the-top (OTT) television.
2. Explain the role of advertisers in these four forms of television.
3. Name and describe the different types of cable, satellite, and OTT services.
4. Identify the ways in which broadcasters, cable companies, satellite, and OTT companies produce, distribute, and exhibit programming.
5. Describe the issues facing the TV industry and society in a rapidly changing TV world.

The Rise of Television

Three themes emerge in the historical developments of television:

- 1. Television as we know it did not arrive in a flash as a result of one inventor's grand change. (365)
 - Television broadcasting is the electronic scanning and transmission of image and sound. (365)
- 2. Television as a medium of communication developed as a result of social, legal, and organizational responses to technology during different historical periods. (368)
 - Early television shows were broadcast live. The Golden Age of Television saw developments in comedy and drama. *I Love Lucy* was the first show to be recorded on film and then syndicated. (368-369)

- 3. The television industry developed and changed as a result of struggles to control its channels to audiences. (369)
- See Figure 13.1 for a timeline of the television industry's developments. (366-367)

An Overview of the Television Industry

The contemporary industry can be divided into three parts (371):

- 1. Television broadcasting
- 2. Subscription cable and satellite services
- 3. Online and mobile platforms
- Television broadcasting consists of over-the-air signals, though not all of these signals actually arrive through the air. Instead, they may arrive by cable, satellite, or Internet. (371)
- Stations are either commercial (i.e., advertising supported) or non-commercial (i.e., supported in other ways such as billboards or underwriting). (372)
- TV broadcasting is dominated by the Big Four commercial networks, which are all vertically integrated and operate the owned-and-operated (O&O) stations, as well as provide program feeds to their many network-affiliated stations. (372-373)
 - TV broadcasting is further divided into station groups and the so-called "independents," which are not affiliated with a network. (373)
 - It also consists of a couple dozen smaller advertising networks that local stations contract with to carry the extra digital signals. Examples include Me-TV and Bounce TV. (372)
- Cable, telco, and satellite services are collectively called multichannel subscription video programming distributors, or MVPDs. (373)
- Cable television systems are typically owned by a multiple system owner (MSO), and provide a multitude of cable networks and premium subscription networks. (373-374)
 - Telcos refer to the traditional telephone companies, such as Verizon and AT&T, that offer multichannel service. (374-375)

- Satellite television comes from a satellite orbiting the earth. Direct broadcast satellite technology allows subscribers to receive programming direct from the communication satellites. DirecTV and Dish Network are the two largest providers. (375)
- Online and mobile platforms provide ways of streaming online content both at home and wherever a broadband signal allows. Though pirating does occur, the industry sees advantages to making this content available online (375-376)

Production in the Television Industry

- In cable television, the major kind of production is the lineup of channels, determined by the technological limitations of the system, the amount of money a network demands from exhibitors, and whether the exhibitor owns a piece of the network. (376-377)
- Each cable network engages in a form of production that creates a format, the entire flow of programming on a cable network. (376)
- Cable networks charge license fees that allow cable operators to carry their programming. The amounts of these fees vary wildly. (377)
- The cable TV industry offers different levels of programming called tiering. Various subscription tiers include basic cable, expanded (or enhanced) basic, digital cable, premium channels, pay-per-view (PPV), and video on demand (VOD). (378)
- Producing broadcast channel lineups now occurs in digital form. HDTV allows a higher quality signal, which some stations use, or they divide the signal through channel multiplexing or multichannel broadcasting to generate more ad revenue. Me-TV and Bounce TV offer programming for these channels. (379)
- Producing online / mobile lineups is more thematic or type-based. (379-380)
 - Over-the-top television refers to viewers' use of the internet services to watch broadcast television while avoiding cable, satellite, or other subscription fees. Cutting the cord refers to those who cancel those subscriptions. Cord shavers reduce their level of services but still keep some. (380)
 - Local or network programmers typically consider four factors when deciding on their intended audience targets: the competition, or programming alternatives that already exist; the available pool of

viewers; the interests of sponsors; and the costs of relevant programming. (379-380)

- The Nielsen Media Research company dominates the television audience ratings business and uses people meters and viewer diaries to estimate the size of television audiences.
- Ratings measurements taken during periods called sweeps—conducted in the months of February, May, August, and November—are crucial to the success of television programs, because they help determine advertising rates. (381)
- As people move away from real time, or linear, viewing, Nielsen is using its cross-platform rating activity to monitor these changes in their viewing habits. There may come a time when viewing is on demand and not presented through schedules. (383)
- Programmers develop schedules for different day parts, including the most important day part: prime time. (383)
- The basic building block of a television schedule is the program series, usually a weekly program that attracts predictable audiences based on its regular availability. (384)
- Scheduling techniques include establishing strong lead-in and lead-out programs, encouraging audiences to sample a new series scheduled in between, a position called the hammock. (384)
- A position in the schedule is called a program time slot, and programmers use the strategy of counterprogramming when determining which shows go into which time slots. Counterprogramming is the practice of scheduling a program that does not directly compete for the same target audiences that competing programs seek. (384)
- A program idea typically emerges as a pitch made by producers to programmers. This is followed by a treatment, the establishment of the program's format, and a concept testing. This leads to the production of a pilot episode, and the test viewing of the pilot in a preview theater. (385-386)

Distribution in the Television Industry

- Television networks distribute programming to their various affiliated stations throughout the country. Cable and satellite (387)

- Distributors of television programming on the internet, such as Hulu, Netflix, and YouTube, pay license fees for new shows but not reruns. Instead, they share ad revenues. (387)
- Independent stations are non-network affiliates that rely on the production of their own programming or on syndication to fill their schedules. (387)
- Stripping refers to a five-day-a-week airing of a show. (387)
- Off-network syndication is an important part of television distribution and involves the reuse of network series by local stations. (387)
- Cable and satellite networks also make use of off-network syndication to fill their schedules. (388)
- So-called out-of-home or captive audience locations (waiting rooms, airport waiting areas, etc.) also constitute an increasingly important outlet for programs distributed by networks and cable services. (388)
- International distribution is a lucrative part of the television business. (389)
- Streaming television online faces some resistance from viewers as the industry tries to figure out how to get people to watch commercials when they view online. Hulu offers tiered pricing for people who don't mind limited commercials or who prefer no commercials at all. (389-391)

Exhibition in the Television Industry

- Broadcast television stations face even more competition than in the past. (391)
- While broadcasters are limited to advertising revenues, other providers have access to ad and subscription revenues. (391)
- Recently, more people are dropping their cable subscriptions and opting for streaming devices and services instead. (391)
- Cable television critics suggest that people should not have to pay for so much that they don't watch, while cable industry leaders suggest that their approach has supported a diversity of programming. (391)

Media Ethics: Converging Screens, Social Television, and the Issue of Personalization

- "Watching television" now means more than watching the actual device. (392)

- People might even use multiple screens to watch, using one to watch the program and others to research and discuss the show with others; this is called social television. (392-393)
- Advertisers are intrigued by social television and are looking for ways to customize advertising messages through these means by gathering data and sending back relevant commercial messages. They call this “addressable television.” (393)
- These messages might be customized to different audience demographics and other criteria, according to the data gathered. While one person might see a luxury car ad, another might see a budget car ad. (393)
- Should audiences have a say whether advertisers engage in these practices or not? (394)