

Programming for Broadcast and Cable Networks

MCOM 4102: The Canadian TV Market in the New Millennium

Mass Communications, Carleton University

March 3, 2004

Agenda

- **Programming Model**
- **Programming US Network TV**
- **Programming Canadian Network TV**
- **Programming US Cable Network Programming**
- **Programming Canadian Specialty Channels**

Five elements of programming

- **Compatibility**
 - Programmers strive to make their programming compatible with what most people do during the day (known as ‘dayparting’)
 - Broadcasters and specialty channels daypart based on the typical routine of their target audience
- **Habit Formation**
 - Audience members form viewing habits that must be respected (e.g. “24” at 9PM Tuesday on FOX; “The Simpsons” at 5PM on CBC)

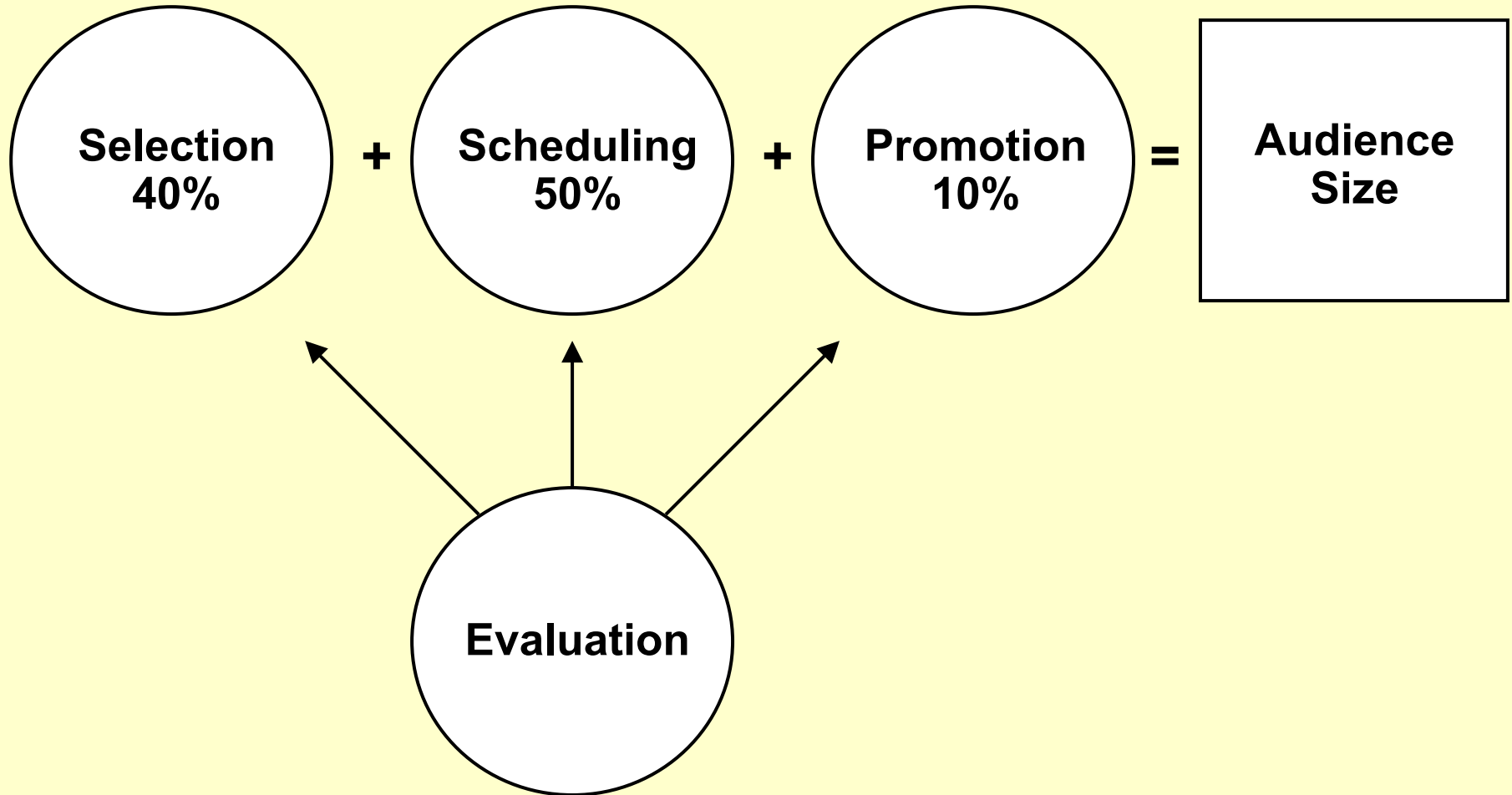
Five elements of programming (continued)

- **Control of Audience Flow**
 - Programmers try to program shows so that more viewers ‘flow to’ the next program or ‘flow in’ from rival networks, than ‘flow away’ to other channels.
 - Examples of this concept are ‘blocking’ similar programs together and ‘counterprogramming’ against rival networks.
- **Conservation of Program Resources**
 - Broadcasters must program nearly 24/7, yet audiences grow bored easily.
 - Programmers must devise ingenious ways to get the maximum mileage out of each program purchase.

Five elements of programming (continued)

- **Breadth of Appeal**
 - **Programmers must choose between broadcasting and narrowcasting.**
 - **Broadcasting deals with shared feeling and interests among the larger population.**
 - **Narrowcasting deals with highly personalized tastes and needs.**

A Four-Part Programming Model



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Audience share to broadcast networks has declined dramatically

- **Aggregate broadcast network ratings have declined from 54.2 in 1980 to 37.6 in 2000.**
- **The average rating for a network in 1980 was 17 to 19.**
- **The average ratings now is 2 to 8.**
- **The ratings decline is directly attributed to the rise of cable networks.**

Economics continue to shorten the broadcast network season

- **In the '50s the season used to span 40 weeks from September to May. Repeats would occur in the summer.**
- **In the '70s program costs started to sky rocket and new episodes fell to 32, with repeats and specials scattered to fill the 8 weeks.**
- **In the late '80s new episodes fell to 26 with more repeats and specials.**
- **In the '90s it was down to 22 episodes and threatened the critical May sweeps.**
- **Now the season is less structured, with broadcasters trying to keep audiences tuning all year with less programming.**
- **This year, Jeff Zucker, President at NBC declared the end of the traditional broadcast season (i.e. end of “sweeps” and the introduction of new programs all year long).**

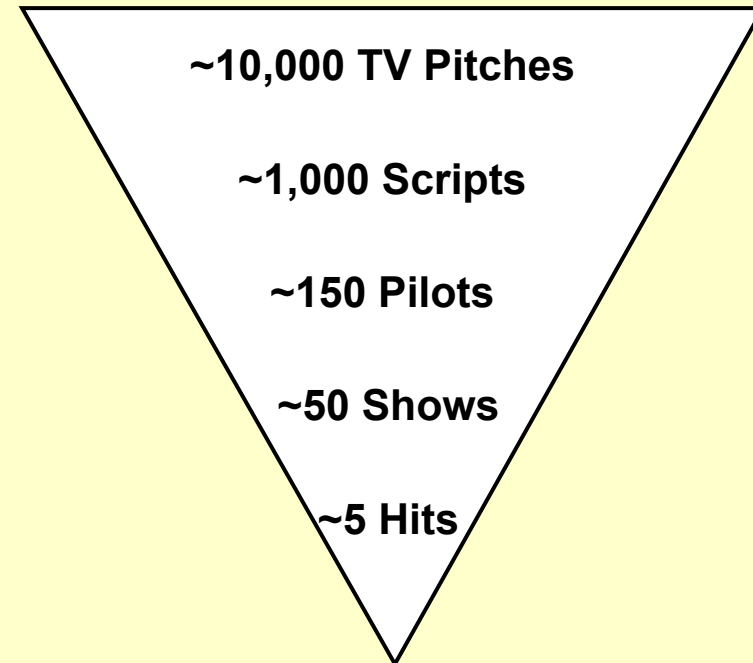
The lifespan of TV shows is declining

- **By the '80s a program lifespan of 10 years was rare**
- **In the '90s 5 years is rare**
- **Now, the number of successful episodic programming is becoming rare and the length of episodic programs is declining.**
- **Why? Some possible explanations:**
 - **Audience sophistication**
 - **Shortened audience attention span**
 - **Off-network syndication while its still running on the network**
 - **More series concept copying and less originality**
 - **High cost of renewing talent**
 - **Constant media coverage and promotion of hits leads to fizzing out**
 - **Reality TV**

The economics of prime-time US TV is hyper competitive

- The program development funnel is gruelling
- If a show is a success, producers generally get a 5 year contract
- Debt financing is required to fulfill the 5 year contract
- If the show makes it 5 years, broadcasters upperhand is reversed
- Repeal of fin-syn has intensified the economics for producers
- Many producers are partnering internationally and instead going to cable and original syndication to preserve rights

Annual Network TV Series Development Funnel in the US*

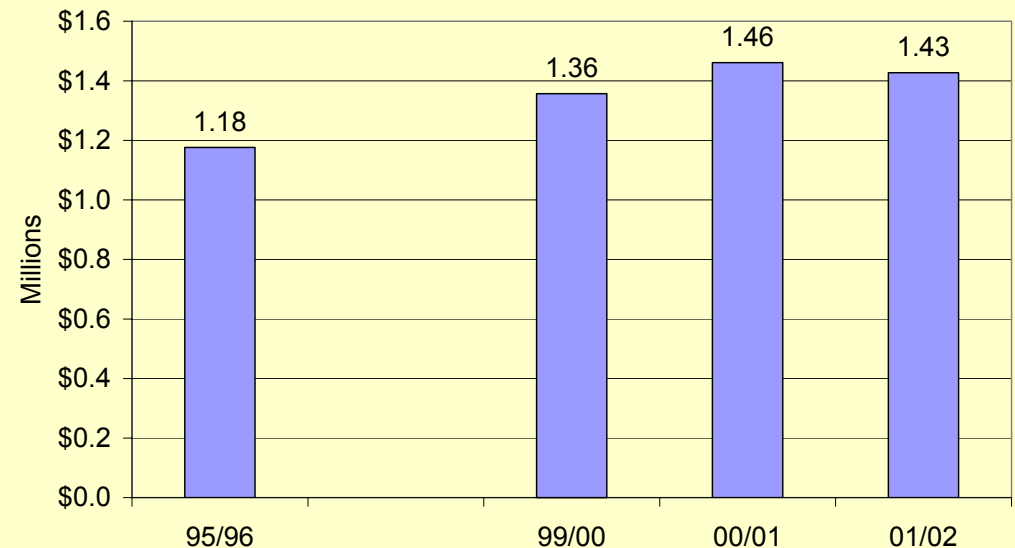


* Illustrative

The cost of network programming has remained astounding

- **Some \$18 billion a year spent on programming by the top 6 broadcast networks**
- **Average license fee for US programming is around \$1.5 million US an hour**
 - **Showing signs of decline due to prime time news serials, game shows and reality TV, which has limited or no script and talent costs**

Average License Fee per Hour of Prime Time Programming on US Broadcast Networks



Source: Kagan

Scheduling techniques

- **Lead-off** – the first prime time network show can make or break the entire night of ratings (Survivor at 8PM).
- **Lead-in** – place a strong series before a weaker or new series to give it a jump start (CSI after survivor, Malcom after Simpsons).
- **Hammocking** – place a weak or new series between two successful series (Jessie's Place).
- **Blocking** – scheduling programs of similar type together (CBC's comedy Friday).
- **Tent-poling** – use a strong show as a centerpiece to try and save a night (American Idols results show at 8:30).
- **Bridging** – starting programs before prime time (e.g. movies at 7:00), starting them at odd times (e.g. Just about every show on TBS starts five minutes later) or pitting half-hours against hour long programs (Will and Grace against CSI).

Scheduling techniques (continued)

- **Counterprogramming** – offering a show with opposite appeal of another major network (60 Minutes II against the Bachelorette; ABC Primetime against ER). Can save resources and creates alternatives.
- **Blunting** – scheduling shows with similar appeal against each other (Bachelorette and Joe Millionaire).
- **Stunting** – altering the regular program at the last minute to increase the time slot's appeal and catch other networks off-guard (Michael Jackson Specials, Saddam interview).
- **Seamlessness** – transitioning between programs without a break (i.e. a seamless transition).

The state of US network TV

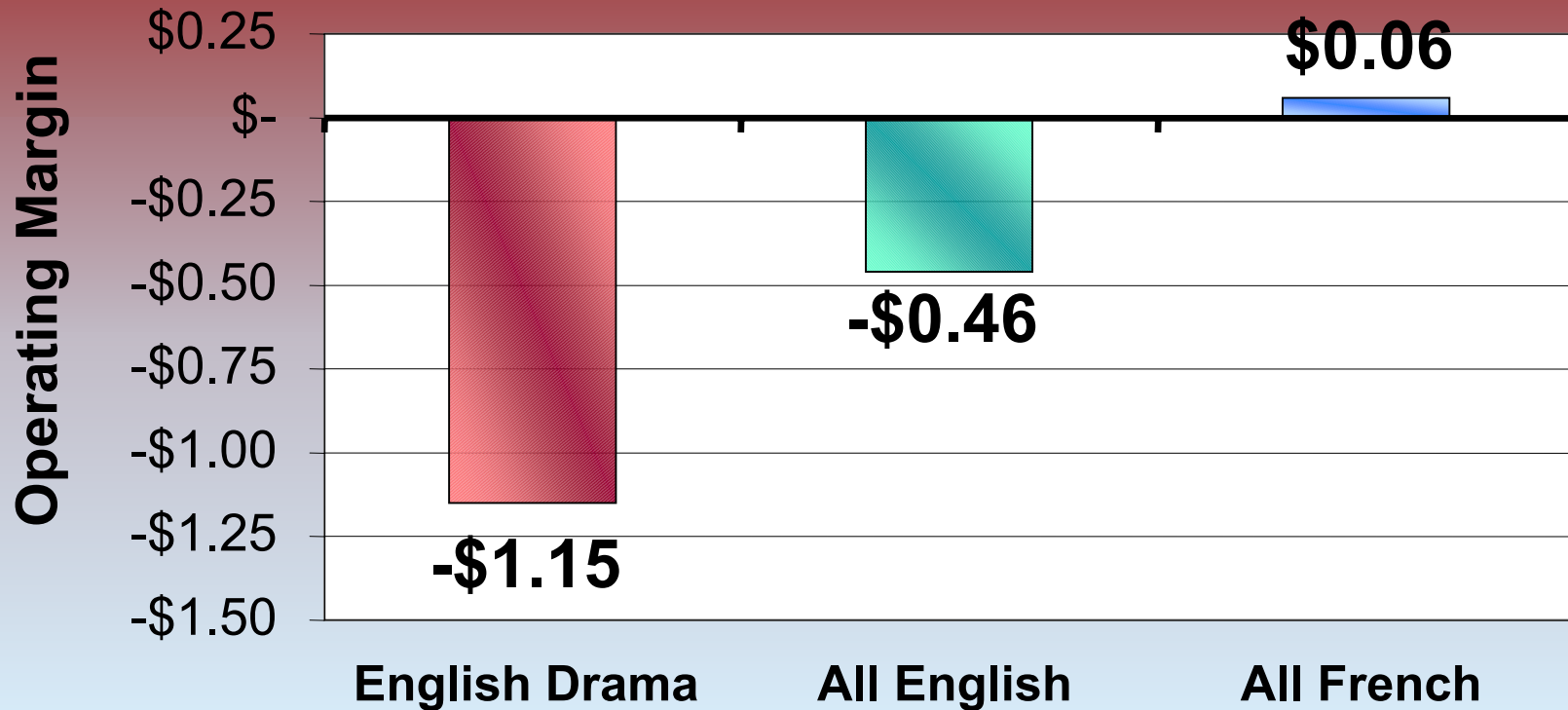
- **Fewer and fewer true hits are emerging (this year there were 0!)**
- **Networks are paying more and more to stretch the life out of hits they have**
- **Less expensive prime time formats, such as news magazine and reality TV are being employed to fill out the schedule**
- **Less audience demanding episodic programming is being replaced by specials and short run episodic programming**
- **Why programs succeed or fail is difficult to determine**
- **Though audience shares are still declining, broadcast networks can still charge a premium rate to advertisers**
- **Only 2 of the 6 broadcast networks are profitable**

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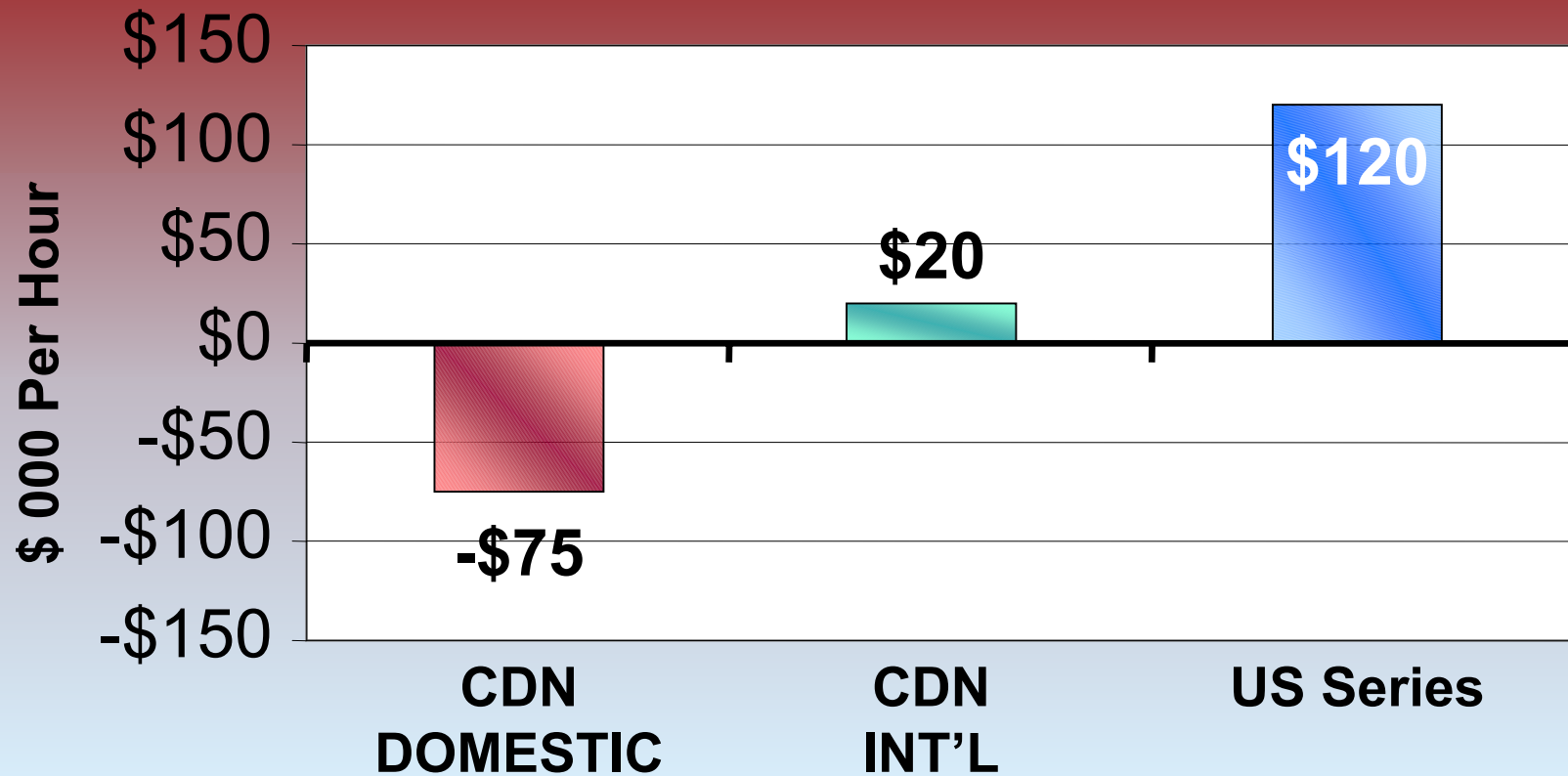
Canadian Drama Not Economic. Sports and news are.

For Every \$1 in Airtime Revenues ...
Fully Allocated Costs



US Drama Subsidizes Canadian

Prime Time Programming:
Operating Margin Per Hour, 1996-97



Defining characteristics of the Canadian broadcast market

- **Canadian market is one-tenth the size of the US**
- **US signals spill over the Canadian border**
- **We share a common language**
- **It is substantially cheaper to buy American entertainment programming than Canadian**
- **Canadian audience acquiesce American entertainment**
- **Audiences are increasingly tuning to specialty services**

If you can't beat them, join them


- **Canadian broadcasters buy Canadian rights to the top American programs**
 - Up until the mid-90s, even the CBC was buying a large amount of American programming
 - CTV, Global and CHUM are the key buyers.
 - Craig Broadcasting recently entered the scene.
- **Public policy recognize the difficulty in competing with American programming and instead encourage cross subsidization.**
- **Key regulations are:**
 - Broadcast year: 60% Canadian content
 - 8 hours a week of priority programming (i.e. drama, documentary, music, variety) in prime time
 - Simultaneous substitution


Basic Block Schedule Templates


Winter 2002

Canadian

Foreign

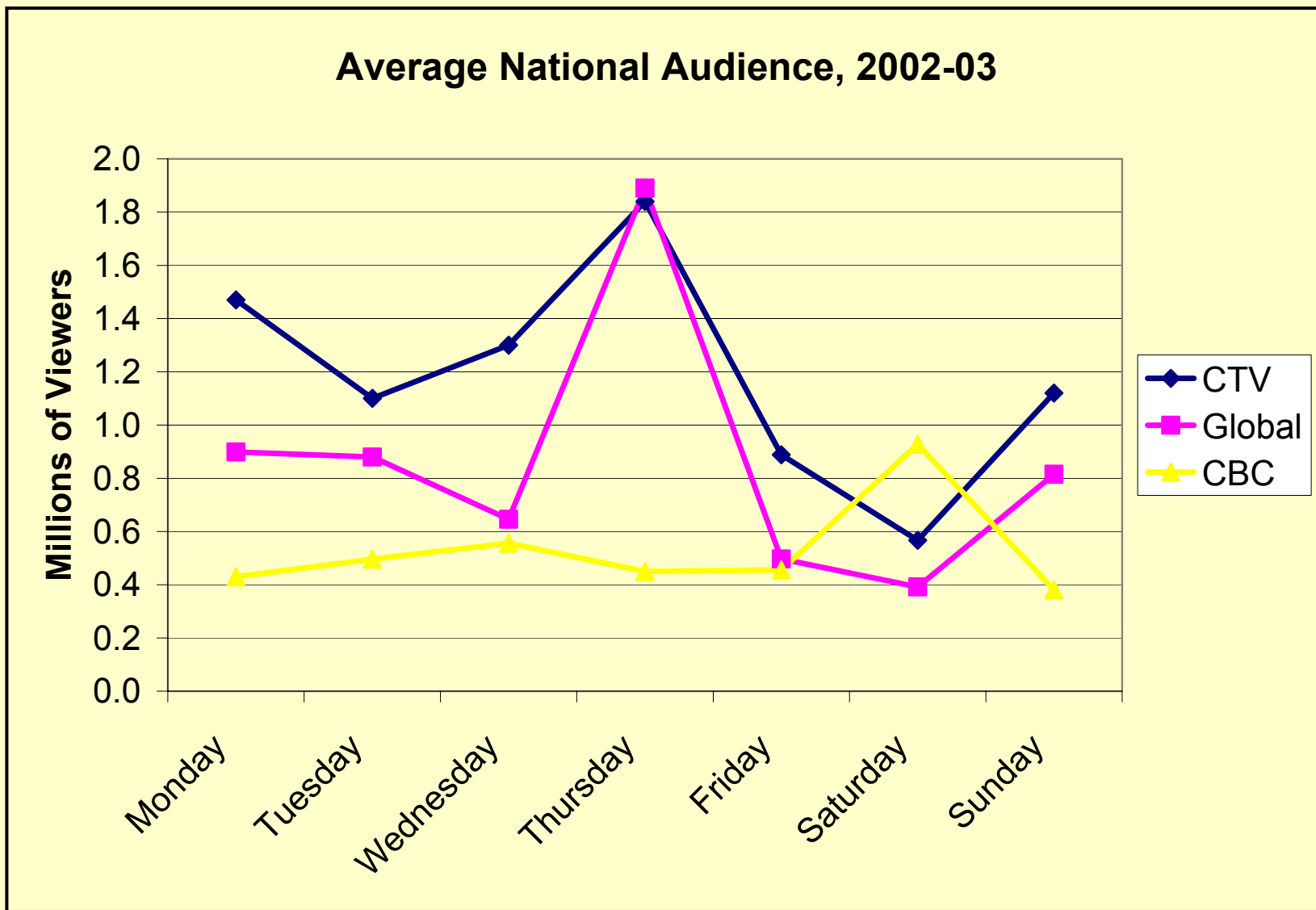
Network	pm	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
	7	22 Mins It's A Living	Life & Times	Air Farce MarketPlace	Country Can On The Road	Our Hero Mr. Bean	Hockey Night In Canada	Emily Of New Moon
		8		Random Passage / Da Vinci's Inquest	The Nature Of Things	Witness the fifth estate		Open -ing Night
	9		Disclosure		The National			
	10							

	7	Wheel Of Fortune					eTalk	Degrassi
		Jeopardy					Exhibit A	21C
	8	Who Wants Millionaire	Imagine That	'80s Show	Who's Line / CSI	Weakest Link	Mysterious Ways	Alias
			Wife & Kids	Accord. Jim				
9	Ally McBeal	Drew Carey	The West Wing	CSI: Crime Scene Inv.	The Associates	Figure Skating / Cold Squad	Specials	
		Scrubs						
10	Third Watch	Philly	Law & Order	E R	Law & Order SVU		W-FIVE	

	7	Bob & Margaret					Psi Factor	Blackfly
		Entertainment Tonight						Andromeda
	8	Boston Public	'70s Show	Smallville	Survivor / Friends	Dawson's Creek	Mutant X	
			Spin City					Gilmore Girls
9	Raymond	Frasier	Blue Murder	The Agency	20 / 20	Outer Limits	The Practice	
	Becker	The Job						
10	NYPD Blue	Judging Amy						

Only titles and country of origin of programs which most frequently occupy time periods are shown.

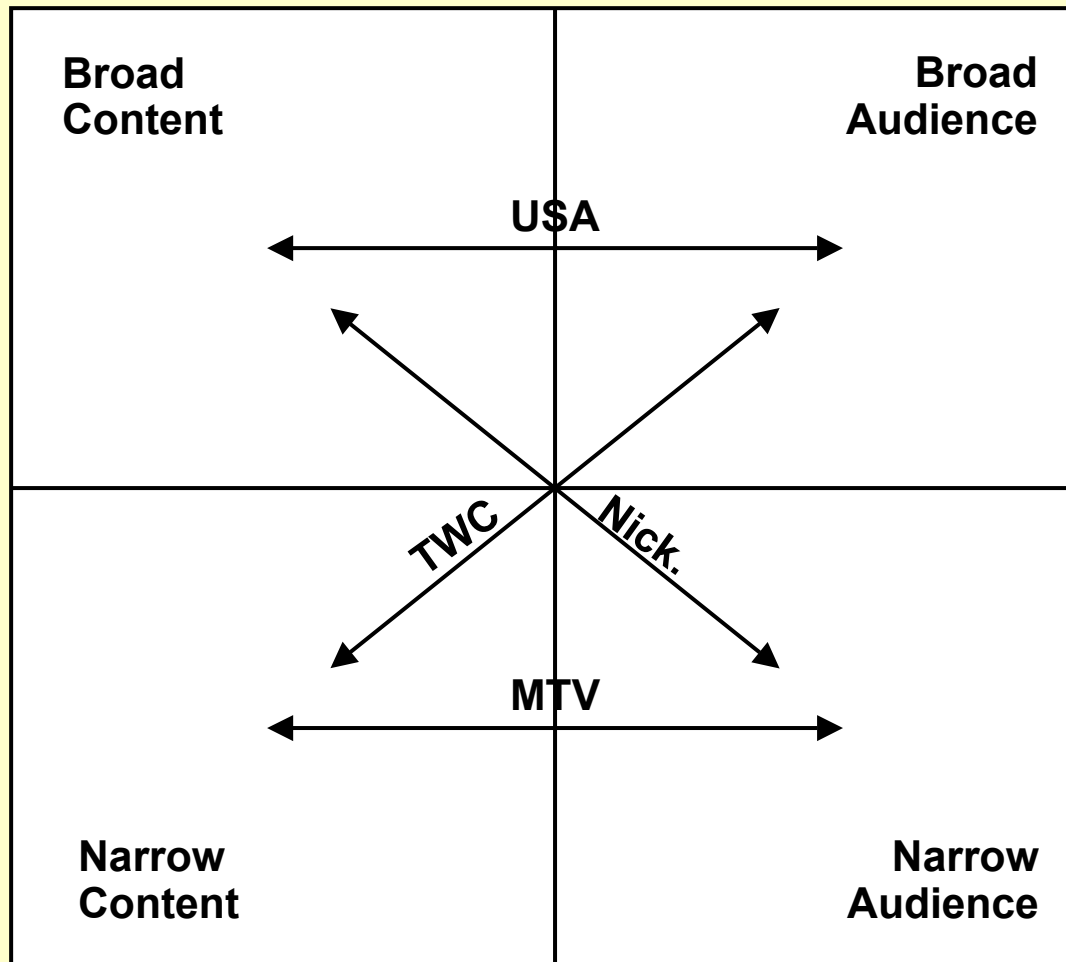
And the ratings ...



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Broad and Narrow Appeals



Business models of cable networks

- **There are three business models that tend to shape the programming strategy of cable networks:**
 - 1. Advertising supported (e.g. USA, TBS)**
 - Generates most or all of its revenue from advertising
 - Needs to be broadly available, so little or no cost to cable subscribers
 - Most like traditional broadcast networks
 - 2. Mix of advertising and subscription revenue (e.g. Discovery, CNN, ESPN, A&E, MTV, Nickelodeon)**
 - Subscription fees need to be modest to ensure a large enough audience to sell to advertisers (e.g. \$0.10 to \$1.50 a month)
 - 3. Subscription only (e.g. HBO, Showtime)**
 - Subscription fees in the \$5 to \$20 a month range
 - Tend to be commercial-free

Content Types

- **Cable Networks continue to rely on repeats of off-network programming and theatrical movies, but cable networks are increasing the level of signature programs to reinforce branding.**
- **Signature programs are unique programs or patterns of programs that distinguish a network from its competition.**
 - ***Original movies or drama series* (e.g. Napoleon on TNT, Soprano's)**
 - ***Narrow theme genres* that attract people interested (e.g. all news, all instructional, all sports)**
 - ***Niche audience programs* that attract a particular demographic and/or interest group (e.g. Trading Spaces)**
- **Cable Networks spend \$20 billion a year on original and acquired programming.**

Basic Cable Scheduling Techniques

- **Each basic cable network must balance ratings against reach (i.e. do I want people to tune to specific programs vs. my channel frequently). In addition to broadcast network techniques, some techniques exclusive to basic cable are:**
 - **Frequent and predictable repeats**
 - e.g. Third Watch at 1, 7 and 11PM on A&E
 - e.g. The Weather or News every 15 minutes
 - **Marathons of programs (e.g. Treking on Spike, L&O weekend)**
 - Often used to counterprogramming big event, remind viewers a network has a particular program and/or generate awareness of the channel.
 - **Homogeneity (extreme blocking)**
 - Program types that are of interest to a particular group and not others (e.g. MTV attracts a young audience and repels anyone else; Lifetime does the same for women).

Pay Cable Scheduling Techniques

- **Premium Networks like HBO are not in the ratings game. They are trying to retain you, month by month. Some unique techniques are:**
- **Rotation scheduling**
 - **In every month, pay channels have a mix of premiere's, carryovers and encores that they schedule to generate the largest monthly tuning to each movie.**

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Again ... if you can't beat them, join them

- **Public policy recognize the difficulty in competing with American programming and instead encourage cross subsidization.**
 - **Many Canadian specialty services buy Canadian rights to the top American programs and/or mimic genres**
 - **Many American services are prohibited from Canada because they compete directly with licensed Canadian services (e.g. HBO, MTV, ESPN)**
- **Key regulatory obligations vary by licensee.**
 - **You'll have to check their conditions of license, in their license decision on the CRTC website.**

**English TV Audience Share Per Platform
September 2 to December 29, 2002
24 Hours - All Persons 2+**

	Launched	Genre	Share
SPECIALTY/PAY			49.9%
SPECIALTY			44.4%
CANADIAN SERVICES			30.9%
MUCHMUSIC	1984	Music-Rock/Alt./Rap	0.9%
TSN	1984	Sports	2.7%
VISION	1988	Religious	0.3%
WEATHER	1988	Info-Weather	0.6%
YTV	1988	Kids/Teen/Family	2.3%
NEWSWORLD	1989	News & Info.	0.9%
BRAVO	1995	Performing Arts	1.1%
CMT	1995	Music-Country	0.7%
DISCOVERY	1995	Nature/Science/Tech	1.4%
LIFE	1995	Doc. & Information	0.6%
SHOWCASE	1995	Drama & Film	1.3%
W NETWORK	1995	Lifestyle - Women	0.9%
COMEDY	1997	Comedy	0.8%
CTV NEWSNET	1997	News-Headlines	0.5%
HGTV	1997	Lifestyle - House & Garden	0.8%
HISTORY	1997	Info-History	1.1%
OUTDOOR	1997	Info-Outdoor	0.3%
PRIME TV	1997	Lifestyle-50+	1.4%
SCORE TV	1997	Sports-Headlines	0.7%
SPACE	1997	Science Fiction	1.4%
TELETOON	1997	Animated Programming	1.5%
CABLE PULSE 24	1998	News-Regional	0.4%
FAMILY	1998	Family	1.7%
MUCHMOREMUSIC	1998	Music-Adult Cont.	0.5%
SPORTS NET	1998	Sports-Regional	1.3%
TREEHOUSE TV	1998	Children	1.0%
FOOD NET	2000	Lifestyle-Food	0.5%
DIGITAL CHANNELS	2001	50+ Channel Themes	2.4%
OTHER CDN SERVICES			0.8%
PAY-TV			5.2%
MNET/SUPER		New Movies	2.8%
MPIX/MMAX		Classic Movies	0.6%
US SUPER			1.8%
OTHER PAY			0.0%

Source: CBC Research (Nielsen Media Research)