

Programming for Broadcast and Cable Networks

27.410D: The Canadian TV Market in the New Millennium

Mass Communications, Carleton University

March 4, 2003

Agenda

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

The essay assignment ...

- **Students will be required to write an essay explaining the programming strategy of:**
 - a Canadian broadcaster's prime-time schedule;
 - a Canadian specialty or pay TV service's program schedule; or
 - a Canadian cable or satellite operator's channel selection and packaging line-up.
- **In explaining the selected entity's strategy, the essay must make a discrete connection between their audience/subscriber strategy and their regulatory obligations.**
- **The course material will provide background and a framework for the essay, but additional research is expected. The essay should be between 8 and 12 pages double-spaced (approximately 2,000 and 3,000 words).**

Some resources ...

Canadian

- Playback (www.playbackmag.com)
- Cablecaster (www.cablecastermagazine.com)
- Marketing Magazine (www.marketingmag.ca)
- CRTC (www.crtc.gc.ca)

American

- Broadcasting & Cable (www.broadcastingcable.com)
- Variety (www.variety.com)
- Hollywood Reporter (www.hollywoodreporter.com)
- Multichannel News (www.multichannel.com)

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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)

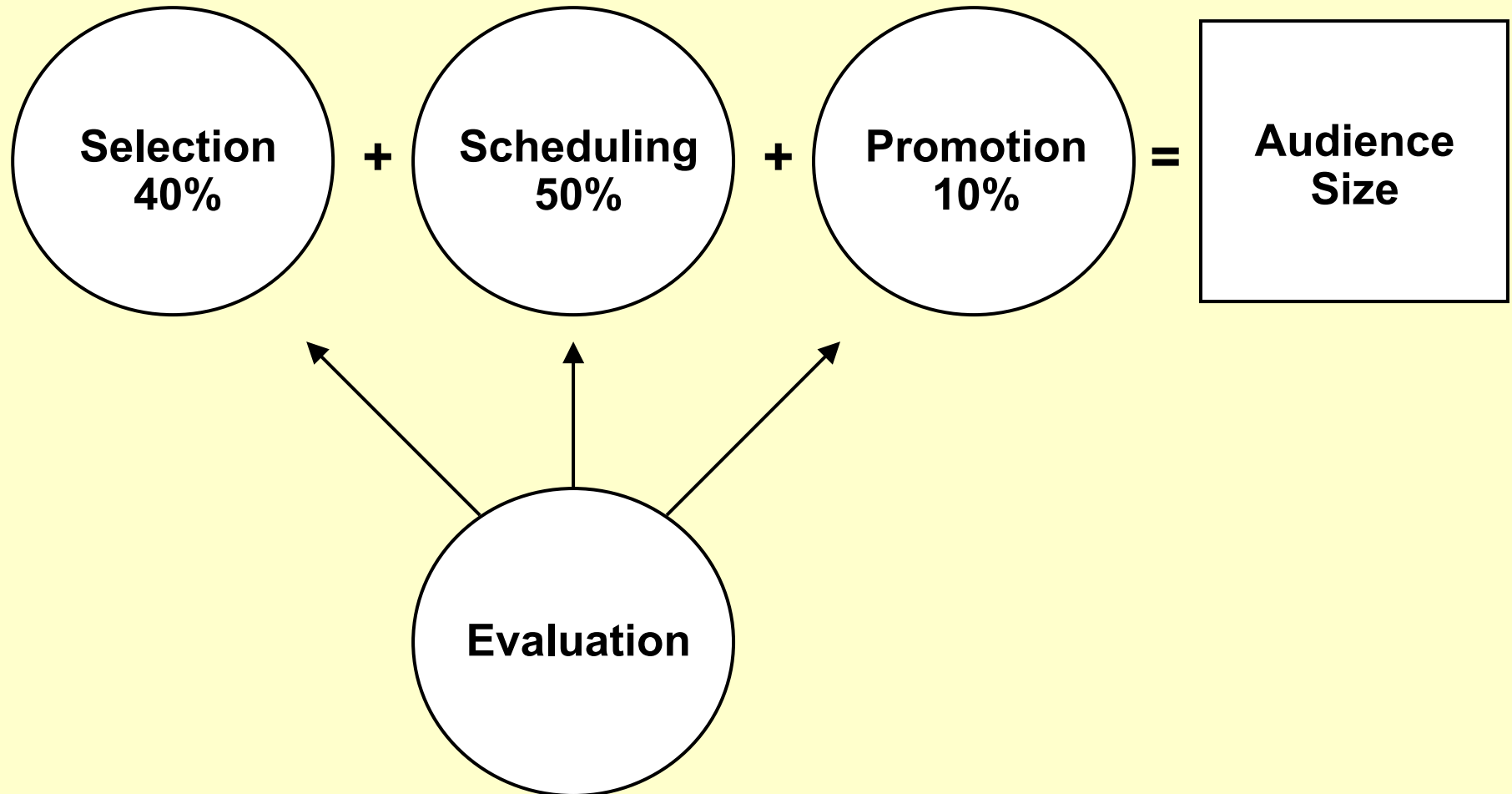
Five elements of programming (continued)

- **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.**

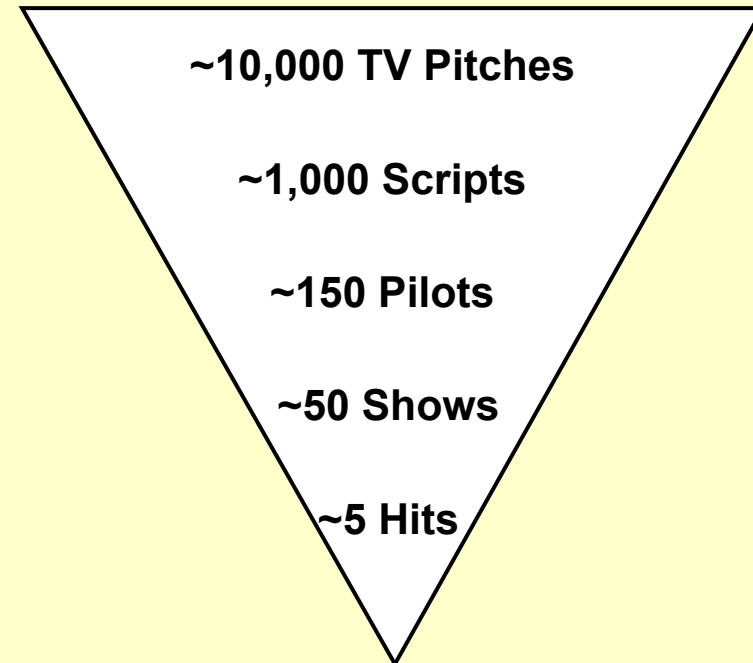
The lifespan of TV shows is declining

- **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**

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*

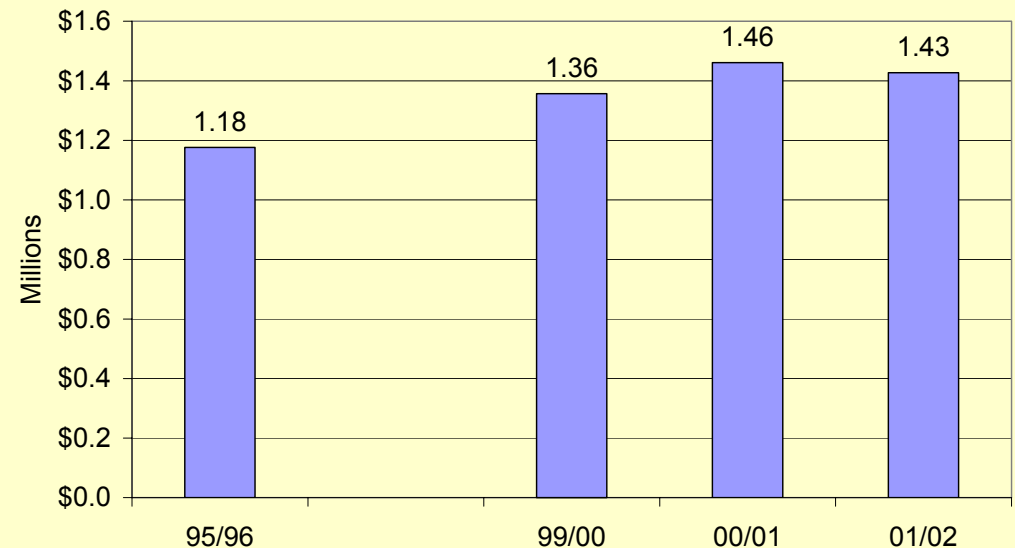


* Illustrative

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

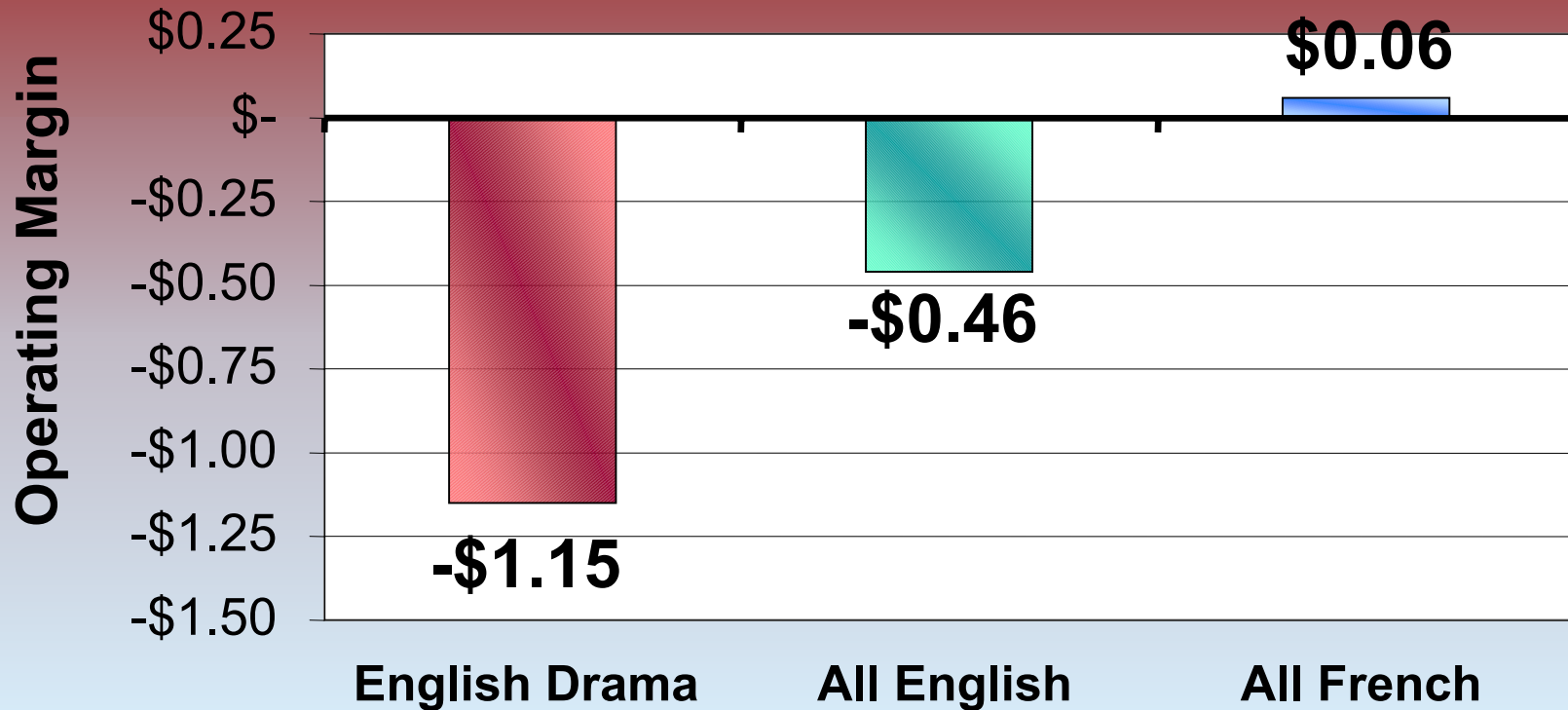
- **Fewer and fewer true hits are emerging**
- **Networks are paying more and more to stretch the life out of hits they have**
- **Less expensive prime time formats, such as news magazine and reality TV are being employed to fill out the schedule**
- **Less audience demanding episodic programming is being replaced by specials and short run episodic programming**
- **Why programs succeed or fail is really only a guess**
- **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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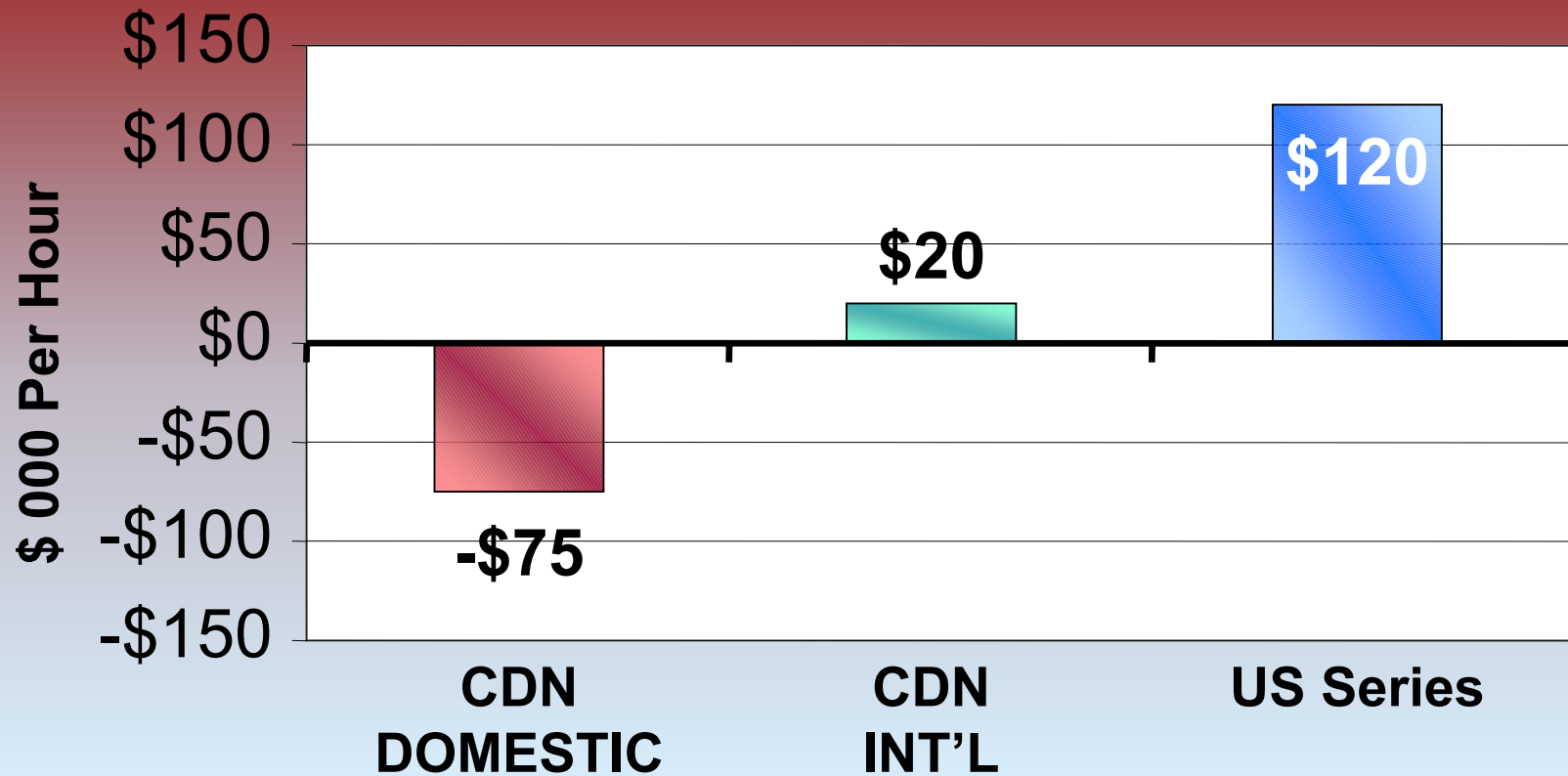
Canadian Drama Not Economic. Sports and news are.

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**
- **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

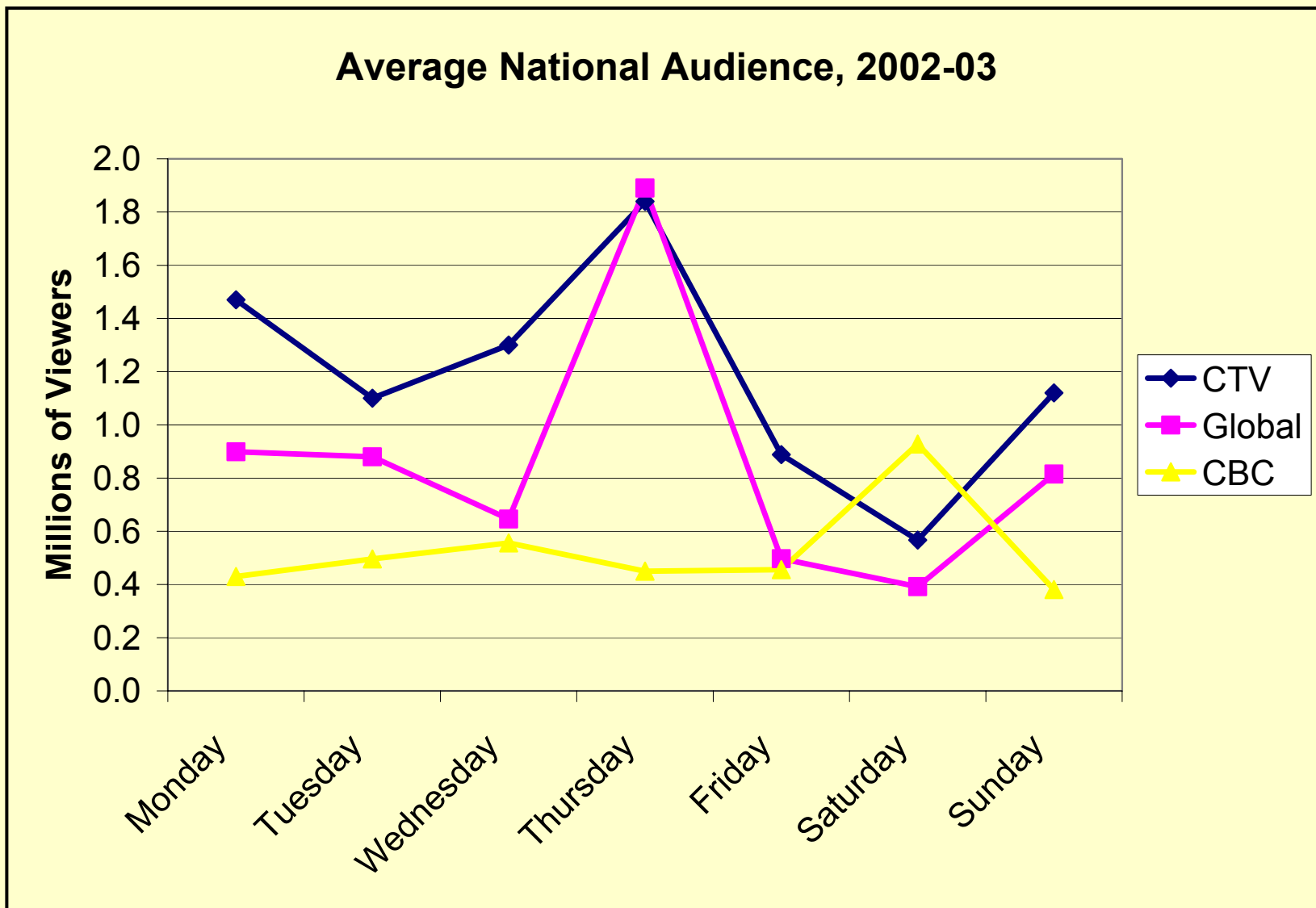
Network	pm	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
	7	22 Mins It's A Living	Life & Times	Air Farce MarketPlace	Country Can On The Road	Our Hero Mr. Bean	Hockey Night In Canada	Emily Of New Moon
		8		Random Passage / Da Vinci's Inquest	The Nature Of Things	Witness the fifth estate		Open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

	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	Simpsons	
			Spin City					Malcolm
9	Raymond	Frasier	Gilmore Girls	Will & Grace	Dark Angel	Mutant X	The X-Files	
	Becker	The Job		Shoot Me				
10	NYPD Blue	Judging Amy	Blue Murder	The Agency	20 / 20	Outer Limits	The Practice	

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

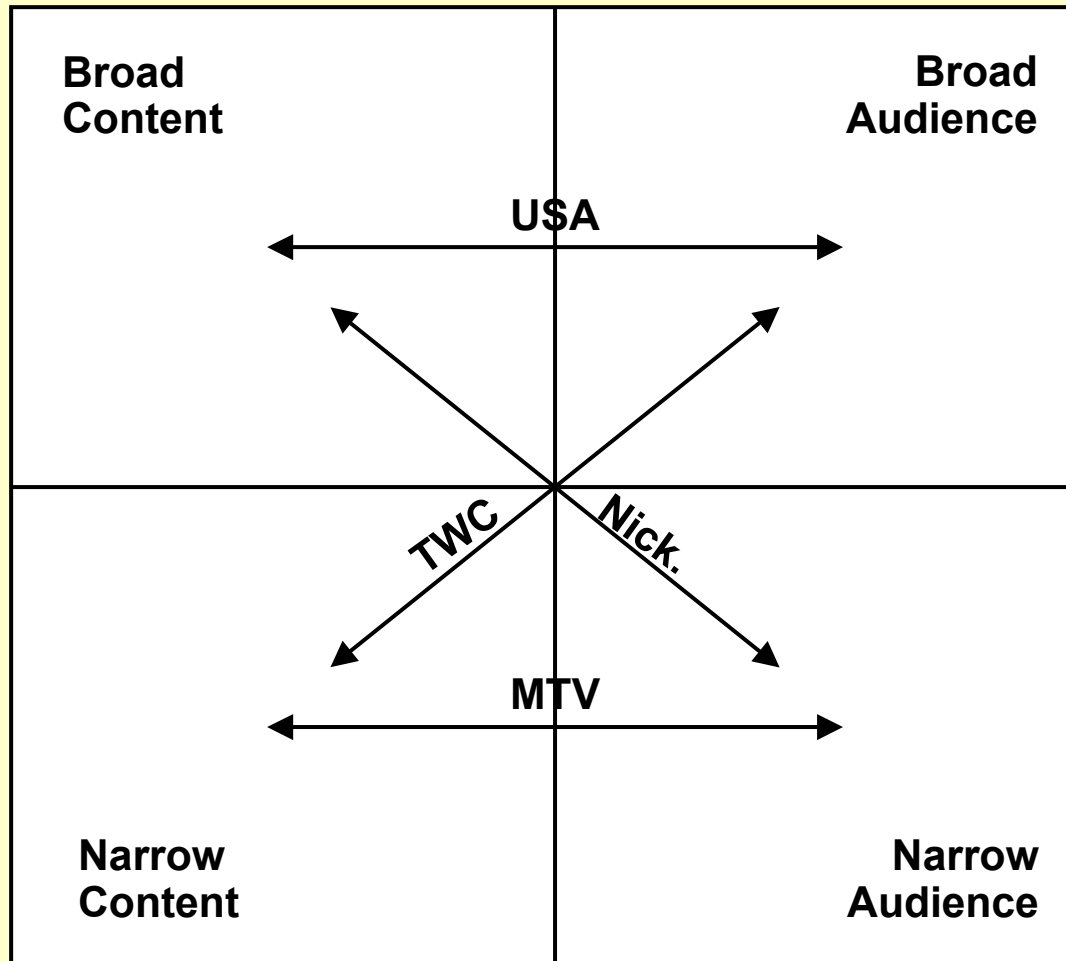
And the ratings ...



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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)**

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. Trekking on TNN)**
 - Often used to counterprogramming big event, remind viewers a network has a particular program and/or generate awareness of the channel.
 - **Homogeneity**
 - 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)