Over The Top: How The Internet Is (Slowly But Surely) Changing The Television Industry
By Alan Wolk
Notes by: Anton Zitz

Summary

1. A nice read summarizing the current state of the TV industry, the issues it is now facing, and some predictions about the future.

Key Takeaways

1. The Key Players in the Television Ecosystem Include the following groups:
    a. The <u>Networks</u> who provide content and they consist of Broadcast Networks (ABC, CBS, NBC, PBS, FOX, and the CW) and the Cable Networks (Discovery, A&E, ESPN, AMC).
        i. They make their money on ad sales (declining) and on content deals.
        ii. They also bundle a bunch of networks together so they have leverage in negotiations with MVPD's as they bundle their channels (retrans fees)
    b. Multi-channel video programming distributors (<u>MVPD's)</u> are cable companies that send video out on the "final-mile" to consumers.
        i. Their revenue streams include local ad sales on the programming they run and subscription fees form customers.
        ii. They also sell broadband and landline services in a bundle which makes their business model pretty bullet proof.
            1. Cable One has embraced this (also called the Dumb Pipes Paradox)
    c. Studios make money when their programming is picked up by the networks as they get paid a fee to run the series.
        i. Also can sell other rights and cable syndication is very lucrative.
    d. Over The Top Providers (Amazon, Hulu, and Netflix)
2. Time shifting has left the Nielsen ratings system, the linchpin in the business of television, in shambles.
    a. Everyone sort of waiting for a new way to do this but no one has really taken lead.
3. Binge viewing phenomenon will have an effect on how TV can be monetized via ads.
    a. When to inset ads while watching 7 episodes in a row?
4. A key lesson we have learned from the digital age is people prefer convenience over quality with several strong examples supporting that point (MP3 vs. CDs/Vinyl, Cell Phones, etc.)
    a. This gives a strong advantage to companies that sell convenience (i.e. Spotify) and the new business model of renting something as opposed to owning it.
5. Given that media is no longer "scarce" (movies, music, textbooks), the value of ownership has dropped tremendously.
    a. People would prefer to pay a subscription fee for unlimited access to a large library as opposed to owning no longer "scarce" media.
6. Perhaps a new model for windowing and price discrimination? In summer 2013, for instance, CBS produced a mini-series based on the Stephen King novel "Under The Dome." It ran on CBS on Monday nights (with commercials) and then on Amazon on Friday nights without commercials. It would have seemed to make more sense to swap that arrangement and have had the commercial-free Amazon version run first, even charging fans extra for this premium experience. That would have allowed fans of Stephen King's story to sign up in advance and serve as evangelists for the ad-supported version, which would then be the standard (or sub-premium) experience.

7. Data collection is the key in the future of media. It can allow for more precise ad targeting if consumers will allow it.

What I got out of it

1. A lot of the Company's that have succeeded in the prior regime of media will need to make significant business model changes to compete in the new world of media.

Note: I assume no responsibility or liability for any errors or omissions in the content of these note. The information contained in these notes is provided on an "as is" basis with no guarantees of completeness, accuracy, usefulness or timeliness and are based on my own interpretations of the author's work.