



TELEVISION

NEW SHOWS BEGINNING LAST WEEK

NOVELTY STAGE

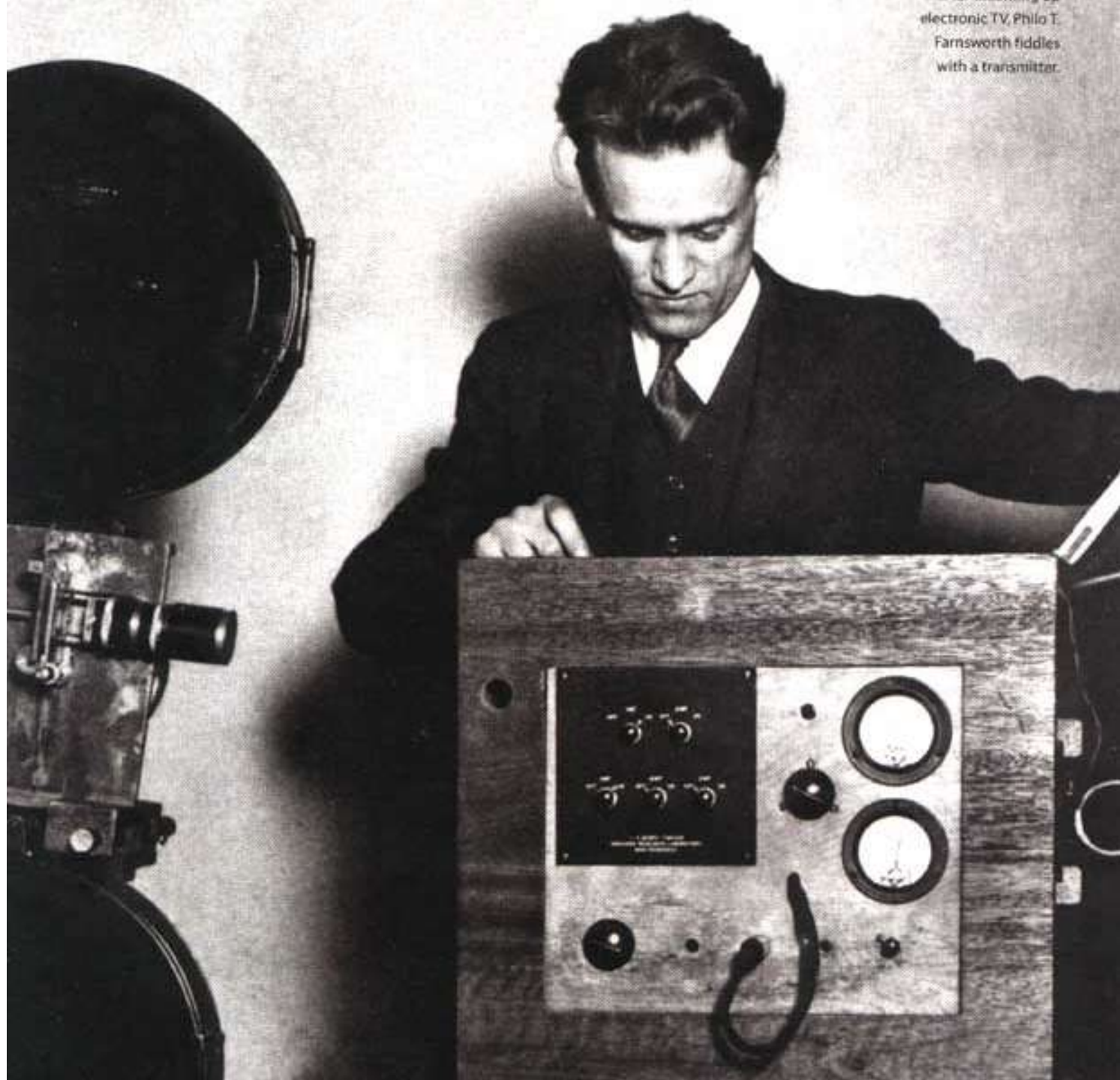
- PHILO FARNSWORTH
 - PATENTS “DISSECTOR” TUBE (RELATED TO CATHODE RAY TUBE)



Scene from The American Experience film, "Big Dream, Small Screen."



Electronic TV, Philo T.
Farnsworth fiddles
with a transmitter.

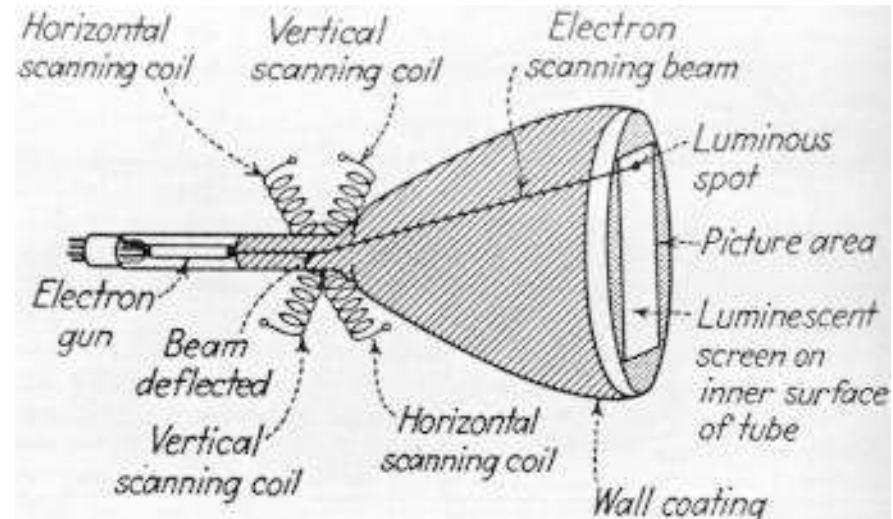




1928

- VLADIMIR ZWORKIN

- RUSSIAN IMMIGRANT IN AMERICA (LIKE SARNOFF)
- COULD DEMONSTRATE A SYSTEM WITH ALL THE FEATURES OF MODERN PICTURE TUBES BY 1929





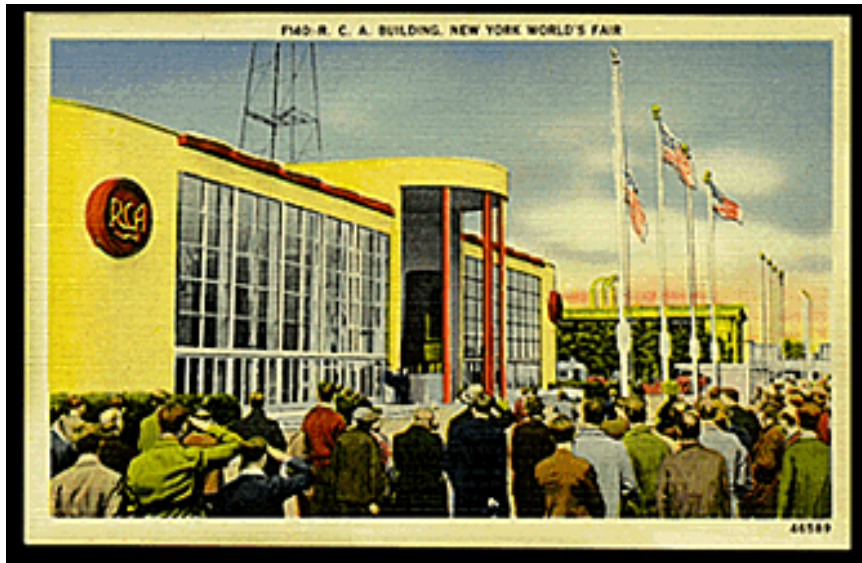
19291932



NO ENTREPRENEURIAL STAGE

(THE INVENTORS AND VENTURE
CAPITALISTS PRETTY MUCH KNEW
WHAT TO DO WITH TELEVISION!)

1939 WORLD FAIR



1939 WORLD FAIR



DEVELOPMENT OF TV

- TECHNICAL STANDARDS:
 - IN 1941, THE FCC ADOPTED NTSC STANDARDS FOR UNITED STATES: A 525-LINE IMAGE, SCANNED AT 30 FRAMES PER SECOND.
 - TWO FIELDS= 1 FRAME (INTERLACED IMAGE)
 - THIS NTSC FORMAT IS USED IN CANADA, MEXICO, MOST OF SOUTH AMERICA, AND JAPAN
 - 3 X 4 ASPECT RATIO

DEVELOPMENT OF TV

- TECHNICAL STANDARDS:
 - HIGH DEFINITION TV - 1080 LINES OF RESOLUTION, WITH 16X9 ASPECT RATIO

DEVELOPMENT OF TV

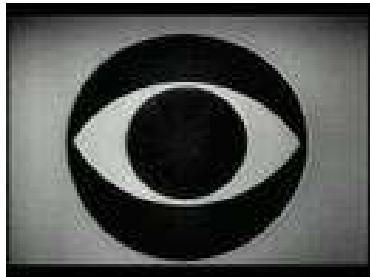
- TECHNICAL STANDARDS:
 - TV FREEZE, 1948-1952. FCC SUSPENDS LICENSING OF TELEVISION TO FINALIZE TECHNICAL STANDARDS.

Mass medium stage

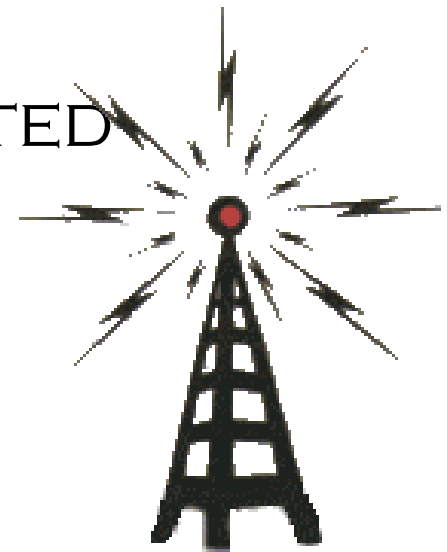
- TV BOOMS IN THE 1950s
- MANY OF THE EARLY PROGRAMS STEAL RADIO SHOWS AND AUDIENCES.



- SPONSORS MOVE TO TV, TOO:
 - COLGATE COMEDY HOUR
 - BUICK BERLE SHOW
 - CAMEL NEWS CARAVAN
 - GILLETTE CAVALCADE OF SPORTS
 - GOODYEAR TV PLAYHOUSE



- NOT MANY STATIONS BEFORE 1952
- MOST, BUT NOT ALL STATIONS AFFILIATED WITH NBC, CBS AND ABC
 - O&O: OWNED AND OPERATED



EDUCATIONAL PROGRAMMING



EDUCATIONAL PROGRAMMING



A SHIFT IN TV SPONSORSHIP

- PROBLEMS WITH SINGLE SPONSORS
 1. PROGRAMS CHEAP LOOKING
 2. SPONSORS HAD TOO MUCH CONTROL
OVER CONTENT

A SHIFT IN TV SPONSORSHIP

- SYLVESTER “PAT” WEAVER - PRESIDENT OF NBC IN 1952
 - INCREASED STANDARD SHOW TIMES FROM 15 MINUTES TO 30-60 MINUTES
 - CREATED DAILY MAGAZINE PROGRAMS, 90 MIN TO 3 HOURS LONG (TODAY SHOW/TONIGHT SHOW)
 - CREATED THE “SPECTACULAR”

A SHIFT IN TV SPONSORSHIP

– NAIL IN THE COFFIN FOR TV SPONSORSHIP: **The Quiz Show Scandals**

- 1957-58: **Twenty-two** GAME SHOWS ON NETWORK TV
- *\$64,000 Question* AND *\$64,000 Challenge* THE MOST POPULAR
- 1958: REVELATIONS THAT *Dotto* WAS FIXED ENDS RUN OF GAME SHOWS
- 1959 CONGRESSIONAL INVESTIGATIONS

– SCANDAL HELPS TO END SINGLE SPONSORSHIP

WIN BEN STEIN'S MONEY (1997)

WHO WANTS TO BE A MILLIONAIRE (ABC)





MASS MEDIUM STAGE

- A DRAMATIC LEAP

- IN 1948, ONLY 1 PERCENT OF AMERICAN HOUSEHOLDS HAD A TV SET.



- BY THE EARLY 1960S, MORE THAN 90 PERCENT OF ALL HOMES HAD A TV.



TV PROGRAMMING

- WHAT ARE ABC, CBS, NBC, FOX, AND CW ALL ABOUT?
- WHY DO THEY CARRY SOME OF THE SLICKEST PRIMETIME PROGRAMMING?

THE NETWORK ERA: 1950-1970



3 main stations until 1968

A LOT OF THE PROGRAMMING WAS NOT CONSIDERED “GOOD”



PBS

NEWTON MINOW'S “VAST WASTELAND” SPEECH,
1961

TV NETWORKS

- NBC (200)
- ABC (200)
- CBS (200)
- PBS (200) 1968
- Fox (200) 1987
- CW (2006) (UPN AND WB MERGE)
 - UPN (UNITED PARAMOUNT NETWORK/VIACOM) (150) 1995
 - WB (WARNER BROTHERS/TIME WARNER) (150) 1995
- PAX (70) 1999

HOW ARE NETWORKS CONNECTED?

USED TO BE: BROADCAST TOWERS + CABLE LINES



HOW ARE NETWORKS CONNECTED TODAY?

SATELLITE LINKS



TV LANDSCAPE

- 1950s-1970s:

NBC, CBS, ABC DOMINATED + PBS



DECLINE OF NETWORK ERA

- LATE 1970S: BIG 3 NETWORKS STILL HELD MORE THAN 90% OF VIEWING AUDIENCE
- NOW: LESS THAN 50%
- WHY?

DECLINE OF NETWORK ERA

- LATE 1970S: BIG 3 NETWORKS HELD MORE THAN 90% OF VIEWING AUDIENCE
- NOW: LESS THAN 50%
- WHY?

DECLINE OF NETWORK ERA

- TECHNOLOGICAL
TRANSFORMATIONS
 1. SATELLITES

DECLINE OF NETWORK ERA

- TECHNOLOGICAL TRANSFORMATIONS
 1. SATELLITES
 2. VCRS+TIME SHIFTING + MOVIES

DECLINE OF NETWORK ERA

- TECHNOLOGICAL TRANSFORMATIONS
 1. SATELLITES
 2. VCRRs
 3. FCC AND JUSTICE DEPT: NEW RULES

DECLINE OF NETWORK ERA

- TECHNOLOGICAL TRANSFORMATIONS

1. SATELLITES

2. VCRs

3. FCC AND JUSTICE DEPT: NEW RULES

- NETWORKS CAN NO LONGER AIR PROGRAMS DURING 6:30-7

(TO INSPIRE LOCAL CONTENT)

- NETWORKS CAN'T GET RICH OFF OF SYNDICATING THEIR OWN PROGRAMMING—HAD TO SELL THOSE RIGHTS
- NETWORKS HAD TO LIMIT THEIR OWN CONTENT

DECLINE OF THE NETWORK ERA

FOR EXAMPLE, NETWORKS CAN ONLY
PRODUCE:

- 5 HRS. OF PRIMETIME ENTERTAINMENT/WEEK
- 8 HRS. OF NON-PRIMETIME
ENTERTAINMENT/WEEK
- TV NEWSMAGAZINES ARE OKAY

MADE ROOM FOR INDEPENDENT PROGRAMMING

- INDEPENDENT PROGRAMMING:
 - AARON SPELLING: BH 90210
 - STEPHEN BOCHCO: NYPD BLUE
 - DICK WOLF: LAW&ORDER
 - CARSY WARNER: COSBY, ROSEANNE
 - JOSS WHEDON: BUFFY
 - AARON SORKIN: SPORTSNIGHT, WEST W



SINCE 1993 THESE RULES HAVE
BEEN RELAXED

NETWORKS CREATE BULK OF THEIR
OWN PRIMETIME PROGRAMMING:

LIKE.....

DECLINE OF THE NETWORK ERA

4. NEW NETWORKS:

- FOX (200) 1987
- CW (2006) (UPN AND WB MERGE)
 - UPN (UNITED PARAMOUNT NETWORK/VIACOM) (150) 1995
 - WB (WARNER BROTHERS/TIME WARNER) (150) 1995
- PAX (70) 1999

DECLINE OF THE NETWORK ERA

- ABC, CBS, NBC, FOX, CW ARE STILL PRETTY HEALTHY
- LUCRATIVE TO OWN A TV NETWORK
- THE TOP TV NETWORKS ARE OWNED BY...

DECLINE OF THE NETWORK ERA

- DISNEY OWNS ABC
- VIACOM OWNS CBS
- GE OWNS NBC
- NEWS CORP. OWNS FOX
- VIACOM OWNS UPN (CW)
- TIME WARNER OWNS WB (CW)

HOW DOES THE BUSINESS WORK?

- PRIME-TIME PRODUCTION:
TRADITIONALLY BY INDEPENDENT PRODUCERS
- TELEVISION PRODUCTION IS EXPENSIVE:
 - TYPICAL COST OF ONE-HOUR EPISODE OF NEW SERIES?

ECONOMICS OF TELEVISION

- PRIME-TIME PRODUCTION: TRADITIONALLY BY INDEPENDENT PRODUCERS
- TELEVISION PRODUCTION IS EXPENSIVE:
 - TYPICAL COST OF ONE-HOUR EPISODE OF NEW SERIES?
 - \$1.3-\$1.8 MILLION

ECONOMICS OF TELEVISION

- PRIME-TIME PRODUCTION: TRADITIONALLY BY INDEPENDENT PRODUCERS
- TELEVISION PRODUCTION IS EXPENSIVE:
 - TYPICAL COST OF ONE-HOUR EPISODE OF NEW SERIES?
 - \$1.3-\$1.8 MILLION
 - AVERAGE HALF-HOUR SITCOM COSTS \$1.25 MILLION.
 - AVERAGE REALITY SHOW: \$700,000
 - ABOUT 22-23 EPISODES PER A YEAR FOR A SERIES.

ECONOMICS OF TELEVISION

- DRAMAS (MORE EXPENSIVE):
 - ER:\$13 MILLION/EPISODE (NBC LOST SEINFELD; DIDN'T WANT TO LOSE ER, HUGE DEMAND FOR RAISES BY ACTORS, AND IT'S STILL ONE OF THE HIGHEST RATED SHOWS ON TV)
 - WEST WING: \$7 MILLION/EPISODE
 - MAD MEN: \$2.3 MILLION/EPISODE
- COMEDY (LESS)
 - HOME IMPROVEMENT: TIM ALLEN=\$1.25 MILLION PER EPISODE
 - FRIENDS: \$9 MILLION (EACH CAST MEMBER EARNING \$1 MILLION PER EPISODE)

ECONOMICS OF TELEVISION

- ONE-HOUR DRAMATIC PILOT BREAKDOWN

ECONOMICS OF TELEVISION

- INDEPENDENTLY PRODUCED PROGRAMS ARE FUNDED THROUGH DEFICIT FINANCING.

ECONOMICS OF TELEVISION

- INDEPENDENTLY PRODUCED PROGRAMS ARE FUNDED THROUGH DEFICIT FINANCING.
 - 1/2 SITCOM: \$800,000
 - LEASE SHOW TO NETWORK: \$600,000 FOR 2 VIEWINGS
 - MOVIE STUDIOS FINANCE \$200,000 DEFICIT
- PROGRAMS BECOME PROFITABLE IF THEY MAKE IT INTO RERUN SYNDICATION.
 - 100 EPISODES (4 YEARS) AND YOU'RE GOLDEN
 - WANT TO BE ABLE TO STRIP SHOWS

ECONOMICS OF TELEVISION

HOW SYNDICATION WORKS...

- EACH YEAR, LOCAL TV STATIONS AND CABLE COMPANIES MAKE DEALS FOR THE LOCAL MARKET RIGHTS FOR SYNDICATED PROGRAMMING.
 - OFF-NETWORK SYNDICATION (FRIENDS, SIMPSONS)
 - FIRST-RUN SYNDICATION (JEOPARDY, TYRA BANKS)
 - CASH DEAL: EXCLUSIVE RIGHTS TO TIME SLOT
 - BARTER DEALS: UNKNOWN SHOW; SPLIT AD REVENUE

ECONOMICS OF TELEVISION

PRIME-TIME DISTRIBUTION.

- NETWORKS DO HAVE THEIR OWN OWNED & OPERATED STATIONS (O&Os)
- **most** OF THEIR PROGRAMMING, HOWEVER, IS CARRIED BY AFFILIATE STATIONS THEY **don't** OWN.

TV RATINGS

- NIELSEN MEDIA RESEARCH
 - PEOPLEMETER

– TIVO



TV RATINGS

- NIELSEN MEDIA RESEARCH
- THERE ARE ABOUT 1.2 MILLION TV HOUSEHOLDS.
- ONE RATING POINT IS ONE PERCENT OF 1.2 MILLION TV HOUSEHOLDS.

TV RATINGS

- HOW TO COMPUTE RATINGS AND SHARES.
- WHAT DOES IT MEAN WHEN *worst week* HAS A 12.4 RATING AND 20.0 SHARE?
- A RATING IS THE PERCENTAGE OF ALL TV HOUSEHOLDS WATCHING A PARTICULAR SHOW. SO, IN THIS CASE, 12.4% OF THE 1.2 MILLION HOUSEHOLDS HAD TVs TUNED TO *worst week*.

TV RATINGS

- A SHARE IS THE PERCENTAGE OF ALL TV HOUSEHOLDS USING TELEVISION AT THAT TIME WATCHING A PARTICULAR SHOW. SO, IN THIS CASE, 20.0% OF THE HOUSEHOLDS WITH TV SETS ON AT THAT TIME HAD TVS TUNED TO *worst week*.

TV RATINGS

- IN MATH TERMS,

$$\text{RATING} = \frac{\text{HOUSEHOLDS WATCHING A TV SHOW}}{\text{ALL TV HOUSEHOLDS}}$$

TV RATINGS

- IN MATH TERMS,

$$\text{RATING} = \frac{\text{HOUSEHOLDS WATCHING A TV SHOW}}{\text{ALL TV HOUSEHOLDS}}$$

$$\text{SHARE} = \frac{\text{HOUSEHOLDS WATCHING A TV SHOW}}{\text{HOUSEHOLDS USING TELEVISION (HUT)}}$$

THE BIG MONEY IS IN GOOD DEMOGRAPHICS

- *Murder She Wrote* # 16
 - \$116,000 FOR 30 SEC AD
- 24
 - \$432,000 FOR 30 SEC AD
- Superbowl: \$ 2.4 MILLION