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CONTENT/PROGRAM DISTRIBUTION

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This chapter examines business-to-business and business-to-consumer market activity among media companies and industries with regard to content and distribution. What follows is a broad consideration of managerial and economic issues and strategies as they exist now, with some contextual discussion of how they evolved. The focus is on the features of content distribution in the United States but the chapter also observes how international markets (where traditional media remain vital) contrast or compare with American considerations (Adilov & Martin, 2013; Ballon, 2014). The goal is to convey the nature of discontinuous change in the content distribution sphere, an upending of conventional media industries (e.g., the marginalization of broadcast networks and later cable networks).

Regarding the organization of the chapter, the first section of the chapter briefly examines the recent research on content distribution. The next section considers the current and shifting structure of media outlets with subsequent topics branching into specific differences and discontinuous change. In effect, this chapter often bases its initial analysis on the part of the media sphere that is the least revolutionary.

Many of the examples in this chapter focus on media that combine sight, sound, and motion (television and motion pictures) because of their sheer dominance in public life, but other media forms, like print, radio, and Internet, cannot be ignored. Certainly the separate silos in which each legacy medium has most often operated are no longer dominant, although many legacy corporations still specialize in a particular type of content. Media economics scholars (e.g., Albarran, 2017) have popularized a similarly broad-brush approach to understanding how media commerce operates.

The most importance sources for research on content and program distribution are centered upon a handful of communication journals devoted to the media industries: *Journal of Media Economics*, *International Journal on Media Management*, and *Journal of Media Business Studies*. Other major journals of interest include the *Journal of Broadcasting & Electronic Media* and *Journalism & Mass Communication Quarterly*.

Media displacement owing to competition and newer technologies is an important consideration for content distribution. Mierzejewska, Yim, Napoli, Lucas, and Al-Hasan (2017) studied the U.S. newspaper industry and identified a *mimicking* strategy whereby traditional media have attempted to provide the benefits of newer forms of distribution. The authors concluded from 20 years of data that a mimicking strategy is inferior to product differentiation for traditional media. Pantea and Martens (2016) have examined similar models in Europe with regard to entertainment via the Internet. The Internet is the root of competitive pressure on traditional media (Hess, 2014).

Kinjo and Ebina (2015) have considered the role of habit among Japanese TV audiences, especially older viewers. Similar studies of viewer inertia provide some solace to traditional content providers because programs made available on newer distribution platforms are not always met with changes in habit. Jang and Park (2016) presented media diary evidence in Korea to confirm the complexity of media choice. Gimpel (2015) created an acronym for the anywhere, anytime, any device (AWATAD) lifestyle and has argued that media companies face severe challenges going forward.

Cross-platform media behavior has generated interest among researchers. Kim (2016) identified the media repertoire approach as a useful tool to understand media use across media platforms and confirm past predictors (Ferguson & Perse, 1993). Another study by Ksiazek (2011) used a network analytic approach to factor audience duplication into models of choice.

The Modern Era of Content Distribution

Digitalization of the media has made possible different distribution avenues for the same types of products. A television series was once the exclusive domain of television networks and their affiliated stations. No other means of distribution was possible until the advent of cable, satellite, home video devices, and Internet connectivity. Over-the-air signals enjoyed a protected space and both content creation and distribution were orderly if not entirely simple.

Much has changed. For example, newspapers and radio stations have video feeds. Television stations use social media. The boundaries between entire media industries have become more porous. This chapter necessarily weaves an ongoing discussion of the latest media/digital platforms: online TV, podcasts, blogs, smartphones, social networks, user-generated content, and video game consoles.

All of this change has not escaped the attention of other media economics scholars. For example, Albarran (2017, p. 2) noted, "Increasing fragmentation and digitalization of the media industries have eliminated the boundaries associated with studying 'traditional' media.

Television, radio, and newspapers no longer operate as single entities, but as enterprises offering content across multiple distribution platforms. Doyle (2016) addressed the survival of television channels (also raised in this chapter) from the standpoint of the UK. Evens and Donders (2016) have reviewed research on economics and policy with regard to television, but it remains difficult to examine the forces behind discontinuous change, as developments unfold and sometimes seem ready to explode.

As a starting point, the next section reviews the structure and function of media content. The discussion follows the "who says what to whom over which channel" (source-message-receiver) pattern of mediated communication (Lasswell, 1948). The dominant thread throughout the chapter is the amount of sometimes-discontinuous change shaking the foundations of suppliers and their audiences.

The Structure of Content

Remembering what the media world still resembled in the early 1990s is worth brief consideration. Newspapers and magazines operated on a subscription or single-purchase model because the government did not claim ownership of the paper or ink they used. Advertising was useful, ancillary information that slowly evolved into a major revenue stream by the late 1800s. Readers found new commercial ventures interesting, but merchants desired ongoing attention to their goods and services. Publishers were happy to oblige with display and classified advertising.

The motion picture industry followed a variation on single-purchase in the form of an admission price. Performances were not live but still functioned as a theatrical experience. The film industry first established a division among producers, distributors, and exhibitors. As the cost of content rose, the big eight Hollywood producers became distributors and muscled their way into the exhibition business. In 1948 a Supreme Court case broke the vertical integration hold of Paramount and other monoliths, just as television was capturing the public attention. As indicated earlier, no medium quite draws a crowd like those that combine sight, sound, and motion.

Radio took root in a different historical era than newspapers, when the electromagnetic spectrum was considered public (and after the federal government had decided that centralized regulation was the best tactic to facilitate commerce). A nascent broadcast medium in the late 1700s might have seen greater freedom, but past decisions and policies in the United States have made speculation a moot question. Broadcasters quickly became heavily regulated and thereafter provided a *free* service and their stations supported themselves with advertising revenue.

Television developed in the 1930s but waited until the resolution of World War II to dominate the second half of the 1900s. Radio adjusted to television in the 1950s by evolving a format-driven way to differentiate audio content while newspaper dailies consolidated within cities and regions. Cable and satellite television nibbled away at broadcasting in the 1990s and today the new distributors making the most headway are using the Internet to sell content, perhaps less uninterrupted by advertising (Lotz, 2007; Schweidel & Moe, 2016; Wilbur, 2015).

The Function of Content

The function of media content is to provide information and entertainment while finding a way for content providers to show a profit (or at least cover their costs, in the case of nonprofit public media). When the distribution models had clear physical or electronic channels within which providers could compete, the economics were based on audience availability and scheduling structure (Webster, 2009). Static and streaming content offered by the Internet complicated the profit model for various traditional media. Entertainment continues to invade the transmission of information. User-generated content (UGC) is a nontrivial competitor to traditional media but distribution of such content is largely controlled by new companies, like Google and Facebook. For example, YouTube Red provides a new type of television network, still unproven in profits, while Facebook, Snapchat, and Apple attempt to reach under-40 audiences in a variety of nontraditional ways. Facebook, for example, seeks an alliance with local broadcast news operations to reach younger audiences as an advertising partner with television affiliates (Greeley, 2017).

In turn, the public wants to be informed and entertained, sometimes satisfying both desires at the same time. Over time these wants have become needs, if program loyalties and consumption habits are credible and consistent. The cost of mass content was for many decades offset by advertising but commercial-free subscriptions to HBO and newer home-recording devices that bypass viewing advertisements (e.g., TiVo) may be changing the acceptance of commercial interruptions. Audiences, especially younger consumers, are slowly becoming accustomed to skipping ads (or choosing a subscription that provides "what you want, when you want it, uninterrupted").

Two important audience metrics for traditional media consumption are "time spent" and "average audience size" measured by time of day or by the quarter hour. In 1990, it was still possible to sample all the popular TV shows, listen to the radio while commuting, read a morning newspaper, and still have time for other activities. Today, 24/7 access to smartphones and the Internet and the steady availability of streamed audio and video have transformed a quiet media universe into one that produces more content than the typical person has the time to read, watch, or hear.

In economic terms, the ability to profit from content distribution depended on relative scarcity. With only three major broadcast television networks in the 1960s, regulators at the FCC complained that ABC, CBS, NBC, and their major-market affiliates had a license to print money. When the number of choices and voices for mediated content was limited, the same scarcity applied to distributors for video. Local television made deals with seven or eight movie studios. The ability of print and audio media to generate revenue was also a function of scarcity, but times began to change in the 1980s and 1990s, with fierce competition from cable and satellite, better known today as *multichannel video program distributors* (MVPDs). Newspaper subscriptions and revenue have dramatically declined in the recent past even as readership has increased (Sass, 2015). Radio in the United States today is still format-driven but consolidation of ownership (and competition from live streaming, music downloads, or podcasts) continues to limit innovation in radio stations, as debt obligations at major radio corporations (e.g., Cumulus, iHeartMedia) loom large at this writing.

The year 2016 was a watershed for media content with Netflix and other bundlers eager to acquire first-run content. FX Networks president and general manager John Landgraf complained in 2016 that the amount of original content was unsustainable, with at least 430 shows (breaking the record of 419 programs in 2015). Levin (2016) described all the video content this way:

> 150 prime-time scripted series on the major broadcast networks; 50 more on pay cable channels including HBO, Showtime and Starz; 180 on basic-cable channels and 130 or more on streaming services, including 71 that have aired or been announced on Netflix alone, excluding kids and foreign-language series.

Viewers began to wonder if they would have time to watch it all. The ease with which user-generated content could find a loyal following on YouTube made stars out of PewDiePie, Lilly Singh, Tyler Oakley, and a legion of imitators. The functions of media content have not changed with additional choices but the competition for audience attention has accelerated. Producing a successful program on the Internet no longer requires the deep pockets of a network or film studio.

Viewer habits are forever altered, especially among younger audiences. The news is on our social media and carried in our pockets. People may still read a newspaper, but the choice between free content versus a paywall is a nonstarter. The number of functionally equivalent news sources online makes it difficult to justify a paywall, except for highly specialized content (e.g., *Wall Street Journal*). Furthermore, ad-blocking software (e.g., AdBlockPlus, added to web browsers) reduces audience exposure to online advertising (Arrese, 2015).

Even professional sports suffered a loss of audience in 2016. NFL football and other major sports compete for young audiences with Twitch and its growing supply of viewers watching video game battles or poker matches. No one has forecast the demise of sports entertainment but cracks have appeared in the foundation. ESPN, which spends over $3.3 billion annually just to broadcast the NFL and NBA, eliminated a number of high-priced talent positions to save on expenses (Draper, 2017).

Modern electronic devices themselves make a huge difference in consumption patterns.

Consider the ubiquitous smartphone. It serves as a pocket television receiver. At one time consumers watched TV when they got home from school or work. They might see TV in a common space or at a bar/restaurant, but until the last decade, television viewers were mostly homebound. For major events, audiences still prefer a large screen, but an office computer monitor or a smartphone is more than adequate when the viewer is bored while waiting for something else to happen. The sight of a toddler with an iPad is increasingly common in public spaces. People on long flights bring their own movies to watch. Yu, Lee, Ha, and Zo (2017) have proposed a model of perceived value that accounts for growing acceptance of tablet devices.

Moreover, the expectation that content can continue to be advertiser-supported has come into question. Netflix and HBO have no commercial interruptions. Netflix is a thriving (54% penetration in 2017) "over-the-top" (OTT) distributor of programs, both original and repurposed. Its competitors are Hulu, Amazon Prime, Crackle, YouTube Red, and Seeso, some of which include advertising that can be avoided for an additional premium cost. Traditional cable networks have responded by streaming their own content, so much so that some MVPD networks (e.g., Scripps) that do not stream their shows are designated *pure-play* networks (Bednarski, 2017). Broadcasters are adjusting to new strategies, too. CBS, for example, has planned to take its streaming services CBS All Access and Showtime OTT to a global audience (Munson, 2017).

Thus, it is easy to make the claim that much has changed with the number of increased voices and choices. It is a little more difficult to predict the best strategies and tactics for the considerations that have been revealed in this section.

Sources of Media Content

The main source of video content comes from film and television studios in the form of scripted and reality shows. Broadcast and cable news operations and their associated sports programmers add dozens of original shows that typically air just once. Motion picture studios are the logical place to begin this discussion of sources.

Finding a list of content *distributors* begins with identifying the major content *producers*. In most cases these are variations on the big eight movie studios of the last century: Paramount, Warner Brothers, RKO Radio (now defunct), 20th Century Fox, MGM, Columbia (now Sony), Disney, and Universal. MGM merged its distribution arm with United Artists at about the time its fading movie studio business changed hands between 1971 (when its merger with Fox failed to materialize) and 2010, when it emerged from bankruptcy. Dozens of independent producers also operate out of Hollywood and other film centers but distribution is funneled largely through six of the original studios. Content targeted at different audiences has produced multiple names for the same company. For example, Disney separated its distribution from RKO in the 1950s and was known as Buena Vista (until 1995), Disney Studios, and Touchstone (depending on whether the movie was rated G or PG-13). Until 2005, even the films of R-rated motion picture company Miramax were distributed by Disney. Another example is 21st Century Fox, which includes separate movie brands Fox Searchlight and Blue Sky computer animation.

Ulin (2014) noted that the "greatest power that the studio brings to a film is not producing. Rather, studios are financing and distribution machines that bankroll production, and then dominate the distribution channels to market and release the films they finance" (p. 4). Distribution is so crucial in Hollywood that studios rarely invest in a film without obtaining and exercising distribution rights. Studios are experts in "the art of maximizing consumption and corresponding revenues across exploitation options. Whereas marketing focuses on awareness and driving consumption, distribution focuses on making that consumption profitable" (p. 5).

The cost of maintaining a pipeline of content from studio to theaters is considerable. According to Ulin (2014), "The overhead required to run the distribution apparatus cannot be justified without a sufficient quantity of product to market and sell. This relationship is fairly straightforward: the more titles released, the greater the revenue, the easier to amortize the cost of the fixed overhead" (p. 9).

Overhead is so immense that many companies form joint ventures to help spread the risk. The numerous logos before the opening of a typical motion picture serve as a reminder of the complexity of most movie deals. Sometimes the international market seems additionally obvious to the audience when the various actors represent multiple nationalities and enhance the worldwide appeal. International box office for total film revenue has grown from 40% in the 1980s to well over 60% nowadays (Ulin, 2014). Global appeal, however, is only one pathway to financial success. In the case of surprise hits (e.g., *Stranger Things*), new faces of unknown talent and a very compelling story make the difference. Distribution is economic on one hand but *creative* on the other. If money was the only factor, the biggest deal would always succeed.

Television Sources

While consumers are familiar with their cable or satellite provider, the industry tracks them as multichannel video program distributors (MVPDs). Four such U.S. companies have over 10 million subscribers as of 2017: AT&T-DirecTV (25.3 million), Comcast (22.5), Charter Communications (17.2), and DISH (13.7). The rest (controlling less than 20% of the 110 million homes in the United States) have fewer than 5 million subscribers (Farrell, 2017). After decades of top-ten MVPDs, the consolidation into the big four distributors nowadays rivals the movie studios and broadcast networks.

MVPDs typically use a subscription model that favors the one-size-fits-all or smorgasbord approach. At the other extreme are services like Amazon Prime, Vudu, and Google Play that offer on-demand streaming. But in the middle are new streaming services (virtual MVPDs) that appeal to cord-cutters and others who want to pay less for the channels they watch. DirecTV Now, PlayStation Vue, Roku, Sling TV, and YouTube TV offer less than the full list of cable channels but strive to offer the most popular options at a monthly cost between $20 and $40.

Palladino (2017) has noted the intricacies that differentiate the streaming options, especially with regard to the number of people who can simultaneously use the same streaming account:

> You only get one stream with Sling Orange, but if you upgrade to the $25-per-month Sling Blue, you'll get three simultaneous streams. DirecTV Now doesn't hide the fact that you'll get two concurrent streams with your subscription, and that doesn't increase if you pay for a higher-priced tier of the service.

Other Strategies

One strategic opportunity for streaming services like YouTube TV and other virtual MVPDs that include advertising is to target commercial messages to individual viewers.

Targeted advertising would capitalize on the unique difference between regular MVPD channels and their virtual counterparts. At this writing, however, all of the recent services are delivering the same television commercials as one would see on regular channels—namely, undifferentiated by appeal to individuals (Poggi, 2017).

By 2010, the popularity of high-speed Internet in most American homes transformed broadband from a luxury to a necessity. Given a choice between Internet and conventional cable, some homes have "cut the cord" to cable or satellite service but not to web access. Younger viewers tend to be cord-nevers rather than cord-cutters (Van Esler, 2016). They (and many older viewers) seek fewer channels at a lower monthly cost.

In response to streaming options, traditional MVPDs have attempted to create their own "skinny bundles" of channel offerings. Hoefflinger (2016) has defined skinny bundles as "just the channels most of us care about," which are in contrast to the total number of channels built into even the lowest-tier service that still includes channels viewers seldom care about. Different viewers care differently, of course, but for many years MVPDs had an economic reason to provide thicker bundles: value creation. The tactic is similar to how film studios formerly packaged bundles of old movies to local television stations. To get the best titles buyers have to take a few titles with low audience appeal. But now that virtual bundles have become less expensive than traditional bundles, the big MVPDs have begun to build comparable channel packages. Another strategy they employ is to withhold channels from the streaming services (Kafka, 2017). The future is unclear, but in 2017 CEO Jeff Bewkes of Time Warner projected that virtual MVPDs were three to five years away from passing the largest MVPDs (Pressburg, 2017).

As noted earlier, the specialization of content to a particular producer, distributor, or exhibitor is less certain. Newer media are sometimes at odds with specific microeconomic ideas that "[media] firms (including businesses and corporations) exist and make decisions to maximize profits" (defined as the theory of the firm, according to Investopedia, 2018). Audiences nowadays, however, can frequently bypass the middleman distributor, a concept called *disintermediation*. Albarran (2017) noted that the theory of the firm is less useful with disintermediation: "In the 21st-century media economy, market structure cannot clearly be defined using broad and simplistic labels" (p. 23).

Media Exhibitors

As focused as this chapter has been upon distribution, the constellation of exhibitors in the media value chain should not be ignored. This section examines each medium with regard to how it is supplied for each of its components.

TV

Television in the United States is a combination of legacy and newer forms of media. The traditional broadcast networks began as four (with Dumont) and then three networks until the arrival of Fox in the 1980s. The number grew to six (not counting Hispanic networks) with UPN and the WB in the late 1990s but shrunk back to five networks when the WB and UPN merged in 2006 to become the CW. The changes were direct evidence of distributors like Fox and Warner Brothers taking full advantage of the new legal limits of owning stations in big cities. As the number of Hispanic viewers has grown, six major Spanish-language networks (not counting specialty networks) are leaders in this area of the television marketplace: Azteca, Estrella TV, Galavisión, Telemundo, UniMás, and Univision.

Network-affiliated stations (affiliates) and their digital subchannels (diginets) still broadcast 6-MHz bandwidth terrestrial signals to mostly wired homes. Cable and satellite distributors also offer channels, called networks, which use market segmentation strategies to serve up the nonbroadcast viewing (for which the relative proportion has shrunk). Starting in the 1980s, cable television created network after network that became competitors to over-the-air channels. Scheduling cartoons on Saturday morning vanished with the arrival of 24/7 alternatives from cable/satellite or multichannel providers.

Further complication arrived in the 2010s with libraries of streaming channels delivered through "over-the-top" (OTT) devices (e.g., Chromecast, Apple TV, Roku), including videogame boxes like Xbox and Nintendo. These individual OTT channels grew into OTT services (virtual MVPDs). One giant question is whether TV stations can evolve quickly enough into "Internet-enabled" airwaves (under the name "TV 3.0") to survive the OTT world. The ATSC 3.0 is a third iteration of high-definition channel realignment after the turn of the century, "created with the idea that most devices will be Internet-connected" (Morrison, 2016). The system will be a hybrid of old transmission over the air but with targeted advertising (sent via mobile phone broadband components) that will be integrated into the programming. Some broadcast groups are also considering programming that would compete with shows seen by millennials on streaming platforms like YouTube and Twitch. For example, Sinclair, a group owner in 81 television markets, announced a 52-market rollout in 2017 of broadcast programming designed to target "millennial mothers in mornings and throughout the day, younger girls after school and younger gamers during prime time" (Mirabella, 2017).

Radio

Depending on the format, radio stations acquire news and music content from distributors. Entire radio program formats are offered by such syndicators as Premiere, IHeartMedia, CBS, and Westwood One (Newton & Kaiser, 2013; Norberg, 2016). IHeartRadio became the first large-scale

Internet radio aggregator (over 800 U.S. broadcast stations available to mobile devices and video game systems) and later added "music recommender" services in 2015 to compete with Pandora and Last.fm, two other such services. Another competitor, Spotify (from Sweden), serves 50 million paying subscribers worldwide but has never turned a profit. Some U.S. artists (e.g., Taylor Swift) have pulled their music from Spotify.

Radio depends increasingly on mobile phone dissemination for listeners not in their automobiles. In the last century, potential listeners outside their homes, work, or cars might carry a portable radio for music, but gradually the Apple iPod and access to downloaded music cut into total radio listening. The trend is moving in favor of radio again, as users discover that their smartphone is a source of live radio programming at no additional cost (e.g., using the iHeartRadio app). Listeners use a portion of their cell phone plan (and listen to commercials) but receive free 24/7 music, plus timely local information unavailable on broadband services like Spotify and Pandora, in a manner unimagined a decade ago.

Streaming Audio

One of the concerns within the music industry is whether on-demand streaming audio services will cannibalize download or CD purchases. Wlömert and Papies (2016) recruited panels of major German distributors and measured the introduction of Spotify in 2012. They found an overall positive effect on revenues to music companies despite the obvious decline in traditional purchases.

Newspapers

Syndicates supply columns, news content, and comic strips to daily and weekly newspapers in the United States. The New York Times News Service and the Associated Press are the major suppliers of national and international news, along with Tribune Media and Universal Press. Comic strips have their own dominant syndicates (e.g., King Features) as do columnists (e.g., Washington Post Writers Group). A more complete list is available at www.columnists.com/resources/guide-to-syndicates.

The outlook for newspaper revenue is often gloomy. Declines in circulation and display advertising lead some researchers to wonder how long major-market daily newspapers can survive. Again, the answer likely lies in digital content opportunities and strategic alliances with electronic media. Newspapers can deliver video through their web apps and their ability to give in-depth coverage to local stories and politics easily rivals the radio and television outlets in their respective markets.

Mediated Content

The "messages" sent by sources to audiences make up the content being produced and distributed. Depending on the medium, the types of content can be enumerated. Ulin (2014) notes the audience's genre preferences for scripted entertainment on television: action, romance, comedy, thriller, drama, history/reality, family, music, and adult content. Unscripted entertainment includes sports and live news/interviews.

For radio, content is typically format-driven from as many as 120 different formats that reduce to a handful of major music formats: Pop, Rock, Country, Urban, Dance, Easy Listening, Oldies, Latin, Gospel, Classical, and others. Stations strive to retain listeners and register AQH (average quarter hour) and TSL (time spent listening) ratings. Advertisers care most about ratings, which translate into total or target listeners, but programmers focus upon shares, which translate into competitive advantage. Radio programmers also pay attention to unique listeners, known as the cumulative audience, called *cume*.

Sequence of Content Creation

The path for media content starts with an idea and ends with audience consumption. In terms of vertically integrated media conglomerates, the stages are usually labeled *production, distribution*, and *exhibition*. Adams and Eastman (2013) have traced the path of a typical television series on broadcast and cable networks. Ideas become properties that are submitted for development (Ulin, 2009). Maybe 600 concepts are pitched by producers, many of whom have a successful track record. An idea for a new situation comedy (sitcom) produced by Chuck Lorre (*Two and a Half Men*, *Big Bang Theory*) gets more attention than a similar show produced by a newcomer.

Networks take options by signing a step deal that sets forth the economic parameters if the show makes it to the schedule or even to success. An expanded treatment or final script is commissioned, with the network providing the development money at each step. Maybe the idea will be produced as a movie. If it succeeds, then it becomes a series. If the idea fails, then all parties will decide it was only ever a motion picture.

In 2017, the Writer's Guild of America (WGA) specified no less than $28,052 for the first draft of a half-hour show. Scripts typically run $50,000 for a lesser-known script writer to over $200,000 for someone with an established record. The schedule of WGA fees also includes fees for full-script orders and a bible (which specifies characters and their history). The next stage is a *pilot* episode, for which program costs can run at least $1 million for a sitcom. Networks at the first step can reject and turn over creative control. After that, they can reject, shelve, or assign to a different producer, while providing money for script development, a pilot, or a limited order of episodes. Some networks push for presentation films that run five or ten minutes.

Adams and Eastman (2013) outline the top five factors that decide the fate of a network television series: viewer preferences, costs, similarity to ideas that have worked, ability to deliver advertising target audiences, and competing shows. Beyond that list, a second list includes another five considerations: writer/producer reputation, appeal of the talent (performers), time period availability, compatibility with returning shows, and longevity of the concept. A third list considers syndication to other countries, ability to reuse the show, size of DVD or OTT sales, cost-sharing with other companies, and cross-promotion tie-ins.

Littleton (2012) reported on the trend toward allowing distributors to "fast-track" a successful sitcom, based largely on the reputation of its creator with previous series. The so- called 10–90 method chooses a sitcom idea with a commitment to ten episodes to run on a cable channel or broadcast television network. The deal stipulates that if the series is an initial success, then the commitment is made to produce 90 more episodes, so that syndication rights can be presold, rather than waiting four seasons to accumulate the industry-standard 100 episodes necessary for off-network or off-cable syndication.

Valuation of Content

Albarran (2017) has described a media value chain that begins with the creation of an idea. Sometimes the idea is sold or "optioned" to a producer, which continues the rest of the value chain: the production, distribution, and exhibition sequence described earlier. Creators "pitch" (sell) their ideas to studios and networks. With media scarcity, the number of ideas far out-supplies the number of opportunities. Albarran also noted that some parts of the value chain disposed of non-core assets at the same time that newer media companies like Google attempted a "different approach to vertical integration by attempting to be all things related to the Internet" (p. 47).

Ulin (2014) has identified four drivers of value: time, repeat consumption (e.g., media platforms), exclusivity, and differential pricing. Time varies with how immediate the audience demand to consume a media product is (versus waiting for a less expensive opportunity). Repeat consumption considers the potential for a media product to be consumed multiple times in different "windows" of availability on various media platforms (Shay, 2015). Exclusivity applies to whether the consumer has functional alternatives. Finally, differential pricing capitalizes on the other three drivers in combination.

As the number of program suppliers and exhibitors has grown with digitalization, the chance of hearing "no" from one or two networks is less of a death sentence. On the 1990s comedy series *Seinfeld*, viewers got a taste for how ideas are pitched, in that case "a show about nothing" (i.e., nothing beyond the relationships among friends). In today's content climate, the chance of finding a home for a highly unusual show, termed "high-concept" as networks look to differentiate their content, gets somewhat easier in terms of generating a "breakout" hit. Even then, the sameness is evident for the next miniseries with a similar protagonist, like the story of a mysterious girl who has a mysterious past (e.g., *The Fifth Element*, *Blindspot*, *Stranger Things*, *The OA*, *Logan*). Not every new idea is really a new idea, but a growing number of distributors feed a growing number of channels and streaming platforms.

Content producers often buy "new" ideas but sometimes develop brand extensions in the form of prequels, sequels, spin-offs, and remakes (Ulin, 2014). The money saved in repurposing old ideas, scripts, and concepts is sometimes lost. But the idea of repurposing an old idea is intoxicating and helps build the new season. When it works, even meager success removes the need to buy or develop new ideas. In 2017 CBS had high hopes for *Little Sheldon*, a prequel to *Big Bang Theory*.

Regardless of strategy, content producers and distributors in the United States earned between $20 and $40 per cable subscriber per year, according to 2015 RBC data (Spangler, 2016). In terms of EBITDA (earnings before interest, taxes, depreciation, and amortization) per subscriber that year HBO led with $44.40, followed by Netflix ($33), CBS ($31.84), and ESPN at $21.95. When measured per hour, however, ESPN ranked first ($0.35).

Economics of content are based on the nonphysical, non-consumable nature of information (Bates, 1990). It is a public good and is readily shared by those without the physical means for production or exhibition, no longer bound by space or time or heavy investment in equipment. Barriers to entry are low when someone with compelling information or other UGC adds it to YouTube or uses Facebook Live to reach followers. Ulin (2014) notes that motion picture studios now struggle to compete in a media world "where infrastructure needs are now commoditized and minimized, where a sole producer with a Web site can achieve equal reach" (p. 4). On the other hand, the major producers and distributors have a huge advantage in terms of promoting big-budget programming to a mass audience. It is customary for a major motion picture to require an amount equal to the production cost on campaigns advertising or otherwise promoting the film and its stars.

In contrast, niche programs rely on word of mouth as amplified in some cases by viral campaigns on social media. Twitch is a good example of streaming content that grew large numbers of followers (over 2 million unique viewers per month) without an alliance with a major content provider or distributor. In 2014, Amazon purchased Twitch for almost $1 billion after it attracted 100 million visits per month.

Supply and Demand Considerations

In the case of both radio and television, stations and networks are constrained by a schedule. Time slots are consumable. Prime-time network programs account for 8,800 hours per year (Adams & Eastman, 2013). Newspapers can expand sections to accommodate more content and the supporting advertising. Movie theaters have a limited number of screens and make decisions based on holiday and summer seasons, for which the major studios time their release dates for big-budget films.

But by 2017 companies like Netflix operated as channels without regard to scheduling. Online streaming services are more like 24/7 subscription libraries of media content (what you want, when you want it) than advertising-supported media, but legacy media and libraries provide the same content function. With the exception of live events, media scholars wonder when the tipping point will be reached, where the library metaphor is more apt than the airline schedule.

Regardless of when that might occur, distributors who create libraries of on-demand content are not constrained by scheduling options. In this sense, the long tail of lower-demand shows is viable (Waldfogel, 2017). Exclusivity remains an economic boundary for certain second-window movies available on either Amazon or Netflix but not both.

In the case of digital television stations, broadcasters have extra platforms (diginets) that create second and tertiary channels bound to a schedule. Themed genres segment the viewers by age or appetite for something different. Digital radio has a similar capability to multiplex its assigned frequency to reach different HD radio audiences with additional music formats.

Strategic Alliances

As Albarran (2017) has noted, an alliance with "web portals, niche websites, and Internet service providers is a widely adopted strategy among traditional media companies" (p. 73). For example, NBC, ABC, and Fox collaborated to launch Hulu to form such a strategic alliance, which Albarran (2017) characterizes as a way "to increase their reach, acquire niche and new audiences, construct web properties, build cross-platform structures, and expand their brands" (pp. 73–74). Albarran (2017) also classifies these new business models as advertiser-supported, subscriptions, and pay-per-use.

Technology

Another major influence on distribution is technology. According to Albarran (2017), it is "one of the most disruptive forces in the media economy, primarily because media markets are technologically dependent from all positions on the traditional media value chain: production, distribution, and exhibition" (p. 62). Additionally, lower barriers to entry for new distributors result when digital technology lowers distribution costs. In the 1980s, television stations would receive syndicated shows on film and videotape delivered by UPS or FedEx. Satellite distribution eased that burden. Nowadays the Internet connects consumer to content owner, which occasionally disintermediates the need for a distributor. As a result, distributors must look for any means to own content or coproduce with upstart suppliers.

Strategic Considerations for Distributors and Exhibitors

Scholars (e.g., Eastman & Ferguson, 2013; Ulin, 2014) have described "windows" as opportunities to consume content, with attention to when a particular program is shown. Until recently, this was the sequence for a major motion picture: (1) theatrical release, (2) home video and DVD, (3) pay television, (4) free television (broadcast), (5) hotel/motel, (6) airline, (7) pay-per-view (PPV) or VOD, (8) nontheatrical, and finally, (9) cable network and TV station syndication. Over time, the windows have changed positions or closed forever (Doyle, 2016).

For most television programs the contemporary sequence is (1) network, (2) off-network, (3) first-run, and (4) syndication (stations or diginets or OTT). Made-for-syndication talk shows, for example, begin as first-run programs. Some media content like soap operas and live competitions are seldom seen after their first showing. Scripted shows are easier to repurpose in another window than unscripted "reality" programs, but season-ending compilations (e.g., *The Bachelor*) give audiences an opportunity to relive a moment (and the producers a way to repurpose old material without much expense).

Syndication

Programming offered by various media can be produced locally but much is licensed through program syndicators. This applies to TV, radio, and print (as outlined later). Syndication is one of the windows discussed earlier. Some major suppliers dominate each medium but there are dozens of choices (e.g., broadcasting has a very long list at http://rbr.com/media-links/networks-syndicators).

Old strategies notwithstanding, the new question regarding availability windows is if (not when) a medium loses its relevance in the media content hierarchy. It is impossible to predict whether ABC, CBS, or NBC (the networks with the longest history) will survive in their current state or merge with a technology company, like Facebook or Google. It should be noted that some past mergers of giant corporations (e.g., AOL-Time Warner in 2000) were disastrous failures.

An even newer consideration for distributors and content owners is stacking rights, which permit the simultaneous "streaming release" of all episodes of a program, either in-season or postseason. Netflix and other OTT providers have popularized postseason showings of critically acclaimed series, such as *Breaking Bad* and *Dexter*. Original series (not acquired after a previous network showing) like *House of Cards*, *Orange Is the New Black*, or *Stranger Things* are often released all at once, often with a great amount of prerelease promotion for a new season. Broadcast and cable networks have the option of holding back their weekly "day and date" release while selling stacking rights for previous seasons to other exhibitors, like Netflix.

At this writing, in-season stacking rights are controversial, with some networks (NBC and ABC) eager to negotiate complete stacking rights for new season renewals (Andreeva, 2016). Other broadcast and cable networks (and their suppliers if ownership is not retained by the network) accept the "rolling five" method, where the network retains streaming rights to only the most recent five episodes during the season for any series.

Another strategic consideration for content owners and distributors is the withholding of episodes or second seasons for runaway hits (e.g., *House of Cards* or *Stranger Things*). If the second season of *Stranger Things* (Netflix) had been ready sooner than a projected Halloween 2017 release, the content owner could have accelerated (or further delayed) a window to build demand. If partners are in the mix, however, it is unclear who decides the timing of new episodes.

As with networks and studios, attempts to differentiate the quality of a media property is sometimes a matter of *branding* appeal (e.g., Netflix versus Hulu versus Amazon Prime). The annual Emmy Awards often create demand for critically acclaimed shows that viewers may have overlooked (or lacked a subscription for access to them). To the extent that promotional tactics can capitalize on past success, newer platforms can position their total service as superior to functional alternatives. On the other hand, people watch individual shows, not platforms, and platform loyalty is often thin. OTT services have no flow-through, lead-in, or lead-out. And like HBO, Netflix licenses content from other producers for a period of time. When it periodically loses the rights to shows that viewers might not have seen yet, perhaps that last opportunity could influence a viewer's decision to watch something, as a last chance before it vanishes. This strategic appeal is not quite the same as appointment television, but is still a reasonable substitute.

Audience-Side Economics and Strategic Response

Albarran (2017) noted the importance of *attention economics*, defined as focused mental engagement on an activity, including media consumption. The author further pointed out that, in addition to examination at the individual consumer level, "researchers could also examine the strategies media companies use to promote relevance among consumers, as well as how different types of content promote greater or lesser attention" (p. 25). This section of the present chapter focuses upon the audience for media content.

Albarran (2017) also posited the "audience fragmentation is at an all-time high" and media consumers are "more empowered than at any other time in media history" (p. 65). Clearly the combination of more audience power and less time to attend to mediated content and messages is a toxic brew for content owners and distributors. Yet they must respond to maximize the value and revenue of their goods and services.

Historically the value has come in part from subscriptions and purchases, but primarily from advertising. As noted elsewhere in this chapter, the live schedule, even for prerecorded content, has placed the consumer in a flow of information and entertainment interspersed with "a word from our sponsor." Moviegoers see the advertising before the film. Broadcast audiences see the commercials before, during, and afterwards. Print readers selectively attend to display advertising that is sometimes in separate sections or printed on better-quality newsprint.

Old Scheduling Strategies and New Realities

Strategies for distributing content in a media world with low barriers to entry are vastly different today because the old strategies are less effective. Still, it is necessary to understand the old strategies, most of which gained popularity in the heyday of broadcast television when scheduling was king.

Adams and Eastman (2013) list 14 "classic" scheduling strategies from television's era of limited choices: anchoring, lead-in, hammock, blocking, doubling, linchpin (also known as tentpoling), bridging, countering, blunting, stunting, supersizing, seamless (transition between programs), rotating, and strip sampling (not the same as stripping a syndicated game show or off-network rerun). Each strategy was born in a three- or four-way race for viewer attention in prime time (e.g., 8–11 p.m. Eastern).

If a broadcast television network has an abundance of successful programs, it can still attempt the hammock strategy to position weaker or new programs between stronger shows. Viewer inertia has kept this strategy from fading away completely even in a multichannel universe. If fewer strong series are available to a struggling network, it can position the strongest at the beginning of a prime-time evening as an anchor (or lead-in) to weaker shows, or in the middle of prime time at 9 p.m. as a tentpole or linchpin. Showing the same type of program with back-to-back choices is called blocking and competitors can choose a different type of program as a countering strategy (blunting is a variant where competitors go head-to-head with an identical genre—e.g., sports versus sports). Stunting is event programming like an awards show. Bridging is rarely used, but is a strategy that attempts to get the jump on the competition by starting shows earlier. Doubling and supersizing are attempts to stretch the time period for a particular show by showing two episodes or lengthening a single episode. Rotating strategy is used when there are not enough episodes in a series, so a single time period alternates two shows. Seamless strategy removes the natural break between shows to hold onto the audience. Strip sampling is used to put the same prime-time program every evening at the same time to form a habit, but it burns through episodes more quickly and was last used with temporary success when ABC ran *Who Wants to Be a Millionaire?*.

These scheduling or program strategies began to crumble when more choices became available and viewing options changed. Viewers acquired DVRs that obviated the need for so-called appointment viewing. Being able to watch a missed show online the next day erased the "must-see" element of live sampling with prime-time programs. With the rollout of specialized cable channels, the need for broadcast networks to serve different appeals gradually vanished in the 1990s. Saturday morning cartoons vanished with the arrival of all-cartoon networks. Game shows exited weekday mornings when the Game Show Network came on the scene.

Streaming television series and movies have quickly evolved into binge viewing, where the audience watches three or more episodes of a series in a single session (Deloitte, 2015). Such viewing is increasingly commonplace, as 86% of the younger millennials and even 33% of those over 69 years old engage in binge-watching TV series (Statista, 2015). Distributors make strategic decisions on whether to increase the value of a property by building anticipation with a weekly-release tactic (e.g., *Game of Thrones*, *Breaking Bad*) or by generating a stunt appeal with all-at-once release (e.g., *House of Cards*, *Orange Is the New Black*). The decision is complicated by partnerships with exhibitors. Cable networks favor weekly release and OTT exhibitors like Netflix prefer binge-worthy shows.

Other media platforms (e.g., motion picture distributors) sometimes use a variation on these strategies whereby a tentpole is an imagined franchise, a series of sequels that justify initial investment. With radio, the choice among music formats represents a blocking strategy. Newspapers segregate content by sections (e.g., sports, business, and lifestyle).

Consumer habits are changing in a subscription-based world, where commercials are absent or very limited. For home entertainment, HBO was always there as an option, but had limited content and a nontrivial premium price. Netflix began as a mail-order video rental company that began a service that is the functional equivalent of a channel.

The media world is finally at the point that there is a Netflix button on remote control devices. Statista (2017) estimates there are over 94 million Netflix subscribers worldwide in 2017 (four times the total in 2012), a number that may call into question the centrality of advertising in what has been a dual product market—namely, selling content to consumers and selling consumers to advertisers. Both markets compete on scarce attention to messages but the former market focuses on information and entertainment and the latter upon commerce for goods and services.

New Strategies

As program schedules are replaced by digital libraries of content, content distributors and networks focus more on acquiring exclusive content. Ulin (2014) predicted that downloads and video on demand (VOD) have begun to "dramatically" influence and change the "historical windowing patterns of films and TV" (p. 46). Furthermore, set-top boxes (e.g., cable, satellite, TiVo) have begun to integrate multiple services to provide their subscribers with central locations for purchasing on-demand (or subscribing) to services that move directly to the high- definition room display, without the need for a Fire TV Stick (Amazon) or Chromecast (Google) plug-in device. Home digital assistants, like Amazon's Alexa, Google Home, and Apple's Siri, could eventually be the command central for set-top boxes, so future strategies depend on adoption rates and interoperability.

Consumer Spending

A key consideration for content producers, distributors, and exhibitors is the extent to which customers spend on media-related products and activities (Albarran, 2017, p. 135). The Census Bureau stopped reporting media spending information in 2012, but the Bureau of Labor Statistics (Wesley, 2016) estimates that the average household spent \$2,827 on entertainment, compared to \$6,462 on food. Spiegel (2016) identifies "ubiquity of mobile devices and distribution platforms providing instant access" as the key driver of value for media content, along with new distributors angling for synergy, the importance of a strong content portfolio, innovation, and security.

With the general decline of newspaper subscriptions and time spent with legacy media like broadcast and cable, consumers have greater interest in mobile media. One only needs to observe the growing number of handheld glowing rectangles (e.g., nearly every shopping cart toddler) to suspect a growing reliance on custom media experiences. Smartphones are clearly public necessities. Home Wi-Fi eventually became a household necessity, even for cord-cutters.

Consumers continue to replace large-screen media displays for their homes, but the cost for a 50-inch television has fallen from $1,000 in 2010 to $500 in 2017 (Greenwald, 2017). One can easily find a discounted HD receiver for $400 or less. The number of screens per household continues to proliferate.

Advertising

Future strategies also fly directly into the face of the established realm of advertiser-supported programs. No one expects advertising to vanish, but most observers worry that avoidance of Internet and broadcast display advertising has become too easy. Albarran (2017) has predicted "a slow, secular decline" for most areas of media advertising (p. 184).

The critical need to hold onto an audience (e.g., time-spent, average quarter-hour ratings) was built into the DNA of past strategies. Commercial-free venues like Netflix (and HBO) have given viewers a taste for no interruptions and they seem to enjoy the freedom. The unanswered question is how much the consumer is willing to spend. Switching from a $30/month landline phone to a $100/month smartphone plan is sufficient evidence that consumers can tolerate spending more if the value (or perceived necessity) is great enough.

Even audiences with a preference for traditional ("legacy") media are tired of paying for all the channels. At the end of 2016, TiVo collected survey data that revealed a rising percentage of multi-channel subscribers (77%) who desire fewer channels through some "a la carte" scheme. As discussed earlier, the popularity of Sling and YouTube TV is evidence that skinny bundles of channels have become popular among many heavy-use media homes.

In-App Purchases

One potential new revenue stream for content owners and distributors lies within the applications (apps) through which most users of mobile devices obtain free and premium streaming content. Many gaming apps are free unless users buy a version without in-app purchases. If content providers can adapt this revenue stream, it might provide lower cost to consumers (and better access to advertisers). For example, being offered the choice to pay $2.99 to watch a movie when compared to the alternative of watching a five-minute "product information" presentation (and completing a survey) could lure viewers to choose the "free" option.

Albarran (2017) has summarized the many strategies of free content. The author's suggested business models are strategic responses to new media realities: (1) direct cross-subsidies (e.g., free cell phones with paid usage), (2) three-party/two-sided markets (e.g., free content in exchange for free advertising), and (3) freemium models (e.g., give away samples and sell content). Freemium models, as noted earlier, are very common nowadays with free phone apps that offer in-game purchases.

Conclusion

The mediated world has transformed from discrete media to new media forms that often alter functionality and audience behavior. The common appliance is the screen, now portable, not solely for television channels but also for books, games, news information, and (virtual) human communication. The key game changer is connectivity.

Although legacy sources of media are beginning to see competition everywhere, legacy distributors have new markets for their products. Facebook is a good example. Seetharaman and Marshall (2017) reported that Facebook was seeking up to 30-minute episodes in a variety of genres: sports, science, pop culture, lifestyle, gaming, and teens. Producers and distributors have opportunities for old and new content. Facebook wants users to stay longer and return more often for fresh programming and information.

The potential to reach Internet-connected television audiences reached 74% in 2017. It seems likely that existing sources of information and entertainment must strive for exclusive or otherwise unique programming to remain competitive, or survive at all. The media industries have experienced dramatic change every ten years or so in the past quarter-century, but the newest nontraditional sources represent the greatest opportunities to distributors (and threats to existing business models). Media companies must enhance value of their content the old-fashioned way, by earning the attention of audiences. Media researchers need to develop newer models for program choice and distribution economics.

Research Agenda for the Next Decade

Media scholars should continue to focus on economics, social uses, and predictive/heuristic models but also attempt to measure the new behaviors of media consumers. Mergers and acquisitions occasionally foreshadow as well as reflect the new media realities of usage. One important area might be the continued role of advertising in an environment increasingly hostile to advertising (Wilbur, 2015).

Another area ripe for research is the development and testing of both competition and strategic models. Models of competition are still relevant (Adilov & Martin, 2013). But with regard to strategic models it has been decades since mainstream media journals have published studies on audience inertia and lead-in effects. Models of audience choice are somewhat limited to the studies by Webster and colleagues (e.g., Taneja, Webster, Malthouse, & Ksiazek, 2012; Webster, 2011; Webster & Ksiasek, 2012; Webster, 2014). Additionally, nonlinear consumption of content needs better measurement and scholarly attention, especially for new media entrants, like Netflix, YouTube, Apple, and Facebook.

Media platforms themselves deserve more attention because they seem highly fluid with each passing season of television. The existing work by media scholars (e.g., Kim, 2016, Ksiazek, 2011) is a good starting point. Missing detail about the sustainability of escalating numbers of new television series is a specific need that should erupt about 2018 or 2019. The future of movies looks a little dim at this writing, with the failure of many major movies at the summer box office (a trend that dates back to the rise of Netflix).

Finally, scholars must turn their attention to media brands, not because they have been ignored (e.g., Kim, 2017) but because the newest ones (e.g., Netflix) might be understudied. Malmelin and Moisander (2014) set forth an agenda to follow, complete with a review of research literature. The authors note the complexity (which suggests the urgency) of the situation with regard to media brands. Better theory is needed, although the media companies themselves are using some version of trial and error to ensure their success (which should be assessed by scholars). The distribution business shares the same goal of other businesses, not just profitability but also survival.

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