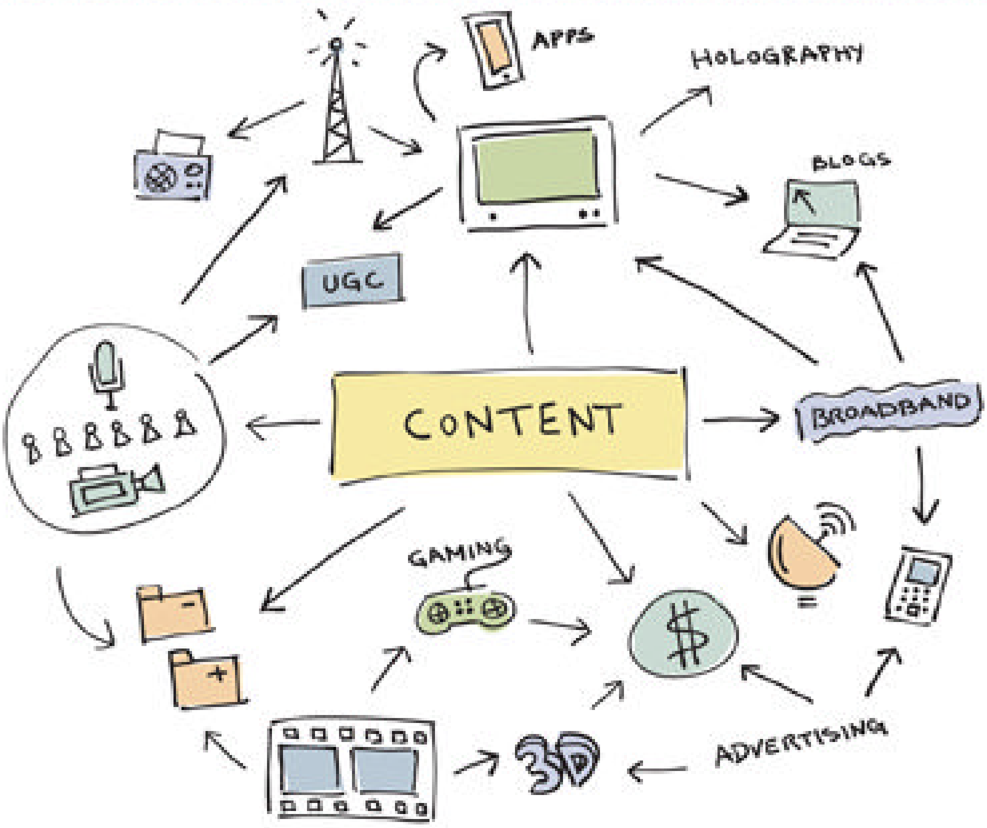
THE TWENTY-FIRST-CENTURY MEDIA INDUSTRY



Economic and Managerial Implications in the Age of New Media

EDITED BY

JOHN ALLEN HENDRICKS

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The Obstinate Audience Revisited

The Decline of Network Advertising

Douglas A. Ferguson

Advertising is effective when its message cannot be avoided. In an analog world, advertising avoidance is of little consequence, but digital technologies are making inroads. Until the dawn of the twenty-first century, media have thrived using models supported by subscriptions and advertising, sometimes just the latter. Advertising-supported mass media can no longer thrive or perhaps survive in a digital world where (1) audiences are empowered to avoid advertising easily and (2) where the number of choices greatly exceeds the amount of discretionary time spent with media. Borrowing from Bauer's transactional model of audience influence, consumers of broadcast messages are exerting their collective power to renegotiate the playing field.[1] The audience is now far more powerful than the broadcasters, in part because they have become active participants in how media content is chosen, distributed, and (in the case of user-generated content) produced.

Compounding the problem is that audiences (especially the young) are increasingly expecting most content for free, with or without advertising. Furthermore, the adopters of new media have not only learned *how* to expect their media, but also *when* and *where*, that is, all the time and everywhere. As a result, a fundamental shift has taken place.[2] For broadcast media, the old business model is badly broken, and for print media, the medium itself is seemingly lost. The root causes are an ever-expanding cornucopia of choices, abetted by convenient access to free content on the Internet.

The scope of this chapter is the United States. Global differences are important, but not in these pages. The reader is referred to other sources, available by searching "global advertising outlook" on the Web. One good reference is a 2007 IBM monograph cleverly entitled "the end of advertising as we know it."[3] European countries were less reliant on advertising until twenty years ago, with many media state-controlled. For those nations, the disconnect may be less intense.

Network advertising is not healthy. For example, the average unit cost continues to decline as the audience size shrinks at a faster pace.[4] Several important changes in the media landscape comprise the shift away from advertising-based media. Certainly the appearance of additional revenue streams influenced network (and local) broadcasters, as the audience slowly learned to embrace pay-per-view and other forms of premium television provided by multichannel sources like cable and satellite. But what is not so obvious is that the gradual shift of audience preferences, coupled with digital media and more choices, created a loss of urgency and the expectation that media, like Web content, should be free. Moreover, media content should be free of advertising, free of market barriers to entry, and free of limited choice.

The Loss of Urgency

New media have served to disconnect the urgency of consuming media from the economic goals of media producers. Media consumption depends on the perception of content availability, or *media urgency*. Content was never king because of its inherent qualities but instead because of its relative scarcity. The concept of media urgency is relatively unstudied as a variable in media use, but it is easy to understand. Media urgency is the sense that if content is not consumed during some near-term window of opportunity, then future opportunities are constrained. Each medium has its own degree of urgency based on the duration of its window. Each window offers different economic benefits to the content provider: the earlier the consumer feels the urge to consume content, the higher the price (and the greater the reward to the provider).

For example, video content has multiple windows. A major (i.e., big-budget) motion picture has a theatrical window, followed by several in-home options. Before the advent of home video and cable television, feature films had few windows: release in large cinema venues, re-release in small movie theaters, eventual availability on network television, and final syndication to television stations to play late at night or on weekends. Television stations unaffiliated with one of the former-big-3 networks would play movies several times per day. After cable television reached a majority of homes, specialized channels provided another method for viewing those older films that people had missed during theatrical release, either because they felt little urgency or were prevented by other circumstances (e.g., birth age). Pay movie channels (e.g., HBO), video on demand (VOD), video rentals, and direct sell-through provided more options to Hollywood producers. Nowadays, people decide when they might see a movie ("I'll wait until it's on free TV") and producers decide whether to save the film for summer release or offer it up as direct-to-video fare. Each movie thus has a perceived urgency for any given consumer. Some people are motivated to see all the important movies right way and other consumers could not care less about cinema.

Urgency is influenced by the perceived need to discuss a media product with one's close associates, as well as a host of media gratifications for enjoying media content.[5] A new best-selling book from a popular author will cause excitement for the writer's fans, sometimes getting them to make a mental appointment to be at the bookstore on the day of release. Or other fans who are less rabid may wait until a less expensive copy appears in paperback or put their names on a waiting list at the public library. Urgency depends on the author or the book and the motivation to read it now rather than later.

Advertiser-supported media like television, radio, and newspapers have been much more perishable commodities than books until recent years, certainly after the turn of the century. If you missed an episode of *Bewitched* in 1966, you had to hope that it would be one of the 13 reruns that summer (or wait until it appeared in syndication years later, assuming a sufficient number of episodes). Today, if you miss an episode of a contemporary comedy half-hour, you can buy the whole season on DVD at a retail store (or online), even for some older classic sitcoms. It no longer matters that your favorite show has gained enough momentum to appear in broadcast or cable syndication. Nowadays, broadcast television syndication is mostly first-run programming.

The diffusion of the digital video recorder (DVR), estimated to be over 33 percent of homes in 2009,[6] allows fans of television shows to get a "season pass" so that every episode will be recorded without regard to urgency. So-called "must-see TV" is a concept locked in the 1990s, in the days before DVRs. Most viewers may not want to watch a recorded version of a live sports contest or an awards program (especially if they learn the final outcome before they get a chance to see it). Urgency is greater for live events, especially those that provide conversational currency the next day in the workplace.

Loyal listeners to radio hosts are sometimes motivated by urgency. If you missed hearing Rush Limbaugh on his radio show in 1993, then you were unlikely to get a second chance. Today, however, you could subscribe to his 24/7 service and have access to Internet audio archives of any show you missed. The sense of urgency for his legion of radio fans is reduced by technology, at a price. Other syndicated radio programs (e.g., *The Bob & Tom Show*) offer similar subscriptions to archival audio. Although the producer rescues the value, the medium itself does not share the revenue. The radio stations in this example simply lose some of their audience because listeners are less motivated to be part of the live audience.

Newspapers are more or less permanent, available at the library, but usually home-delivered copies are discarded or recycled. If you missed a fascinating series of local newspaper articles in the 1980s, the effort to retrieve another opportunity to read them may not have been worth your trouble, at the time. With the Internet, however, the chances of locating an old newspaper article are enhanced, even without cost if the request is made within days of missing that edition. Most newspapers now recognize the value of archival material older than a week or a month and charge a premium for adding another window of opportunity.

The Internet itself is the least urgent of all media, potentially affecting urgency of other media that migrate into the "new media" environment. The Web is prone to automatic self-archival (although some sites seek to monetize the ability to search archives). If urgency is an important motive for media gratification, then the Internet is disrupting media consumption. From the beginning of the Internet, the culture of the Web was to set information free, to detach content from cost. That culture has embedded itself in the media consumption mind-set of youthful consumers, for whom everything should be free, even at the risk of denying the copyright holders' intellectual property. Yesterday's army of teenage MP3 downloaders has become today's media consumers.

Perhaps urgency is related to one's internal metronome, or the speed with which one regulates daily activities. We suspect that regional differences account for speed of walking and driving. Northerners are typically in more of a hurry than Southerners. Do people have different media metronomes, too? No doubt, but is the difference as stark as the difference with highway driving?

Rest assured, some people view the media as something with which to "curl up" in front of a warm fireplace. Old media like books, magazines, newspapers, broadcast TV, and radio have a powerful attraction to consumers who seek comfort and relaxation. That there are many in this traditional audience who are older has gradually increased the average age of network audiences.[7] But the overall trend in a new media environment is toward less comfortable choices.

Ease of Ad Avoidance

In an advertiser-supported model of media content, the loss of urgency is made worse by the ease of avoiding advertising. Such ad-avoidance, or *advoidance*, is a by-product of rapid diffusion of DVRs in the home, often bundled with set-top boxes. In addition, automatic ad blockers skip over the ads on the Internet. Once limited to pop-up blockers, these ad killers on Web browsers (e.g., IE7Pro) prevent display-type advertising entirely.

Another type of advoidance is simply spending less time with ad-based media. An iPod loaded with music displaces an hour per day of time spent listening to the radio.[8] One-dollar DVD rentals displace time spent viewing commercial television. Libraries of TV-show DVDs are an attractive alternative to "57 channels (and nothin' on)," to borrow the title of an old Bruce Springsteen song.

Competing Timekillers

Traditional media no longer have a monopoly on leisure time in the home. Even after the arrival of new choices via cable, the television set occupied the lion's share of people's home-based recreation. Rubin measured the propensity of some media consumers to find avoidance of boredom as a use and/or gratification of watching television.[9] Contrasted with "instrumental" uses, the *habitual* uses of the media have now been studied for decades.

Thus, many media uses can be viewed as killing time, i.e., nothing better to do. In the 1990s, the rise of the World Wide Web as a means to easily surf the Internet has resulted in a new competitor for wasting time. In 2007, a fledgling social networking medium, Facebook, began a rapid growth in user popularity, from 30 million then to 300 million users in 2009.[10] Originally the domain of college students, the Facebook website is another in a series of online timekillers that compete with traditional media. Even older media users now join Facebook to keep up with their youthful relatives. Not many young parents mail photos to their parents. It is easier to post a snapshot or video clip on Facebook or YouTube. Online videos that went "viral" via e-mail had begun spreading on Facebook and MySpace by 2009, the year that Facebook alone accounted for 20 percent of all online advertising impressions.[11]

Very young children have come to view traditional media as an alternative to the Internet, rather than the Web being an alternative to television.[12] My own pre-teen children spend most of their media time on YouTube and video games, exposed to almost very few commercials within advertising-based media. They do not plan their media consumption; they expect all of it to be accessible whenever they want it. They know nothing of old and new media, only the TiVo and the computer. Just as the social media habits of young people infiltrate older audiences, so too will the use of online video as an alternative to traditional schedule-based television or either cable or broadcast channels. In 2009, about 75 percent of Millennials (ages 14 to 25) reported that the computer is more of an entertainment device than their television set.[13] As this population ages, it is doubtful that their media use patterns will transform somehow to view television as a more dominant force. The fuse has been lit and the broadcast networks may not escape the ticking time bomb.

Abundant Choice

Disruptive digital technologies have altered broadcast media and their pre-1980s business models based on few competitors, captive audiences, and unavoidable advertising. Thanks to technology, the big analog media are threatened. Consumers will ad-block the Internet and viewers will use TiVo to skip 50 to 60 percent of the ads. Product placement will only go so far, because not every product or service is readily inserted into a storyline. For the audience, the ultimate "control" may be skipping the advertising interruptions, but so, too, is access to more content in more locations.

The number of *choices* is primarily to blame for the decline in network advertising's value, even before ad-skipping. Broadcast television started dying in the 1980s when cable/satellite began producing fresh content available 24/7 instead of being relegated to some daypart ghetto. Advertisers so desperately *need* mass audiences, but the simple truth is that, short of mega-events, too many diversions are competing for too few eyeballs for anyone to make enough money.

Some new choices come from new technologies. MP3 downloading was the beginning of the end for over-the-air radio. Young kids do not want radio. Radio is skipping an entire generation. The picture for television networks is similar. For the first time, people ages 18-24 spent nearly the same amount of time in 2009—roughly five hours—watching Internet video each month as they did watching television programs. Other age brackets watched half as much or less Internet video.[14]

Benjamin Bates notes that access, choice, and control are three coveted aspects of the modern viewing landscape.[15] Viewers are willing to pay extra for programming that offers more of these three aspects (e.g., cable, DBS, satellite radio). Bates has called for "a new way of thinking about media products and markets," which may indeed create problems for older models.

Could it be that content is no longer king? Mark-to-market accounting and bankers created the problem with media company valuations. In good times, accountants were free to label created content as a long-term asset. In bad times, such assets are often restricted to today's value rather than any future value. It is difficult to determine how content will be re-valued as the economy recovers from the Great Recession. The newspaper and magazine industries may not be able to get any of their value back. Some of the more valuable content, like expensive Hollywood movies, may only make a great deal of money in theaters.[16]

Free Content

The expectation of free content is the final nail in the coffin of old media business models. Examples of free content replacing paid content are abundant. Wikipedia is the set of encyclopedias that consumers formerly bought from Encyclopedia Britannica.[17] Google Docs is the expensive Office Suite you formerly bought from Microsoft. Even the lucrative market for online pornography has dried up with the advent of free Internet adult video websites and filter-free image searching. Ask Larry Flynt, who in 2009 was looking for Federal aid for the near-bankrupt pornography industry. The "no pay, no content" world no longer applied.

Free content is often a ploy to build a loyal following that can be converted to paid subscribers, once users see the benefits of the content. The problem is, someone else comes along near the upward arc of popularity and also decides to compete. The first provider cannot sell the content because the second provider starts giving it away, and so on, ad infinitum.[18] In an era of scarcity, the providers can at least sell advertising while building a subscriber model. In an era of abundance supply, however, the model changes.

Even Rupert Murdoch has had trouble selling *Wall Street Journal* content, which as recently as 2005 was the shining example of content that would always attract paid subscribers. But the Internet is just too big and has too many choices for anyone to get rich anymore. The "long tail" was an idea that sold a lot of books, but has not always been a successful business model.[19]

As network advertising continues to erode, executives plan to take content "everywhere" but not following the fewer-interruptions model made popular by sites like Hulu. In 2009, broadcast networks began announcing their plans to stop giving away their content online. Unfortunately, online users are likely to resist the change. At least one study finds that over half of the online audience will refuse to pay for content.[20]

True, the demand for sitcoms and movies will continue. Moviegoers will still shell out big bucks to sit in the dark, for a while at least. But the economics of popular TV shows is shaky now, because the size of the competing channels and sheer number of competitors makes it difficult to get rich owning content. *Seinfeld*, for example, worked profitably because the networks still captured enough share of the audience to be patient through the first and second meager-viewing seasons. It had time to catch on. One wonders if a show about nothing would last more than six weeks in today's quick-hit world.

The Counterarguments

Given the trajectory of the argument that loss of urgency, ease of advoidance, competing timekillers, and abundant (often free) content has impaired broadcasters' fabled license to print money, this is perhaps the perfect place to introduce the cold water that regularly gets splashed onto the idea that anything is wildly amiss in the world of mass media and its support by advertising and subscriptions. Each can be grouped by the source, either people themselves (P) or advertisers and their agencies/providers (A).

1. (P) Old dogs cannot learn new tricks. People just want effortless entertainment. Yes, they know how to lean forward, but they prefer to lean back.
2. (A) Product placement will permit advertisers to sneak branding mentions into programs.
3. (P) Skipping ads and avoiding messages requires effort. No one wants to press a button all the time to skip messages. Control and choice are antithetical to comfort.
4. (A) Surveys support the notion that audiences think advertising is a fair price to pay for free or cost-subsidized content.
5. (A) These gadgets are mostly limited to young people or those in urban areas; changes for the rest of America are many years away.
6. (A) People who are interested in buying or replacing a product want to see advertising.
7. (P) Shoppers like coupons and sales. Without advertising, they cannot learn about exciting promotions and sales. Many women enjoy the color pre-prints in the Sunday paper.
8. (A) The VCR did not increase ad-skipping, according to most research. The DVR is a glorified VCR. Thus, the DVR is similarly unlikely to cause much ad-skipping. Besides, only a minority of homes have DVRs.

9. (A) Radio is a free medium; it's live, local, and friendlier than a pocket jukebox. The receiver itself is dirt cheap.
10. (A) No one will watch media content on a tiny screen when they have a big flat screen at home.
11. (A) Live events will save the day for old media.
12. (P) Young folks have never been much for reading newspapers, even before the rise of new media. The urge will kick-in when they become homeowners and parents.

Because people retreat to their cocoons in tough economic times, the deniers frequently mention television.[21] Hu, Lodish, and Krieger compared experimental groups of people who either did or did not see TV advertising, and reaffirmed the effectiveness of a previous longitudinal study.[22] But extrapolating experimental subjects to the real world, where presumed exposure is now different than actual exposure to advertising, is another matter.

Neff cited other studies of TV commercial effectiveness without commenting on methodological issues or outright bias.[23] For example, comparing those advertisers who use any TV ads at all to those who use none may mask the real effect, by using nominal level variables instead of more reliable continuous variables. Some of the published studies are sponsored by the organizations with the most to gain by finding no decline in TV advertising effectiveness, so one should be cautious interpreting their imprecise methods.

Another defense of TV advertising claims that adaptive viewers derive more pleasure from interrupted programs. Nelson, Meyvis, and Galak conducted six studies and reported that although people preferred to avoid commercial interruptions, these interruptions actually made programs more enjoyable (study 1), regardless of the quality of the commercial (study 2), even when controlling for the mere presence of the ads (study 3), and regardless of the nature of the interruption (study 4). However, this effect was eliminated for people who are less likely to adapt (study 5), and for programs that do not lead to adaptation (study 6). Their study suggests that adaptability is an important measure.[24]

Some observers could argue that media economics in 2009 was an anomaly of the Great Recession, but the systemic effects that underpin the losses of advertising revenue are more likely to blame. Erik Sass wrote, "The general downward trend was in evidence well before the recession began, reflecting fundamental secular shifts in media consumption and advertising. If anything, the economic downturn is merely accelerating this process."[25] Why has advertising deteriorated during the first decade of the new millennium?

Perhaps, as Shelly Palmer explains: "Advertising sucks."[26] Or as Tony Granger claims: "Advertising agencies are dead."[27]

Advertising itself is not to blame. When it works, advertising is wonderful. If marketing is the engine of commerce, then advertising is the lubricant. In a typical example, the seller has a new or underpromoted product or service. Advertising communicates a message to the buyers, typically part of a mass or targeted audience, with the goal of selling more—or making current customers feel happy or smart, which in turn promotes future sales. The value justifies the expense, but most ads are very expensive. Local television commercials in top 10 markets cost between $4,000 to $45,000 for 30 seconds. The same spot broadcast during network prime time ranges between $80,000 and $600,000. On cable, the same 30 seconds in prime time runs $5,000 to $8,000.[28]

As large as the expense of advertising seems, it is spread over the size of the audience for the message. Commercials are priced on cost per thousand reached (CPM) or cost per ratings point (CPP). The impact is measured on the number of gross impressions (GI). Also quality of the message plays a major role. Stickiness of websites is considered for online ads; for all media, commercials that are engaging bring more success.

The linchpin of most advertising, however, is the *forced* connection between the media content sought by the consumer and the surrounding advertising. Three things can go (and have gone) wrong with the old system of advertising. First, remove the linchpin and the justifying value is diminished. Second, dilute the attention to the message or content with additional choices and the value is similarly reduced. Third, increase the number of competitors with a particular type of communication (print, video, aural) and the value again goes down.

For years, network media executives assumed that consumers felt advertising a fair price for free over-the-air television. Surveys supported that notion. The opinions of mass audiences may have been tied to limited options (i.e., just a handful of broadcast networks): No one cared to pay for limited choices. Nowadays, however, viewers have begun to show far greater preference for paying for their media content, especially if they receive unlimited choices. Accenture, a media consulting company, surveyed 14,000 consumers in 13 countries in early 2009, finding that 49 percent (an annual 12 percent increase) said they would pay a monthly fee for unlimited digital content.[29]

As this chapter focuses on network advertising, the situation for broadcast stations is pretty dire. For example, EBITDA multipliers for the sale of broadcast television stations are down 40 percent (about 7 times cash flow in 2009, which is a 25-year low).[30] True, advertising will live on in some form, but not big enough to feed the media giants, especially the television networks. Ads that are unblockable or unskippable will find continued success, like those commercial messages found on ballpark walls, in gas station videos, and on highway billboards, but the model for traditional mass media is irretrievably broken.

Predictions of the demise of old-school advertising are commonplace. Longtime media observers have been predicting the end of advertising. Bob Garfield began writing a series of articles about "the chaos scenario" as early as 2005. His 2009 book added some prescriptions for the future.[31] Garfield's most compelling argument is that advertising works best in media that are scarce. That scarcity does not reflect the digital world, he notes, where abundance drives down the unit price of marketing messages.

Consumers like product information and they enjoy being aware of innovations and change, but they grow weary of overexposed messages. Granted, repetition is essential to success, but advertising wears out its welcome, usually to the point that consumers will have none of it, if given the chance to avoid the pitch.

Because the cost of network advertising is so high, the plight of the networks is particularly risky. Garfield wrote this in 2007: "Because no other medium offers the reach of TV, advertisers have continued to pay more and more per thousand viewers. But economics will have its due. The law of diminishing returns will eventually prevail. Those who have perennially spent more and more for less and less will finally say, 'No more,' and take their money online whether there is sufficient ad inventory or not."[32]

By "eventually" Garfield apparently meant 2009, when the economic collapse created the perfect storm for television advertising, with double-digit declines.[33] Advertisers started talking about the need for a new way to market to consumers, one that shifted from telling-selling to building relationships. Social networks and viral videos have moved those advertisers closer to their goal of engagement, a buzzword that galvanized the first decade of the new century.[34]

In his 2007 article, Bob Garfield identified five reasons the online world will displace traditional modes of advertising:

1. People don't like ads—The evidence is clear, when somewhere between 50% and 70% of DVR users skip ads.
2. But they crave information about goods and service—Search-engine marketing is better than traditional ads because search is contextual, measurable and information-rich.
3. The consumer is in control—"The fact is, people care deeply—sometimes perversely—about consumer goods. . . . What they don't like is being told what they should care about or when they should be caring."[35]

4. Diversion of ad budgets—Crunching the vast amount of data from interactive marketing will drain billions of dollars from existing ad budgets, unlocking "the very power of aggregation, information, optimization and customer-relationship management that will render most image advertising impotent and superficial."[36]
5. Pay-per-view—If, in the near future, most content is paid for by the user, either via subscription, like HBO, or à la carte, like pay-per-view or iTunes, then advertising would be eliminated from the equation. If micropayments ever become practical, pay-as-you-go would allow users to seamlessly buy, for instance, newspaper content on an edition-by-edition or even article-by-article basis. [Garfield cites Bruce Owen]: "The willingness to pay by consumers is far greater per eyeball than the willingness of advertisers."[37]

If advertising on TV is somehow less ideal for reaching Americans in their homes, then what other kinds of advertising still works? The simple answer is outside the home. Ambush advertising media reach audiences in elevators, public spaces (and along the roads to and from), sports venues, restaurants/bars, grocery stores, and wherever people wait in a line. Out of home advertising (OOH) is often called "the fourth screen" (assuming the first three screens are the home TV, the computer screen, and the cellphone).[38]

Ads that continue to capitalize on low choice, forced exposure, and focused attention will work. For example, place-based ads take advantage of a captive audience, like those in an airplane or, more common, patrons in a movie theater. Katy Bachman noted that "auto companies are increasingly turning to the silver screen as a primary medium [rather than television, which has two to five times weaker ad recall]" for introducing new models.[39] Even standing in line at the concession stand is no escape if existing plans to install digital ad platforms in movie theater lobbies are successful.[40]

Even on network television, one finds plenty of evidence that advertisers on network television want to trap the target audience into viewing marketing messages. Advertisers are testing some novel schemes to enforce the continued attention to ads. For example, programmers have relinquished the lower portion of the screen to any number of ploys to attract eyeballs. These so-called snipes began as reminders for Nielsen diary-keepers who needed help knowing what channel they were viewing, which was a growing problem as new choices mushroomed. Viewers hated these channel bugs, but became acclimated over time. Then the promotional snipes became animated, drawing new ire from viewers, but only for a short time.

Advertisers have been champing to get into the act. As this chapter is being written, the search engine Ask.com has just started an ad campaign that relies mostly on snipes that show up in the lower part of the screen during selected cable programs.[41] If the audience can be slowly persuaded to tolerate these intrusions in the same way they were taught to put up with commercial interruptions, network television could survive, but if audiences' willingness to pay is greater than their willingness to view intrusive advertising, the future of advertising looks dim.

The advertising model, as practiced for the last hundred years or so, has been one based on interruption. It is a consistent tactic across TV/video, radio, and even print. It continues because it works. And, in the digital video arena, pre-stream and mid-stream commercials will continue to exist for some time, because they work to help marketers achieve their goals. However, marketers have also begun to recognize that broadcast networks cannot deliver mass audiences, as cable networks chip away at their viewers.

Can Old Media Adapt?

Not necessarily, because the idea that old media need to adapt to new digital technologies may be very naive. Moving media content from one platform to another is not as easy as it appears. As explained above, the value of old media companies was built upon their relative scarcity, high barriers to entry, expensive content, and exclusive access to viewers who need to fulfill one of the five basic functions of all media (surveillance, interpetation [correlation], transmission of values, linkage, and entertainment).[42]

Many of these five functions privileged one medium over another. Newspapers, unfettered by the FCC, could present many sides of an issue without worrying much about fairness or balance or personal attack. If a reader really enjoyed opinion, the only other alternative was the magazine, which seldom dealt with local matters.

The Internet changed that. Blogging supplanted the opinion columns and many of their best writers. Getting your letter to the editor chosen by the newspaper was sometimes like buying a lottery ticket, but posting a reply to a blog can be done by anyone, without regard to grammar or spelling or even logic. One could argue that the older, refined product was better, but the consumer has the final say.

Gatekeeping and agenda-setting rely on limited numbers of gatekeepers and agenda-setters. Expanding the exclusive club devalues all the members. For example, newspaper monopolies long fulfilled the needs of local merchants by being able to present long lists of items for sale. Radio and TV had a tough time competing with the density of the large display ad, with which auto buyers could examine the cars for sale locally or homemakers could pre-select foodstuffs and household necessities. So once the dominant paper, or two, clawed its way to the top, the revenue stream really had no competition.

Likewise, classified advertising had no equal and few alternatives. A person could post a note card at the laundromat or grocery bulletin board, but the classifieds reached everyone, although the smart newspapers ran find-your-name contests to get readers to view the small-print columns of ads. If you wanted to sell your car, you could put a sign in the window, or even park it at a high-traffic location, but the quickest way to selling was a classified ad. Newspapers soon came to rely on 40 percent to 45 percent of their revenue from classifieds. It was like fishing in a barrel. Even the free trader-ad weeklies fell short of the reach of a daily newspaper.

Then craigslist.org and eBay.com changed all that. Newspapers began to see their revenue from classifieds plummet. Some dailies began offering free ads for items under $100, simply to attract return customers for higher ticket items. Age differences came into play. Older readers like the comfort of old ways. Young consumers (not exactly readers) found convenience in selling items on craigslist.org, because they were already spending huge chunks of time online, tweaking their Facebook page and following their friends on Twitter.

The abundance of choice in mass media in the twenty-first century is a curse on old media, but even a few choices can be overturned by just one additional choice. The following food/restaurant metaphor of media content providers has appeared previously in my writings.[43] Different programming competes in the same way different restaurant specialties compete: sitcom versus drama is akin to pizza buffet versus steakhouse. If a town has only one restaurant or three restaurants, then people learn to enjoy their visits regardless. Eating out once in a while is preferable to standing over a hot stove every day of the week. It does not really matter if all three restaurants are fantastic, however. As soon as another eatery comes to town, people will flock to it. The new restaurant has terrific business until another new restaurant comes along, or the patrons tire of the Thai menu.

Audiences love new choices. This was learned first-hand when a fourth television station arrived in Ft. Wayne, Indiana, in the early 1980s. It did not matter whether the three network affiliates in those pre-Fox days of prime-time network television were doing a spectacular or mediocre job of serving the public. The viewers who could pull in the new signal, filled with old movies or old syndicated off-network shows, were thrilled. This phenomenon had an impact on their viewpoint regarding quality of service. Choice trumps quality, especially where viewing venues are already limited. The latest media landscape is all about choice and control, both of which network broadcasters fail to offer with their limited menu of choices.

The Future of Television

The year 2009 was a very bad year for broadcast television, as noted earlier. Indeed, Dave Morgan has predicted a "cross-platform video future" and poses questions about the existing television industry's plans to launch TV Everywhere (where subscribers would receive video content whenever/wherever they want).[44] These questions include the following: who will control the interface, the content, the revenue, the packaging, and the authentication of paid users? According to Time Warner CEO Jeff Bewkes, "If you want to watch your favorite TV network or shows through broadband on any device—PCs or mobile—you can do it as long as you subscribe to any multichannel provider. . . It's a natural extension of the existing model."[45] Presumably the viewer will be trapped into seeing the commercials, at least until someone devises a portable DVR device that stores the program onto hard-disk storage where ad-skipping might still occur. The designers of TV Everywhere promise to turn off fast-forwarding, but it is unclear how they would accomplish this feat, or thwart other designers who might invent a scheme to circumvent the networks' attempts to keep advertising a *forced* choice.

Diane Mermigas paints a very bleak picture of old-style broadcast television: "TV stations' ability to excel in the nascent but promising world of hyperlocal information and services is hindered by a slew of uncontrollable forces. There is the collapse of core ad categories, such as automotives, which has contributed about one-fourth of all TV station revenues and will never fully recover. Internet-connected streaming video for PCs and mobile devices will continue to minimize and fragment television. Despite massive reductions in workforce and legacy operations, the pooling of local news-gathering and ad sales resources, and a growing Web presence, TV stations' economic quandary increasingly mirrors that of declining newspapers."[46] Adding to the trouble is the influence of Internet-enabled television receivers arriving in the electronics store showrooms by 2010.

Broadcast television is eager to survive, but so far Web ads are not making much money for stations. Ben Fritz writes "networks may actually be undercutting themselves in their quest to avoid the fate of the music business."[47] Competition from online distribution could make the Internet the common enemy that finally unifies broadcasters with cable channels. This may explain the eagerness of broadcasters and cable channels alike to pursue TV Everywhere, as a means to thwart those who are using their broadband connection as a subsitution for scheduled programming. Moreover, broadcast networks by 2009 were openly discussing the possibility of becoming cable networks.[48] If you can't beat 'em, join 'em.

At this writing, a sliver of hope for broadcast stations comes from the Open Mobile Video Coalition (OMVC), a group of over 60 stations in 22 cities that planned to transmit news, entertainment and sports to portable devices (to be available by Christmas 2009).[49] Ironically, this initiative comes at the same time that the FCC was considering a move to reclaim broadcast spectrum to be used for mobile carriers. The cost per station is only $250,000 for a new transmitter exciter, but the plan may prove "too little, too late" for broadcasters.

Predictions

Making predictions about the future of the media is easy. And fun. The problem is that eventually glib descriptions are judged by their predictive power. This final section of the chapter is not a first gaze into a crystal ball. In 1997 the media world of the future was imagined in a chapter in a book on broadcast television.[50] At that time, this author's tea leaves called for distribution to prevail over content, foreseeing that new technologies would change everything. This author had no idea how accurate the "content is not king" prediction would hold, ten years later.

About the same time, this author had an opportunity to review other predictions of the future of broadcast television that held little face validity.[51] Ever since, it has become obvious that writers can make compelling and interesting predictions that nothing much is really going to change, that media will adapt and get better, that the future is rosy, and blah, blah, blah. These authors may even draw *more* attention to their predictions by being so counterintuitive in the face of seismic shifts among the media.

At the risk of being wrong, here is this author's new (and very brief) prediction for the future of television: Ten years from now, when people are watching video on headset screens and earpieces, linked to cellphones, young people will marvel that older folk ever stared across the room at a screen. And followed a schedule. And watched commercials.

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