The great survivor

TV has coped well with technological change. Other media can learn from it.

NEWSPAPERS are dying; the music industry is still yelping about iTunes; book publishers think they are next. Yet one bit of old media seems to be doing rather well. In the final quarter of 2009 the average American spent almost 37 hours a week watching television. Earlier this year 116m of them saw the Super Bowl—a record for a single programme. Far from being cowed by new media, TV is colonising it. Shows like “American Idol” and “Britain’s Got Talent” draw huge audiences partly because people are constantly messaging and tweeting about them, and discussing them on Facebook.

Advertising wobbled during the recession, shaking the free-to-air broadcasters that depend on it. But cable and satellite TV breezed through. Pay-television subscriptions grew by more than 2m in America last year. The explosive growth of cable and satellite TV in India explains how that country has gone from two channels in the early 1990s to more than 600 today. Pay-TV bosses scarcely acknowledge the existence of viewers who do not subscribe to multichannel TV, talking only of people who have “yet to choose” a provider. This is not merely bluster. As our special report this week explains, once people start paying for greater television choice, they rarely stop.

The advantages of indolence

It helps that TV is an inherently lazy form of entertainment. The much-repeated prediction that people will cancel their pay-TV subscriptions and piece together an evening’s worth of entertainment from free broadcasts and the internet “assumes that people are willing to work three times harder to get the same thing”, observes Mike Fries of Liberty Global, a cable giant. Laziness also mitigates the threat from piracy. Although many programmes are no more than three or four mouse clicks away, that still sounds too much like work for most of us. And television-watching is a more sociable activity than it may appear. People like to watch programmes when everybody else is watching them. Give them devices that allow them to record and play back programmes easily, and they will still watch live TV at least four-fifths of the time.

Yet these natural advantages alone are not enough to ensure television’s survival. The internet threatens TV just as much as it does other media businesses, and for similar reasons. It competes for advertising, offering firms a more measurable and precise way of reaching consumers. Technology also threatens to fracture television into individual programmes, just as it has ruinously broken music albums into individual tracks. TV has endured because it has responded better to such threats than other media businesses.

One of the lessons from TV is to accept change and get ahead of it. Broadcasters’ initial response to the appearance of programmes online was similar to the music industry’s reaction

to file-sharing: call in the lawyers. But television firms soon banded together to develop alternatives to piracy. Websites like Hulu, a joint venture of the American broadcasters ABC, Fox and NBC, have drawn eyeballs away from illicit sources. Gradually it has become clear that these websites pose a threat to the TV business in themselves, and that they are not bringing in as much advertising money as might be expected (which is similar to the problem faced by the newspaper business). So television is changing tack again.

With impressive speed, TV firms are now building online subscription-video services. The trendiest model is authentication: prove that you subscribe to pay-television and you can watch all the channels that you have paid for on any device. Such “TV Everywhere” services are beginning to appear in America and Canada. It is likely that Hulu will become a “freemium” service—mostly free, but with some shows hidden behind a paywall. The move from an ad-supported model to a mixture of subscriptions and advertising is tricky, but logical. It shows that it is not enough to embrace technological change. Businesses must also work out how to build digital offerings that do not cause their analogue ones to collapse.

Television has domesticated other disruptive technologies. Ten years ago digital video recorders like TiVo promised to transform the way people watched TV. The devices made it easy to record programmes and play them back, zooming through ads. The TV networks responded by running advertisements that work at high speed. Cable and satellite companies built cheap digital video recorders into set-top boxes and charged viewers extra for them. In effect, money flowed back to the television business. In Britain those boxes will soon be deployed to deliver targeted advertising, enabling the living-room television to compete with the internet.

Other outfits are learning from TV. Record labels sound terribly innovative when they talk about bundling music together with broadband subscriptions. Yet this model comes from television. For the past few years ESPN, a sports giant, has been showing games on its website. The cost is buried in monthly broadband bills. Hulu-style joint ventures are all the rage in media, too. Magazine publishers have set up Next Issue Media, which is trying to shape the evolution of digital devices to suit their needs. The Digital Entertainment Content Ecosystem aims to do the same for films.

That box might appear to be sitting in the corner of the living room, not doing much. In fact, it is constantly evolving. If there is one media business with a chance of completing the perilous journey to the digital future looking as healthy as it did when it set off, it is television.

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