

4/1/98

KM9335

Dear Sirs:

I'm enclosing this article from my newspaper. I have a satellite dish & cable. I'm for a la carte. Why should we pay for channels we don't watch. Also on my satellite why shouldn't I be able to get an NBC station in Calif if I want it.

Sincerely

Dorothy Soltis
& Mike Soltis



Mr. Michael J. Soltis
13785 Market
North Lima, OH 44452-9511



No. of Copies rec'd 0
List ABCDE acb

TELEVISION

TOM JICHA

When cable sets the table, why not let it be a la carte?

Imagine going to the grocery store for milk, butter and eggs, only to be told at the checkout counter that you can't have these items unless you also buy rhubarb, cream of asparagus soup, hot sauce, parsley and a quarter-pound of cheese.

Even if you like rhubarb, cream of asparagus soup, hot sauce, parsley and cheese, you would probably scream murder. You would be a fool not to protest.

However, cable-TV subscribers routinely pay for dozens of channels they never watch in order to get the relative handful they enjoy. This is another example of cable's "take it or leave it" attitude toward customers.

Times may be changing. In an effort to drive rates down, the Federal Communications Commission is floating a trial balloon that would mandate a la carte purchasing of cable networks.

You're a fan of USA, Lifetime and TNT, but never watch Bravo, VH1 or sports? Fine, from now on all you have to buy is USA, Lifetime and TNT.

This proposal is not as radical as it sounds. Owners of backyard satellite dishes have

long enjoyed a la carte purchasing. Cable already has a version of it with tiered levels of basic service, as well as the options to choose from premium channels, such as HBO, Showtime and the adult services.

Big fight: Nevertheless, a la carte cable is a long shot because of the forces that will be marshaled against it. Cable system operators don't like it because they own many of the least popular networks, which otherwise wouldn't be on. Niche networks — such as Home & Garden TV, The Food Network, The Nashville Network, even MTV — that have been piggybacking on the mass popularity of the likes of CNN, USA, TNT and ESPN will argue that a la carte pricing would put them out of business.

Interestingly, the most popular channels also are likely to oppose a la carte. CNN, ESPN and USA reap a monthly fee from virtually every cable home in America. Under a la carte, any household that opted not to buy them — ESPN would be especially vulnerable to omission by nonsports fans — would represent lost revenue.

One argument against a la carte is that losing a minority

of viewers would entail higher prices for the majority. This would probably be true to an extent, but marketplace forces would exert pressure on rates. Most cable networks rely on dual revenue streams: subscriber fees and advertising. The fewer homes penetrated, the lower the ratings; the lower the ratings, the less that can be charged for advertising. So they'll have to make their prices attractive to consumers to keep the ad revenues healthy.

Moreover, even if, say, ESPN had to charge substantial subscription fees to cover exploding sports rights fees, the customer could come out ahead. A typical wired home has access to 30 to 50 channels. Surveys have shown that only seven or eight are watched regularly. If cable customers paid only for channels they frequent, monthly bills would almost inevitably go down.

Join together: What's more, a la carte need not be the death of boutique networks. Groups of them could band together, like current cable tiers, and make their price so attractive that subscribers would bite. Maybe "South Park" is all

that you watch on Comedy Central and you only turn to the music channels for specials like "Unplugged." These might not be sufficient lure to get you to subscribe individually. But if several special-interest services, such as Bravo, Court TV, The Nashville Network and the Sci-Fi Channel, were offered at one low price, they might be able to draw a viable subscription base.

A la carte might even represent an opportunity for some networks that previously have had trouble finding a place on the crowded cable dial. Cable operators would be inclined to carry networks they could sell. It would be pointless to clear fringe channel they own but for which there is no call over and over for which there is considerable demand.

The lobbying against a la carte by influential, deep-pocketed entities figures to be fierce. This is all the more indication that the big winners would be consumers. It's worth a stamp to let the FCC know how you feel.

The FCC is at 1919 M St. N.W., Washington, D.C. 20554.

■ Tom Jicha writes for the Sun-Sentinel in south Florida.