

**MEDIA CORPORATE
CONGLOMERATES**

VS.

THE TELEVISION CABLE INDUSTRY

INTRODUCTION TO OLIGOPOLY

The cable and satellite industries are headed to a place where **MEDIA CONGLOMERATES** will own programming and will then just **"Trade"** programming to each other rather than **THE BUY AND SELL MARKET THAT WAS THE HEYDAY OF CABLE.**

This **OLIGOPOLISTIC** structure we are heading towards will **SHUT OUT** not only independents but also will **DEGRADE** the quality and diversity of programming, as well as hasten the price increases - **ALL AT THE COST OF THE PUBLIC.**

THE FCC MUST INTERVENE TO STOP THE PRACTICES OF BUNDLING, VERTICAL INTEGRATION, PAY FOR PLAY DEMANDS BY MVPDs FROM THE INDEPENDENTS AND FORCING INDEPENDENT CHANNELS OUT OF THE ADVERTISING SPACE.

The **FCC** must take steps to **PROMOTE AND FACILITATE THE CARRIAGE OF MORE INDEPENDENT CHANNELS, MINORITY OWNED CHANNELS, WOMEN OWNED CHANNELS, AND OPEN THE GATE TO DIVERSITY IN OWNERSHIP OF CONTENT PROVIDERS.**

Every owner of a **TELEVISION CABLE NETWORK** and every owner of an **MVPD** is a **GATEKEEPER** to the communication media. As such we all carry a **FIDUCIARY RESPONSIBILITY** to the **PUBLIC'S ACCESS TO CONTENT.**

We cannot substitute **GREED** for **CONSCIENTIOUS MEDIA** at the cost of the public.
IT IS SIMPLY WRONG.

THE PLIGHT OF THE INDEPENDENT VIDEO PROGRAMMERS.

ONE-IN-7 AMERICANS ARE TELEVISION CORD CUTTERS. Viewers do not turn to small media devices because of **PREFERENCE** but rather because of programming **INTOLERANCE**.

PEW RESEARCH CENTER DATA:

-15% of American adults are now "**CORD CUTTERS**," no longer subscribing to cable or satellite TV connection.

SUSTAINING VIEWERS IS DIRECTLY RELATED TO PROGRAMMING INNOVATION -

INDEPENDENT PROGRAMMERS are the entrepreneurial **RISK-TAKERS** whose mission is to create competition and consumer choice by providing diverse, innovative content to under-served audiences.

THESE RISK-TAKERS ARE CROWDED OUT OF TODAY'S MARKETPLACE BY THE MEDIA GIANTS.

THE VIDEO PROGRAMMING MARKETPLACE HAS BEEN TIGHTLY SQUEEZED OR BECOME BROKEN BY A RELATIVELY SMALL NUMBER OF MEDIA GIANTS -

Independent Programmers simply cannot compete against such **WHOLESALE BUNDLING PRACTICES**.

In 2008, Chairman of the Senate Judiciary Committee's Subcommittee on Antitrust, Competition Policy and Consumer Rights wrote: "I have long believed it is vitally important that independent programming channels are offered to the American public, rather than just programming affiliated with the major cable, satellite or broadcast television companies. Our democracy depends on the ability of independent voices to be heard, and increasing the diversity and variety of points of view available on television should be an important objective of both competition and communications policy." - Senator Herb Kohl, then Chairman, Subcommittee on Antitrust, Competition Policy and Consumer Rights.

This has **HURT** the **CABLE/SATELLITE/TELCO DISTRIBUTORS**, by making it increasingly difficult to offer diverse array of competitively priced programming services that meets their customers' needs and interests.

Aggressive price tactics by the **MEDIA GIANTS** exert considerable cost pressure on the cable/satellite and telco carriers. (racketeer style).

THE SPIRALING DEMANDS OF VERTICALLY INTEGRATED PROGRAMMERS, BROADCASTERS AND SPORTS CHANNELS RESTRICT OPPORTUNITIES FOR INDEPENDENTS.

Incentives to carry independent channels are directly affected by **VERTICAL INTEGRATION**. Taking available bandwidth from the marketplace is **AN ACT AGAINST PUBLIC INTEREST**, ultimately aiming towards the monopoly of bandwidth, revenues and advertising self dealing practices.

No bandwidth is left for the **INDIES**, no money to pay channels.

- Sports channels
- Comcast owns The Golf Channel, which has received 68-70% distribution.
- Comcast owns around a dozen other networks.

**THE FCC HAS A STATUTORY OBLIGATION TO:
PROMOTE THE PUBLIC INTEREST, CONVENIENCE, AND NECESSITY BY
INCREASING COMPETITION AND DIVERSITY IN THE MULTICHANNEL VIDEO
PROGRAMMING MARKET.**

There's a substantial governmental and **FIRST AMENDMENT** interest in promoting a diversity of views.

Barriers of entry for new channels and a reduction in the number of media voices available to the consumers is **TROUBLING**.

Consumers continue to experience **HIGHER AND HIGHER PRICES** for service, while their demands for new programming options responsive to their needs and interests remain unmet.

THE ADVERTISING MARKET IS IMPOSSIBLE FOR INDIES UNABLE TO GET A CRITICAL MASS WITH THE MVPDS.

It typically requires at least **30 TO 40 MILLION SUBSCRIBERS** to begin to obtain significant advertising revenues.

In reality it isn't until a channel gets to above **55 MILLION SUBS** that advertising revenue gets to be a much more supportive revenue stream, but this is impossible to achieve with the **MVPDs TODAY'S BUNDLING AND VERTICAL INTEGRATION ENVIRONMENT.**

The **BIG FOUR NATIONAL BROADCAST TELEVISION NETWORKS** controlled **4** cable networks in 1992; today they have attributable **OWNERSHIP INTEREST** in well over **150 PROGRAMMING SERVICES.**

THE HAVES AND THE HAVE NOTS

1992 Act did not anticipate a gaping divide between **THE HAVES** - the media giants using coercive tactics to drive up their carriage and prices- and the **HAVE NOTS** - the programmers that struggle for crumbs that are left behind after the media giants have compelled the distributors to meet their demands.

HAVE NOTS are the very networks that are essential to meet the **STATUTORY REQUIREMENT** of a competitive, diverse video programming marketplace. **BEGRADGING THE PUBLIC FROM INNOVATION IN CONTENT.**

HAVE NOTS are the networks that are pushed out by the **HAVES** wholesale bundling and unrestrained price demands that consume channel capacity and financial resources of the distributors.

LES MOONVES was reported by the **NEW YORK POST** to be advocating what the Post appropriately dubbed **THE TAKE FROM THE POOR AND GIVE TO THE WEALTHY STRATEGY.**

VIACOM'S recent insistence that distributors purchase and carry the full line of Viacom services, and absorb fee increase in excess of 30%, have made it impossible for the distributor to add the independent channels that are qualified and desired by the public.

Figure 4: Stations with “No Controlling Interest” by Gender

Owner	Number of Stations	CEO or President	Gender	Race/Ethnicity
ABC/Disney	10	Robert Iger	Male	White, Non-Hispanic
Bank of Montreal	8	Tony Comper	Male	White, Non-Hispanic
Belo	19	Robert W. Decherd	Male	White, Non-Hispanic
Better Life Television	1	Robert Heisler	Male	White, Non-Hispanic
Bowers Family	1	Claud W. Bowers	Male	White, Non-Hispanic
CJCLS	1	Craig L. Christensen	Male	White, Non-Hispanic
Chester & Naomi Smith	2	Chester Smith	Male	White, Non-Hispanic
Clear Channel	35	Mark Mays	Male	White, Non-Hispanic
Colley/Davis	2	Byron J. Colley	Male	White, Non-Hispanic
Coonce Family	5	Garth W. Coonce	Male	White, Non-Hispanic
Equity Broadcasting	22	Larry E. Morton	Male	White, Non-Hispanic
Evans Family	1	William Guy Evans	Male	White, Non-Hispanic
Evening Post Publishing Co.	11	Pierre Manigault	Male	White, Non-Hispanic
Fisher	1	Benjamin Tucker	Male	White, Non-Hispanic
Franklin Family	1	John Franklin	Male	White, Non-Hispanic
Freedom Communications	8	Scott M. Flanders	Male	White, Non-Hispanic
GEI Capital	2	Peter Nolan	Male	White, Non-Hispanic
General Electric	27	Jeff Immelt	Male	White, Non-Hispanic
Genvieve Nelson	1	Genvieve Nelson	Female	White, Non-Hispanic
Gilmore Family	1	Mariette Lemieux	Female	White, Non-Hispanic
Gray	34	J. Mack Robinson	Male	White, Non-Hispanic
Hernandez Family	1	Roland A. Hernandez	Male	Hispanic or Latino
Hildreth Family	2	David H. Lowell	Male	White, Non-Hispanic
Journal	9	Steven J. Smith	Male	White, Non-Hispanic
Lincoln	3	Jon A. Boscia	Male	White, Non-Hispanic
MediaNews Group Inc.	1	William Dean Singleto	Male	White, Non-Hispanic
Meridith	12	William T. Kerr	Male	White, Non-Hispanic
Palazuelos Family	1	Raul Palazuelos	Male	Hispanic or Latino
Quincy Newspapers	12	Thomas A. Oakley	Male	White, Non-Hispanic
Raycom	47	Paul McTear	Male	White, Non-Hispanic
Spain Family	1	None (Trust)	N/A	White, Non-Hispanic
Tawil Family	1	Saleem Tawil	Male	White, Non-Hispanic
Time Warner	1	Richard D. Parsons	Male	Black or African American
Tribune	27	Dennis J. Fitzsimmons	Male	White, Non-Hispanic
Univ. of Missouri	1	Thomas E. Atkins	Male	White, Non-Hispanic
Wray Family	1	Edwin N. Wray	Male	White, Non-Hispanic
Young/Gabelli	14	Vincent J. Young	Male	White, Non-Hispanic

Source: Form 323 filings; Free Press Research

THE STATE OF FEMALE MEDIA OWNERSHIP IS A NATIONAL DISGRACE -

"There are so few women's voices on broadcast television, and part of the absence of women's perspectives stems from the **ABSENCE OF WOMEN OWNERS**" said Kim Gandy, former president of the National Organization for Women "We are half of the population but only 5% of station owners. And the problem is getting worse— the increasing consolidation of ownership is making **WOMEN INVISIBLE.**"

Women are considered a **MINORITY** when in fact women are the **LARGEST MINORITY**, but in reality Women are the **MAJORITY**.

Yet, only **4.7%** of commercial television stations are owned by women.
Only 2 Television Networks where women hold major shares are Cinémoi and OWN.

REASONS FOR WOMEN OWNERSHIP IN MEDIA-

Women-owned firms are a **VITAL** component of the economy. Approximately **11.3 MILLION** privately held **WOMEN-OWNED** firms in the United States. Firms owned by women are responsible for approx. **\$1.6 TRILLION IN SALES**, employing **9 MILLION** people.

In **FORTUNE 500** companies, firms that had at least **3 WOMEN BOARD DIRECTORS**, for at least **5 YEARS**, outperformed those with **ZERO** Women board Directors by **84%** on return on sales, **60%** on return on invested capital and **46%** on return on equity.

WOMEN-OWNED AND WOMEN-LED FIRMS EXHIBIT STRONGER FINANCIAL PERFORMANCE.

YET...

Corporate America has few female CEOs and the pipeline of future women leaders is alarmingly thin. Only 14.2% of the top five leadership positions at companies in the S&P 500 are held by women according to CNN Money analysis.

Out of the **500 COMPANIES**, there are only **24 FEMALE CEOS**.

STEREOTYPES PERSIST IN MEDIA -

"When we close our eyes and picture what a CEO looks like, too often the picture that comes to mind is a white man" said Deborah Gillis, CEO of Catalyst, a non profit pushing to improve corporate gender diversity.

WOMEN'S LEADERSHIP LEADS TO INCREASED INNOVATION

Women and men bring varying perspectives to leadership. Gender diversity can allow for wider knowledge base and original thinking; ultimately, it spurs innovation within the specific industry.

WOMEN SERVE WOMEN CONSUMERS BETTER, AND WOMEN CONSUMERS CONTROL THE MAJORITY OF PURCHASES IN THE CONSUMER MARKET -

- Women consumers are responsible for approximately **\$7 TRILLION IN SPENDING POWER** in the US, representing **51% OF THE POPULATION**.
- Women in the US reported "controlling" **72.8% OF HOUSEHOLD SPENDING**.
- Women ages 50 and older **CONTROL \$19 TRILLION** and own more than **¾ OF THE NATION'S FINANCIAL WEALTH**, according to MassMutual Financial Group.

**Figure 1: Full-Power Commercial Television Ownership
By Gender & Race/Ethnicity**

Category	Owner	Number of Stations	Percent of All Commercial Full Power TV Stations
Gender	Female	67	4.97
	Male	948	70.27
	No Controlling Interest	327	24.24
	Unknown	7	0.52
Race/Ethnicity	Amer. Ind./AK Nat.	5	0.37
	Asian	6	0.44
	Black or Afric. Amer.	18	1.33
	Hispanic or Latino	15	1.11
	Nat. Haw/Pac. Isl.	0	0.00
	All Minority	44	3.26
	White	1,033	76.58
	No Controlling Interest	264	19.57
	Unknown	8	0.59
	Total Universe	1,349	

Source: Form 323 filings; Free Press research