Media Disrupted

Surviving Pirates, Cannibals, and Streaming Wars

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The End of Television as We Know It

Of all the media considered here, the narrative of existential foreboding was strongest for television. Of course, existential threat seemed the case for music, although reality was less severe and, in time, became the case for newspapers. But there was no particular reason to expect that the internet's arrival would deliver the destructive implications predicted for television. As I've recounted more extensively elsewhere, the most pervasive frame of stories about the future of television in the early 2000s was of television's impending death or, with gesture to R.E.M. that I've reproduced here, "the end of television as we know it."[1] Notably, this discourse—which hit its apex from roughly 2005 to 2007—emerges well after the piracy crisis in music and before smartphones, social media, and the recession challenged newspapers. At this point Netflix was still mostly distributing films by mail (Netflix 1.0) and was far more closely associated with film than television. Obvious television assailants remained unclear.

The forecasts of television's demise remain perplexing more than a decade later, especially considering that internet distribution arguably improved television more than any other medium. There was little evidence of precisely why the internet was likely to kill television. To be clear, "new media" was television's imagined assassin, and its hypothetical threat mirrored the new competitors to newspapers: they were "digital native" enterprises forecast to radically disrupt, if not replace, television. Few will remember sites such as Atom Films or In2TV, but they—and many others—attempted to establish a claim in the rush to internet-distributed video.

By 2008, YouTube likely best embodied the imagined threat to television, but it was still newborn and hardly a household name. The late 00s were ambiguous years in which experts really weren't certain whether the endless amateur videos being posted to YouTube would replace television viewers' habits, but within a few years it was clear. For most viewers, YouTube was more a supplement than a replacement. Many were otherwise content with conventional television; after all, it was in the midst of what was frequently described as a new "golden age." YouTube was more of a substitute for younger viewers who were not being well served by programming made by people their parents' age, and it enabled the distribution of hours of video that would never be accessible without it. YouTube allowed for something that approximated an independent television sector, making it possible to share all sorts of video content, although mostly unscripted content somewhat in the tradition of talk shows, of which only a small percentage became commercially viable.

One way of identifying the kindling in an industry is to ask what consumers don't like or what consumers are unhappy with. In the case of US television, that answer was unequivocal. US consumers had widely embraced expensive "multichannel" service—or the notion of paying a monthly fee to receive a package of channels delivered by cable or satellite. As a result, US viewers encountered abundant choice, with hundreds of channels by the early twenty-first century, although the actual range of content on those channels wasn't all that diverse. People hated their cable service, though; they really and truly hated the companies, which were often local monopolies, and the value proposition they made available. As a result of norms built on the opposite of competitive market conditions, viewers felt they got a raw deal. Cable prices were high and consumers had little choice in what they could buy: a big bundle of channels or nothing. Viewers were offered an expansive number of channels, but most households only ever viewed about dozen. It seemed a terrible deal, and for many, it was.

Perhaps the pervasive predictions of the end of television can be explained as magical thinking—the manifestation of a hope that the internet would deliver viewers from being locked into giant, expensive cable packages. After what had happened with music, it was easy to imagine similarly extensive change for television, unless you understood the complicated reasons behind the bloated cable bundles.

US television experienced quite profound change as a result of the arrival of internet distribution. In 2021, the bundles remain—although they are somewhat less dominant—but the most extraordinary adjustments have been developments that most viewers never imagined as possible. Television certainly has changed, but it has not suffered the demise that many expected, nor has the change been as precipitous as with other industries.

The Business of Television before the Internet

What most people casually regard as the “television business” is actually a few different businesses, and just before the arrival of the internet, US television became extensively conglomerated. Until the last years of the twentieth century, the companies that delivered shows to viewers—channels or networks—were owned by different companies than those that made the shows. Moreover, the companies that owned cable *channels* such as CNN, TNT, or ESPN were separate from the companies that owned broadcast networks such as CBS, ABC, and NBC. In the mid-1990s, all of those separate industry sectors merged into what are now commonly regarded as “media conglomerates.” A single entity such as Disney came to own the broadcast network ABC, cable channels such as ESPN, the production companies that make television shows and movies, and, of course, many other enterprises from radio to sports teams to theme parks. And this was true of nearly all television channels and networks.[2] The US landscape became dominated by media conglomerates such as Disney, News Corp, Viacom, and NBC Universal (owned at the time by General Electric, later by Comcast).

Another sector of the television industry wasn't initially a major part of this conglomeration, however: the cable service companies.[3] To be clear, there are two different sectors of cable—the cable channels, which *are* part of conglomerates, and cable (or satellite) providers, or the companies you pay monthly for service. The business of providers such as Comcast or DirecTV was based on making deals with the channels and then delivering them to viewers' homes. The providers paid each channel a monthly fee in order to include it within their packages. In most cases, these fees were small —often less than 25 cents per household, but were sizable revenue to the channels when multiplied by tens of millions of households and twelve months a year. By the peak of multichannel service in 2012, more than 100.9 million American homes, 87.9 percent, paid for service.[4] The common dissatisfaction with cable bundles results from the fraught relationship between the conglomerates and service providers.

The short and easy explanation for why Americans faced bloated and expensive cable bundles is a failure of market conditions that resulted from a lack of competition—pretty classic economics. Adding a little more detail to that story quickly makes for a longer tale, but this is the epicenter of the kindling for television. Most Americans blamed their service providers for the expensive bundles. The service providers were well known to rank among industries with the worst customer service, but the service providers were not the only ones to blame, or even mostly to blame, for the bundles. Most of the blame belonged to the conglomerates.

To trot out an economics term, the conglomerates held *oligopoly* power over the American market for television series. In other words, there were very few sellers of programming, and this gave them disproportionate control over the marketplace. In 2013, *Variety* reporter Todd Spangler identified that just nine companies made 90 percent of the professionally produced content on US television.[5]

Each of the conglomerates had an exceptionally valuable channel that it could use in negotiations with cable providers. For example, ESPN served this purpose for Disney. ESPN was not the most widely viewed cable channel, but it paid high fees for several sports leagues in order to be an exclusive provider of games and matches that were widely desired. Cable providers knew that access to ESPN was crucial to maintaining or adding subscribers, so when providers renegotiated the fees they paid Disney for ESPN every few years, there was little they could do when Disney demanded significant price increases. In some cases, the increases were not without justification, but they were requested by ESPN because it elected to pay billions more to sports leagues. Cable providers, knowing it would be dangerous to lose ESPN, did what such middlemen typically do and passed those fee increases on to subscribers who had only the option to accept the increase or lose multichannel service altogether.

The problem was that Disney did not only use ESPN to get higher fees for that channel. Disney also required service providers to include ESPN in their most basic tier. A provider such as Comcast was contractually unable to put ESPN in a separate sports bundle where those who truly wanted the service could pay the ever-increasing fees. Such a stipulation ensured ESPN's availability in the homes of all cable subscribers, and thus, by 2017, more than 87 million homes paid roughly eight dollars per month for the service whether they watched it or not. This wide availability was also crucial to ESPN's advertising revenue, as channels able to reach more homes could charge higher rates.

And there's more. In addition to high fees and required availability to all subscribers, Disney used providers' need for ESPN to ensure the other channels they owned were also available in the basic tier and to launch additional channels. After the rollout of digital cable systems in the early 2000s, cable providers had expansive capacity, so Disney's demands to launch ESPN2, ESPN3, Classic ESPN, and so on wasn't of major consequence to providers, but it would become kindling in time. Cable channels became the profit center of the conglomerates early in the century. Media financial analyst Todd Juenger found that content conglomerates such as Disney, Fox, ViacomCBS, NBCUniversal, Discovery, and AMC Networks generated 30–40 percent returns on invested capital for decades.[6]

This isn't an indictment of Disney. All the conglomerates used this tactic, although none quite to the same extent. This practice explains the unusual circumstance that allowed for a failure in market conditions. The service providers had little leverage over the content suppliers and passed the increased fees on to consumers while touting all the new channels they could receive. The consumers had no way to indicate they did not want these new channels, though, other than giving up cable service entirely. The cable bundle grew substantially toward the turn of the century, with nearly 200 new channels launched from 1997 to 1999 alone, and cable fees grew as well.[7] By 2017, the average monthly bill was $107, a 50 percent increase from 2010.[8] Yes, viewers had access to hundreds of channels, but there was never market demand for most of those channels. Rather, the conglomerates viewed them as a way to expand the attention they might attract and sell to advertisers. Those channels never would have survived or even have been created without the conglomerates' ability to strongarm them into basic cable packages.

Few consumers understood why rates kept increasing or how much of the situation resulted from providers' lack of a negotiating position. To be clear, not all bundling is bad. In cable's early decades, it was a reasonable strategy for balancing risk and diverse interests that was beneficial to both providers and subscribers.[9] The unchecked power of conglomerates, however, perverted that more symbiotic dynamic. The imagined solution was "à la carte" cable, or the ability for subscribers to choose just the channels they wanted. Such a system, though, would make many channels financially unviable. The conglomerates cautioned that subscribers would actually pay more if only those who wanted the channels paid for them, but, in truth, market forces would be introduced and channels with too high a cost would disappear. To some extent, the main value of the abundance of channels was creating more options at any given moment of viewing. Many hours were filled with old programs simply to fill the schedule, so the problem was also tied to the technology of linear distribution. A stalemate of gross dissatisfaction on the part of consumers persisted for decades because there was no way to break the grip of the conglomerates.

Several technologies tried to create better options, but the conglomerates thwarted their efforts. The launch of satellite television in the mid-1990s was believed an antidote to cable rates immune from market pressure, as was the introduction of video service from what were once telephone companies—AT&T's U-Verse and Verizon's Fios in the mid-2000s. Several other companies attempted to use internet distribution to create a cable-like experience, but all failed until Sling, which entered the market in 2015 initially *without* major cable brands such as ESPN. The problem all companies encountered was that these services—whether offered by satellite, telco, or internet—needed the conglomerates' content, and the conglomerates refused to sell for any less or by any other terms than those they offered the cable companies. Satellite technically was a competitor to cable, but it faced the same underlying programming costs. Thus, it could prevent cable companies only from raising rates not associated with programming costs.

It is impossible to underestimate the discontent with cable service that resulted. Perhaps the early twenty-first century predictions of the coming end of television can be best explained simply as a desperate desire for change. The dynamics of television—of an oligopoly of content makers wielding control over service providers—explains a lot about what happens later in this story, which has more twists and turns than a soap opera you might find on one of its channels.

Dry Conditions

The kindling created by dissatisfaction with cable pricing and packaging was obvious. Just as the music industry knew consumers really didn't want to buy albums, the cable providers knew viewers were frustrated by their bundles and pricing, and the conglomerates knew they had a substantial advantage. The content conglomerates wielded their power ruthlessly, immune to the critique and complaint piled on service providers. As with the music industry, the conglomerates continued to play their advantage, unencumbered by concern for how conditions might change.

Television, though, had kindling that was more like the threat of disaggregation was to the newspaper industry: an underlying danger mostly unrealized. In all of the end-of-television rhetoric, no one imagined something like Netflix. No hopeful accounts predicted a world without television schedules and free of commercials. Such an experience was just beyond the realm of fantasy. As a result, few appreciated the radical value proposition Netflix offered, and the company consequently was able to exploit an uncommon crack in the industry's high barriers to entry that was created by technological change. When the service began offering typical television fare on-demand, without commercials, and at an affordable price, the wildfire of disruption spread quickly.

Television had always been delivered by schedule, just as newspapers had always involved a bundle of stories. This seemed simply the nature of television to the extent that it was difficult to imagine it any other way. It wasn't that "television" required a schedule, but the distribution technologies available before the internet did. Broadcasting and cable were technologically incapable of transmitting multiple shows simultaneously.[10] As a result, US viewers came to believe that television was inherently live and that it was normal to watch one show at 8:00 on Friday and have to wait a week to continue that story. Those attributes aren't necessarily required by television, as internet distribution quickly revealed. Of course, VCR technology had enabled audiences to record and time shift and, more recently, DVRs and DVD boxsets had made different ways of viewing even easier, but few anticipated the possibility of the behavior that became known as bingeing.

There are many oddities about this term: first, its inherently negative connotation despite being such an experiential improvement. There's a pathology suggested by the term, as in binge eating or drinking, yet, in practice, it merely allows the consumption of television in the way other media have long been consumed—at the whim and will of the viewer, rather than the dictate of a scheduler. Second, the term's persistence and application to everything from marathon viewing of several episodes to a viewing practice that approximates the way most people read books—an episode or two at a sitting over a period of time—encompassed so many behaviors to be an imprecise descriptor. Perhaps a moral panic might be justified over day-long marathons, but viewers steadily working through a series of episodes in their available leisure needn't warrant concern. Still, both ways of viewing were quite different from television's previous norms.

It was impossible to imagine television without a schedule until services such as Netflix revealed an alternative. After pivoting from DVD-by-mail to streaming, Netflix first relied on shows that originally aired on broadcast networks. The scale of difference in experience wasn't immediately obvious because many viewers were rewatching shows they had already seen, and the fact that they could watch as many episodes as they wanted wasn't especially profound. But when Netflix offered its first original series—*House of Cards*—in 2013 and released the full season at once, the minds of viewers and television executives nearly exploded.

Another hidden dissatisfaction resulted from the tedium of commercials. Where many countries have a major public service channel free from advertising, US viewership of PBS has always been minimal. Likewise, only about 30 percent of homes ever subscribed to a commercial-free pay service such as HBO. A television world without commercials was consequently as fantastic a proposition as freeing television from a schedule. In recent decades, television networks had taken advantage of viewers' lack of alternatives or rules setting advertising levels and steadily increased the minutes of commercials and promotion included in each hour of television. Viewers may have sensed that more minutes were consumed with commercials, but they'd been so steadily acculturated they hardly noticed, and they accepted this norm because an alternative wasn't available. Until there was.

Of course, internet-distributed television doesn't have to be subscriber funded. The prevalence of this model was at least partly a result of the challenge of corralling support from the range of interests—such as advertisers and ad agencies—necessary to develop an ad-supported offering that would require agreed metrics, pricing, and measurement practices. Advertisers weren't unhappy with the norms of television before the internet and had little incentive to change, especially because audiences were not disappearing from nightly scheduled programming as precipitously as they fled newspapers or CD purchases. Advertisers and networks were accustomed to viewing the other as adversaries and felt none of the pressure that had led to significant adjustment of other industries—for example, the unauthorized downloading of music that led to that industry's acceptance of iTunes. It is an indication of the pent-up dissatisfaction with television that it proved easier to convince millions of people to pay for a service like Netflix that offered a better experience than to amass an audience for an ad-supported service with professionally produced content.[11]

As the situation of newspapers illustrates, ad-supported media are in the business of creating audiences, and that was the case for most of US television until Netflix. Almost everything that happened on American television screens appeared there in order to attract the attention of viewers that was then sold to advertisers. Television without ads offers a better viewing experience but, more significantly, it is not beholden to attracting the most attention. Instead, it can explore stories and characters difficult—if not impossible—for ad-supported television because such themes might also discourage some from watching. Also, the broader business of television encouraged series that could develop hundreds of episodes, and this considerably narrowed the range of stories likely to be told. A service such as Netflix that both relied on subscriber funding and distributed television using the internet had different abilities and priorities that encouraged it to develop content distinctive from that characteristic of advertiser-supported, scheduled television. It consequently improved the experience of television and adjusted the nature of the content viewers could find.

Viewers may not have realized they were dissatisfied with the television shows that the industry offered before the arrival of internet distribution. In fact, many regarded the accomplishment of US television as achieving new heights in the first decade of the twenty-first century. A programming revolution first led by the subscriber-funded HBO with shows such as *The Sopranos*, *Sex and the City*, and *True Blood* gave rise to boundary pushing in advertiser-supported television, although mostly on cable channels that were increasingly desperate to stand out among the hundreds of others. The thematic range of series produced for ad-supported television broadened, but in time Netflix revealed how much more breadth was feasible.

If you'd interviewed people on the street in the early 2000s about what they didn't like about television, cable bundles would have been the prevalent answer, but that wasn't the extent of their dissatisfaction. The rigidity of a program schedule, the ennui created by commercials, and the relative sameness of the programming despite having hundreds of channels simply wouldn't have occurred to them as something that could change. Just as record labels had forced an experience of listening suboptimal to what most desired, the preinternet television industry bet heavily on its profit margins and rarely considered viewer experience. It was a strategy that worked for a long time, and it would have kept working were it not for the uncommon opportunity that internet disruption allowed.

What Does Internet Distribution Do?

The implications of internet distribution are vast and wide ranging for television, but these adjustments can be organized into three key categories. One change is the emergence of another sector of video service: those that distribute video using the internet such as Netflix. These services are different from preexisting television in terms of distribution technology—which enables them to be schedule-free and on-demand—but also many rely on a different revenue model than characteristic of most preinternet television. A second change results from the transformation of cable providers into internet providers. This adjustment—and the fact that internet service comes to be more important to most households than cable/satellite service—leads to significant changes in the dynamics between cable channels and cable service providers that end the decades-long impasse. Finally, we have the new version of the old television industry. Despite the emergence of streaming services, television channels haven't faded away. Scheduled viewing has been in decline, but the streaming services do not replace some of the most-desired television forms—such as news and sports—and as a result the business of television begins to split into two very different sectors.

Streaming Wars?

As I write in 2020, we are only in the middle of the disruption of television. Much remains characteristic of the "wild west" conditions of any industry in the midst of innovation. In many ways, this year marks the milestone of the legacy television industry firmly entering internet distribution with the launch of services such as Disney+, HBO Max, and Peacock in recent months. Such services have quite literally been a long time coming; an interview with a Disney executive noted talks about what became Disney+ dated as far back as 1997. But these services—and the subtle differences among them—only hint at which aspects of the innovation of internet-distributed television are driving viewers. What is important is that these services are often side bets for much larger companies that remain predominately funded by a mix of other endeavors including legacy media businesses.

While the story of newspaper and music industries' struggle to adapt to internet distribution began at the turn of the century, the internet didn't become a significant factor for television until about 2010. Certainly, many ill-fated experiments and the launches of now-common services existed earlier, but little really took hold until 2010. Netflix grew quickly in the years between 2010 and 2013, and it more than doubled its subscriber base to 44.35 million accounts, based on offering a library of pretty old programming originally produced for the broadcast networks. Netflix recognized that it needed familiar programs to launch its streaming service. Many of the failed streaming experiments offered video, but the lack of recognizable titles earned them little attention. The first-sale doctrine that Netflix relied on in its video-by-mail service that allowed it to buy DVDs and mail them around the country did not apply to the streaming world. Instead, it would need to license the rights to programs—a staple practice of the television industry: after a show such as *Friends* aired on NBC, the studio that made it (Warner Bros.) would license it—or sell the right to air episodes for a period of time—to cable channels such as TBS and to channels around the world. Netflix appealed to these studios as a new buyer and source of revenue.

When Netflix first established licensing deals, it had fewer than 10 million subscribers, was available only in the United States, and seemed too wild a bet to amount to much, expectations that are summed up in the title of cofounder Marc Randolph's memoir, "That Will Never Work." Netflix was willing to pay rich license fees, often for shows that weren't much in demand, and the studios willingly embraced this new revenue. Most studios were part of larger conglomerates that also owned broadcast networks and cable channels whose advertising revenue had begun to plateau, so this new revenue was especially appreciated. One executive described the new revenue as "like crack."

The licensing deals were typically multiyear. As they came due for renewal, things looked a bit different. Netflix was no longer a little startup likely to quickly flame out. A notable inflection point took place in 2011 when the license for Starz' programs came due. Netflix had grown from 9 to 23 million subscribers and had been able to collect considerable data on how many people watched the shows it offered. When Starz realized that Netflix was more a direct competitor to its subscription service, it increased the fee it expected and Netflix walked away. By that point Netflix had proof of concept and significant brand recognition. Although it wouldn't be clear to subscribers until a few years hence, Netflix 2.0—of providing shows licensed from other studios—was over. Netflix 3.0 had begun.

Netflix 3.0 involved becoming a global video service reliant on original production. It was a long process to make this aspiration a reality. Until 2017, most of Netflix's subscribers were in the United States, and maintaining the US was crucial as the service extended its reach around the globe. What Netflix aimed to do was unprecedented. Selling US television shows to television channels broadcast to viewers around the world was nothing new, but Netflix aimed not only to offer shows made for American audiences, but also to produce series in many countries and make all their originals available to audiences in all 190 of the countries it reached. Many journalists focused on the billions of dollars Netflix was spending on programming, and how it dwarfed the spending of broadcast networks or cable budgets, but those billions were being spent to serve viewers in locations as diverse as Japan, Brazil, and Germany.

Although there had been channels that reached more people than Netflix, the fact that the company was able to entice so many to pay for a video service was also unprecedented. Netflix's reach—more than half of US homes—is pretty astounding. Cable and satellite reached more homes, but there was little commonality in what those homes watched; many different channels earned revenue from their attention—although the channels shared a handful of owners. Having more than 60 million US subscribers pay to have Netflix, a value proposition bundled with nothing else, was an extraordinary development and evidence of the unacknowledged kindling.

The story of what the internet did to television focuses on Netflix, because it provided the most profound change and arguably has proven the most successful to date. Of course, there were other companies—notably Hulu or HBO Now (which has recently evolved into HBO Max)—but these other services did little more than extend ways to access existing content. Hulu, perhaps best described by media executive Robert Tercek as "the unloved bastard offspring of a doomed tryst among three aging TV giants" was particularly unusual.[12] It had as many stages as Netflix, but with different revenue models—ad-only, ad and subscription, or subscription-only—yet it drew less attention because no version proved nearly as successful. Also, it was co-owned by three companies (Disney, News Corp, and Comcast) until 2019, and it was unclear whether all the companies shared a common aspiration for it and the extent to which Hulu's success might challenge their legacy television businesses. To a large degree Hulu functioned as a "catch-up service," a place for viewers to watch the current season of episodes on their own schedule. Hulu was far from the only service offering this capability. Many cable subscribers could access such on-demand availability without paying an additional fee.

And, of course, YouTube also grew considerably in this period. Few initially recognized the profound differences among different internet-distributed video services. The difference between Hulu—owned by the conglomerates that offered their own shows on the service—and Netflix was subtle. YouTube, though, was a whole different thing entirely. YouTube had none of the production costs of the other services owing to its reliance on user-generated content. Indeed, YouTube made repeated swings at funding programs and personalities, but none proved as successful as just letting personalities build a base of subscribers. And nearly all the endless content on YouTube was free with only an initial ad message. In time it became clear that, as a business, YouTube was more like social media such as Facebook and Twitter than a new version of television. Although its billions of videos were viewed by millions daily, its implications for "television" mostly resulted from the attention that it garnered and sold that was taken away from other forms of video.

New services arrived just as I finished writing this book; Disney+ was arguably the most anticipated. Although the most common frame was to pose Disney+ and Netflix locked in a streaming war, the reality was more complex. Disney+ was characteristic of a "vertical integration" play. In short, the media conglomerates owned vast libraries of movies and television shows their studios produced over the decades. At the turn of the century, the conglomerates launched cable channels to take advantage of these libraries and, in the early years of streaming, often licensed these titles to the upstart services. Once a marketplace for streaming video was established, several companies identified that it made more sense to create their own service than to allow Netflix to be a middleman using their content. At launch, Disney+ was designed more as an expedient outlet for Disney production than as a service strategically engaged in delivering a multifaceted value proposition. And although Disney announced a global rollout for the service, its strategy relied heavily on pushing content made for American audiences around the globe—as it had done for decades—and not to cater to and produce for specific multinational audience segments as Netflix endeavored.

Another segment of the marketplace belonged to companies that used video in support of another goal. In the case of Amazon's Prime Video service, this goal was to provide value to Prime members and increase the number of these members, which would lead to increased retail purchase and ensure Amazon a strong and expanding stake in retail. Similarly, the Apple TV+ service launched in November 2019 aimed not to challenge Netflix, but to add value to Apple device purchase. To the casual observer, it may seem that Apple's *The Morning Show*, Amazon's *The Marvelous Mrs. Maisel*, and Netflix's *Jessica Jones* were smart dramas about interesting characters offered by competing services, but that just wasn't the case. All these series could prove successful to their service without diminishing each other. Apple mostly cared that *The Morning Show* encouraged people to continue to buy iPhones, iPads, and MacBooks. *Mrs. Maisel* succeeded if her story encouraged more Amazon Prime memberships, and *Jessica Jones* if the series encouraged viewers to become Netflix subscribers or maintain existing service. This was quite different from the competition among three broadcast networks for viewers' attention at 9:00 on Thursday night.

Although it is clear that Netflix offers a widely valued proposition, it has been more difficult to draw broader conclusions about how and why subscribers value it, especially because of the limited data made publicly available. The numbers that are public show that there is a steep decline in viewing of scheduled television in the last decade, especially since 2014, and that sports programming overwhelmingly accounts for the content viewed by the largest audiences. Little data exists, however, that blends these metrics, or that suggests how many people watch Netflix, Hulu, or Amazon Prime Video on a Sunday night compared to those who watch broadcast and cable channels. Moreover, little is publicly known about what viewers watch on the internet-distributed services.[13]

The Revenge of the Cable Providers

Another development that wasn't typically credited to the internet was the expansion of video-on-demand service from cable providers. Beginning in about 2013, cable companies such as Comcast steadily expanded their subscribers' ability to catch up on the most recent season of episodes. Although an offering of what many perceived as their cable company, video on demand was evidence of an important shift these companies quietly made at the beginning of the twenty-first century: the cable industry became the internet industry. Technically, there was little difference between cable and internet service once cable providers updated to a digital infrastructure. They used internet protocol technologies to send the on-demand video that was offered with cable service.

The tensions between content-owning conglomerates and cable—now also internet—providers metastasized as a result of the growing adoption of internet-distributed video. At long last, a force of change arrived that had the power to adjust the negotiating dynamics. A lot, A LOT, of media attention focused on the phenomenon of "cord cutting" as internet-distributed services such as Netflix and Hulu began to establish themselves. Given the deeply held frustration with cable packages, perhaps the extent of these predictions is understandable, although it was certainly overblown. There was no mass exodus from cable packages, rather a steady trickle. Despite clear panic about cord cutting by 2010, the phenomenon began to meaningfully register only in 2018 when US multichannel service declined by 4.2 percent, accounting for 3.2 million customers. The sector lost 3.7 percent in 2017 and 2 percent in 2016.[14] Many of these subscribers, however, shifted to packages of channels offered by Sling, Hulu, and YouTube that allowed the cable channels—and their advertisers—to continue to reach these households.

Just as blame for rising cable prices was often misallocated, the implications of cord cutting were widely misunderstood. After decades of dissatisfaction with cable bundles and pricing, many expected this as the comeuppance for the cable providers. Breathless announcements of decreases in the number of multichannel subscribers appropriately noted the number of lost subscribers by service: Comcast down X, DirectTV down Y. Notably, most of the losses hit satellite companies that didn't also provide internet service. A lot of the satellite cutting resulted from people leaving satellite to seek savings from the discounted rate for internet service available when bundled with cable.

Although cord cutting was reported as Comcast's losses, many consequences resulted when a subscriber cancelled video service. The cable provider took a hit, but these subscribers lost access to discounts for having cable and internet service and also could be upsold to a more expensive internet package that offered more data—since presumably they would be consuming more internet-distributed video. As a result of losing these subscribers, though, the cable companies no longer had to pay the fees for that subscriber to the content conglomerates. As a result, lost video subscribers were largely a wash for cable providers. They may have lost some revenue in advertising and subscriber fees in the short run, but the increased reliance on streaming services that required their internet services would prove a trump card. Their profit margin on video had been considerably eroded by decades of increased fees from content conglomerates, and the margins on internet service were much better. Internet service provision was nearly a monopoly, and the elimination of net neutrality protection in the United States even created opportunity for expanded revenue.

In contrast, cable cutting hit the content conglomerates in two ways. They lost the fees from those subscribers and the potential scale of audience declined, which decreased the fees they could expect from advertisers.[15] It might have been possible to recognize this reversal of fortune as karmic retribution if it weren't for the fact that the cable—now internet—providers were largely monopolies clearly enjoying the lack of competition in charging high rates and continuing a legacy of subpar customer service. Although a substantial shift occurred in the relative power among businesses within the television sector, the situation for consumers wasn't substantially improved; instead of overpaying for cable service, they now overpaid for internet.

By 2019, the content conglomerates began a clear pivot. Innovation focused on launching streaming services and new titles were advertised as exclusive to that service. These companies also shuffled their organizational structures at this time—often in response to acquisitions (e.g., Warner Bros. by AT&T and Fox by Disney)—and the new corporate structures streamlined production across distribution technologies.

The final chapter of the long intractable struggle between content conglomerates and cable/internet providers has yet to be written. The conglomerates no longer have the bargaining power they once enjoyed, and the reversal of fortune may be even more significant. The elimination of net neutrality rules in the United States allows internet-service providers to treat services delivered over the internet differently or, in legal parlance, to discriminate. Many expect the internet-service providers to adopt policies that require payment *from* services such as Netflix or Disney+ to ensure delivery of streams at optimal speeds; meanwhile, they increase service fees to consumers on grounds of increased internet use. There is no shortage of irony that the cable companies that once paid conglomerates in order to be able to offer their content might now require those conglomerates to pay them for that service.

Notably, the story for cable providers—entities comparable to music retailers or film theaters in terms of the supply chains of their different industries—proved uncommonly successful or, rather, fortunate in terms of the industry adjustment initiated by internet distribution. Internet providers—especially in the United States—are the masters of the universe for all media industries. Two of the largest internet providers now also own a content conglomerate: Comcast owns NBCUniversal and AT&T owns Time Warner. Both launched streaming services in 2020. Although it is too soon to know with certainty, it is likely that these services are intended to incentivize consumers to subscribe to the internet (or mobile) service these companies offer, as the revenue of internet-service providers is many times that of making content and selling attention to advertisers. This is a distinctly American consequence of the internet that results from the lack of competition that evolves from weak US regulatory norms. The coming stage of US television competition as tied to internet distribution is less about technological change and more a matter of dynamics and practices that develop in a different, noncompetitive marketplace compared with the one that preceded it.

The Curious Persistence of Television

As the account of kindling suggests, internet-distributed television substantially changed viewers' experience of some types of television, especially scripted television—dramas and comedies—that could be freed from a schedule. Viewers long accustomed to a television experience based on "what's on" gained the ability to watch deep libraries of programming on their own schedule and at a self-determined pace. But notably, live formats—news and sports—remained largely unchanged and maintained their audiences. Many talk show formats likewise persisted, although they gathered smaller audiences.

Television had long featured two different categories of programming that were built on substantially different economics, let's distinguish them as *durable* and *ephemeral television*. Not much attention was paid to this distinction because there was little reason to. Durable television is valuable as intellectual property. These are the shows like *Friends* or *CSI* that could be used to gather an audience that could be sold to advertisers or compel direct payment from viewers. The real source of economic value of these programs for the companies that made them wasn't that first primetime airing, but the ability to sell them again and again for decades and in dozens of countries. Television based on intellectual property was so highly profitable because it could be sold so many times over.

Subscriber-funded streaming services such as Netflix particularly value durable programming because their business model isn't based on trying to construct a mass audience to view a particular program at a particular time (and thus also view the embedded advertising). Also, these services are able to offer more choice and derive benefit whenever viewers watch because internet distribution enables them to maintain an expansive library of programs instead of being restricted by the limited availability of the schedule. The success of a subscriber-funded streaming service depends very much on the desirability of its often largely exclusive library. To offer value, the service can't be one of many places for a viewer to find shows, so streaming services strategically aim to develop a long-term library of exclusive content. These libraries offer viewers new and better ways to consume video—no commercials, no schedules—but it is also a very different business than trying to gather up masses of eyeballs to sell to advertisers on a Sunday night.

Ephemeral television, which is valuable in the moment it attracts attention but has minimal to no later value. Ephemeral television is often produced and aired live, in forms such as news, sports, and talk shows. The business model behind these formats differs because their value is immediate and, therefore, they can't be sold again and again. The cost of producing them must be entirely repaid from selling the attention they produce. Many of these formats tend to be cheaper to produce—think of morning and late-night talk shows; news and sports aren't necessarily cheap, but they often draw large enough audiences to justify costs. The fact that people seek to watch ephemeral television live has made it resilient to the changes introduced by streaming services. Advertising still works as a strong funding mechanism because people watch live and view ads with no way of skipping past them. In fact, for a long time, the decreasing availability of attention produced what seemed a very curious consequence. As audiences declined, the cost to advertise in shows viewed by fewer viewers increased. This is easily understandable in economic terms as a result of the decrease in supply of shows delivering large pots of attention leading to an increase in their cost.

These distinctive types of programming have long been part of television even though separating television into categories such as durable and ephemeral hasn't seemed warranted until now. Before internet distribution, these different attributes weren't significant, because all television was forced into a time-based schedule and nearly all content was designed to gather the most attention. Just as the newspaper industry was not in the business of creating news, but of creating audiences that could be sold to advertisers, broadcast and cable sought to create programs that would attract attention that could be sold to advertisers. That business has been under pressure for some time. First, audience attention was fragmented across an array of television channels as cable provided more choice. But then that attention began to disappear as viewers spent more time watching Netflix or YouTube, or reading social media feeds, diminishing the opportunities for advertisers to reach mass audiences. The result is the slow emergence of two parallel television industries tied to the different affordances of different distribution technologies.

The casual conflation of the different businesses of durable and ephemeral television explains why the impact of the internet on television has been so difficult to understand. The heterogeneous programming we understood as television—its ephemeral morning shows, news, soap opera, game shows, and news magazines, as well as its durable scripted comedies and dramas—have always had different underlying economics. There simply wasn't variation in distribution technologies that warranted addressing this disparity. Internet distribution is a profound improvement in the experience of durable television, but it has minimal implications for ephemeral television. Although streaming services have offered entirely new value propositions by improving the experience of durable television, this doesn't negate viewers' interest in ephemeral television. The business of ephemeral television remains well suited to the traditional business of television channels, and over time these channels will likely diminish the role of durable television in their schedule.

Much as the film industry is likely to be further disrupted by the slow waning of theatrical distribution as the apex of its ecosystem for all films, broadcast prime time will likely suffer a similar fate. This need not be considered a matter of death, but of reorganization. Broadcast television is less likely the source of future intellectual property and more likely a place to find topical current programming that can be funded based on the attention it attracts. Broadcast networks have used reality programming to this end since the start of the century, and this reliance will persist as long as new, word-of-mouth-generating formats are created and re-versioned. The elimination of scripted series from broadcast networks shouldn't be viewed as a failure or indication of their death, but just as business evolution. This may be similar to what happened to radio when television developed in the 1950s. Unable to reasonably compete with television, radio shifted from offering scheduled shows—much like the ones familiar to television viewers, just without images—to music and talk formats that filled a need for people who were doing things that required visual attention.

The implications of internet-distributed television have been wide ranging and aren't easy to summarize. One way to think about it is that internet distribution allowed the television industry to become more multifaceted, much like what has happened for film. Just as forcing every film through the same model of theatrical distribution narrowed the range of films, the bottleneck of the television schedule and evaluation of television success only by the number of viewers meant that a limited range of ideas and characters was likely to succeed. Just as internet distribution has varied the routes by which films can find audiences and profits, the different measures of success of subscriber-funded television has led to a more multifaceted array of television. It makes sense that certain types of programs are better suited for certain conditions—in particular, programming valued for its liveness better supports advertiser funding.

Conclusion

I've been writing about the evolving US television industry for nearly two decades. Of all the stories told here, it is the one I know best. I had a visceral, knee-jerk reaction to forecasts of the death of television in the early 2000s. In writing about the early stages of internet disruption—particularly the early ascendancy of Netflix—I challenged the pervasive frame that understood Netflix as "new media" and instead claimed it as "internet-distributed television."[16] This was a deliberate strategy. Netflix became Netflix by offering *SpongeBob SquarePants*, *The IT Crowd*, and *Lost*. These were television shows, not new media. But as time—and industry change—marches on, I'm less certain of the long-term value of my fight for "television." It has grown clear that the future paths of durable and ephemeral television are likely quite different. Neither is necessarily rosier than the other; it is just that continuing to conflate them under the banner of television may prevent understandings of the industry's evolution with the sophistication needed.

The response of some to claims of the coming death of television was to opine philosophically about what "is" television. Around 2005, something like watching clips of *The Daily Show* on YouTube was legitimately perplexing; was this still watching television? My answer then was "yes, obviously." Lately, though, I find myself using the word *video* instead of television, mostly because the services I think and write about the most offer both television (the durable version) and film. In contrast to Spielberg's personal certainty about when a film becomes a film, I'm now decreasingly certain of the differences between durable television and film; they seem much more similar than durable and ephemeral television.

While these are interesting questions, they aren't particularly troubling for the television or film industries because the business of all video remains strong, even if misunderstood by many. Making distinctions between durable and ephemeral television might clarify a picture of the industry better than assessing the average ratings of broadcast channels as an indication of television's future. It is a far more varied industry than in the past—especially in comparison to the time when a single distribution technology (broadcast) and single business model (ad-funding) produced fairly homogenous content that sought to appeal to the largest possible audience.

In terms of what insights the television industry's still-preliminary experiences of digital disruption offer, the distinctive story is one of *how technological innovation can reconfigure the relationships between businesses in a "supply chain*."[17] The most disruptive part of this story isn't about Netflix, but about how cable service providers shapeshifted to become internet service providers and reversed the dynamic of their relationship with content conglomerates. This development poses quite a different fate than the wide perception of disruption as detrimental and identifies new possibilities for businesses contemplating kindling and strategies for surviving and thriving despite technological change. On the other side, it is unclear whether this reversal of fortune for the content conglomerates is a cautionary tale. Did they reap their just desserts? Could their fate have been different? Could they have earned goodwill from cable providers and consumers if they yielded on demands and allowed providers to offer viewers more choice in bundles? Or was it the smart move to exploit their advantage as significantly as possible?

A lot of criticism has been directed toward the conglomerates: about their slow pace of change and accusations that they were conned by Netflix and allowed their greed for licensing dollars to enable the creation of the company that would undo them. The reality is far more nuanced, however. It is true that the executives at the helm at the broadcast networks continued to bang the drum for their business long into internet disruption, but we are now learning that behind the scenes they were preparing the major pivots the speedy launch of Disney+ suggests. Much as with the newspaper industry, the content conglomerates were making a lot of money from the old norms, and it was difficult to encourage an end to that world any sooner than necessary. Financial analyst Todd Juenger summed up the situation well to *Variety* journalist Cynthia Littleton: "What are you supposed to do if you have a business that still generates high margin and lots of cash but is going down and being replaced by a new version of an entertainment product that I would argue is better for consumers in every conceivable way?"[18]

The business of television is changing in ways that don't necessarily mean new windfalls. Television has been a rich, rich business. The business of networks funded with national advertising, the business of production studios that profit from intellectual property decades after its creation, and the business of cable and now internet service have all been very lucrative. But the adjustments among those who make television, those who deliver it to viewers, and the relationship between them, as well as how viewers pay for it, are reallocating those riches. It isn't yet clear who will gain and lose in this reapportionment, especially because the content conglomerates are widely diversified. Even if their cable channels fail, they own the studios that are expert in producing programs and are capable of launching their own internet-distributed services. A venture such as Disney+ is a hedge as much as anything else; it is not likely a move that will lead Disney to dominate in the future, as much as keep it from being left behind.

Arguments that the content conglomerates are to blame for Netflix's success are similarly unnuanced. The conglomerates had effectively thwarted innovation since the launch of satellite TV in the 1990s. Could they have continued to stifle innovation indefinitely? Satellite also enabled television to become more a global than a national business, and even if the US conglomerates managed to maintain the status quo in the United States, change would have come from elsewhere. The streaming innovation arguably began in the UK, where, as a public service, the BBC wasn't terrified into paralysis by the potential of piracy and instead embraced—or at least accepted—the innovation of streaming as a way to make its programming more accessible to the populace that funded its creations. The launch of BBC's iPlayer in 2007 illustrated what was coming, even if many in the US industry were skeptical and publicly downplayed the coming disruption. If not Netflix, another company would have found a way to show American viewers the television experience they hadn't anticipated was possible.

Otherwise, the story found in television largely mirrors those elsewhere. Those who have lost the most market power as a result of internet distribution certainly could have seen the change coming. Strategic shifts to improve the value proposition for viewers could have been made. The business of US television never prioritized viewer experience because viewers were the good being sold. Faced with declining audiences, channels "innovated" by decreasing the commercials loaded in an hour of programming, but they did so much too late. Maintaining the riches of ad-funding has been the primary strategy of the content conglomerates while actual innovators created an adjacent industry based on subscriber funding.

The content conglomerates chose not to clear their kindling and are being slow to double down on remaining advantage. As of 2020, no broadcast network has really reinvented itself in a way that recognizes that its future is about ephemeral programming. No network has given up spending on scripted programming, although the Fox network might show the first signs; having sold all of its intellectual property business to Disney in 2019, all that remains of Fox are sports and talk shows (or what Fox calls news). The question is less *if* others will follow suit, and more simply *when*. This type of program evolution isn't without precedent. In television's early days, networks CBS and NBC prioritized different programming. NBC was owned by television set manufacturer RCA, and RCA's priority was selling sets. As a result, NBC's early programming was innovative and pushed boundaries in ways meant to encourage people to go out and buy a set of their own.[19] In contrast, CBS had all the top radio shows. CBS's early schedule involved transferring those much-loved radio comedies, dramas, and variety shows to television. In time, enough homes had television and NBC changed strategies. NBC didn't "lose"; rather, its corporate priorities shifted. Before streaming services, developing expensive dramas and comedies was a good strategy to attract audiences that could be sold to advertisers. That competitive field has changed, however, and so must programming strategies.

The advantage that television holds is its capacity to gather the most mass audience in a now normally fragmented media environment, and it continues to be technologically superior for live video, especially those events that attract widespread attention. The current environment features a lot of companies offering video for a variety of reasons, and a lot of those companies are running distinct races. Identifying strengths and doubling down require disparate strategies for Netflix and NBC, and something different yet for Amazon and Apple. To understand what is happening and what will happen in television, the starting point must be appreciating the core business of companies using video to accomplish different corporate goals.

The fact that digital disruption of the television industry involves both a new technology and a new revenue model makes it difficult to be certain of cause and effect within this competitive landscape. Just as durable and ephemeral television warrant consideration as two different sectors, so too are the businesses of ad-supported and subscriber-funded television largely distinct. One sells attention to advertisers and the other sells a program service to viewers, but the markets are interconnected to the extent that viewers who watch subscriber-funded services take their attention out of the ad-funded market. The implication of this decreased attention has paradoxically made the smaller remaining audience more valuable, but it is also a reasonable assessment that advertisers won’t pay a premium for that attention indefinitely. As is all too evident to the newspaper industry, advertising substitutes emerge, and they are often least anticipated because they come from off the radar and seemingly other industries. Will sports leagues continue to find the greatest value in selling exclusive rights to television channels, or will a time come when it is clear their businesses could be more profitable by selling subscriptions to fans and selling advertising on their own? Where do you find a mass audience of young people these days? Is Fortnite the Generation Z MTV?

There will be many futures for the television industry, and just as there was uncertainty about whether Netflix and *The Daily Show* clips on YouTube were television, the fuzziness of current distinctions will quietly reconcile in coming years. The most likely scenario is one of different kinds of services that provide different value propositions to viewers who want different experiences of television. Just as the days of the album are past, so too are the days of a coherent television industry in which everyone in a neighborhood chooses among the same options. The blend of a variety of distribution technologies and a variety of business models enables a more multifaceted television future, arguably one unlikely to gather mass audiences with particular shows in the manner previously common. That future offers considerable opportunities for viewers, creators, and industries, even though they might be quite different from the past.

Further Reading

The story of US television's disruption is the topic of much of my research. *We Now Disrupt This Broadcast: How Cable Transformed Television and the Internet Revolutionized It All* (MIT Press, 2018) provides an accessible account of 1996–2016 and the story of how cable channels evolved from second rate programmers to the center of popular culture and internet-distributed television emerged. *The Television Will Be Revolutionized* (New York University Press, 2nd ed., 2014) offers a systematic examination of how and why the business of television changed. Catherine Johnson's *Online TV* (Routledge, 2019) provides a comprehensive account of the different kinds of internet-distributed television that emerged and the central issues they raise, and offers an account broader than the United States. Similarly, Ramon Lobato's *Netflix Nations: The Geography of Digital Distribution* (New York University Press, 2019) examines how internet distribution disrupts the previous norms of transnational television distribution. Matthew Ball's blog posts (https://www.matthewball.vc/) also offer smart arguments and analysis derived from economic and industrial data. Michael Wolff's

Television Is the New Television (Penguin, 2015) is ultimately far more about advertising than television and mostly provides a good illustration of the kind of thinking (that assumes television can only be ad-funded) from which this book seeks to break.

Chapter 5

1. Amanda D. Lotz, *The Television Will Be Revolutionized* (New York University Press, 2007).
2. Jennifer Holt, *Empires of Entertainment: Media Industries and the Politics of Deregulation, 1980–1996* (Rutgers University Press, 2011).
3. It is true that Time Warner owned cable channels and a cable service, but sold the service in 2015. Also Comcast buys NBC in 2013.
4. Robin Flynn, "U.S. Multichannel Subscriber Update," *SNL Kagan Special Report*, June 2013.
5. Todd Spangler, "Pay-TV Prices Are at the Breaking Point—and They're Only Going to Get Worse," *Variety*, November 29, 2013.
6. Cynthia Littleton, "Media Giants Struggle to Adapt after Decades of Outsized Cable Profits, *Variety,* July 21, 2020, https://variety.com/2020/tv/news/tv-viewership-habits-cable-traditional-media-1234710050/.
7. Kim McAvoy, "Digital Opens Doors to New Nets," *Broadcasting & Cable*, January 26, 1998.
8. Luke Bouma, "The Average Cable Bill Is 50% Higher Than It Was in 2010, *CordCutters News*, November 4, 2018, https://www.cordcuttersnews.com/the-average-cable-bill-is-50-higher-than-it-was-in-2010/
9. Michael D. Smith and Rahul Telang, *Streaming, Sharing, Stealing: Big Data and the Future of Entertainment* (MIT Press, 2016).
10. Digital cable, which was rolled out in the late 1990s and early 2000s in the US, did provide the technological capability of two-way communication that allowed similar on-demand capacity. There were also limited experiments, for example QUBE, an interactive experiment of Warner Communications in Columbus, Ohio, in the late 1970s. The cases illustrate how technology does not play a determinative role, but innovation requires a blend of technological capacity, economic viability, and regulatory consent. Cable service providers made minimal use of on-demand capability because the business behind it was quite limited because the content conglomerates held tightly to rights and were wary of encouraging any "innovation" that might erode established businesses.
11. At its 2020 launch, Peacock aimed to differentiate itself by emphasizing an ad-funded version, but came to market with tiers very familiar. The ad-funded tier allows access to about two-thirds of the catalog, a $4.99 a month tier allows access to the full library of shows and movies yet still includes ads, while a $9.99 a month tier provides ad-free full access. This is very similar to Hulu's model, however, little public data exists about the levels of viewing across these tiers.
12. Tony Greenberg, "Jumping through Hoops with Hulu," *Media Village*, September 20, 2011, https://www.mediavillage.com/article/jumping-through-hoops-with-hulu-will-hollywood-studios-kill-their-offspring-again-tony-greenberg.
13. In early 2020, Netflix began including daily data about the Top 10 most viewed titles in each country. While this is more than no data, it is data limited in very key ways that prevent a full picture of viewership. Presumably much viewing is not of the 10 most watched titles, and the lack of ordinal data—just a simple ranking—makes unreliable aggregating viewing over time greater than a day.
14. Todd Spangler, "Cord-cutting Sped Up in 2018: Biggest Pay-TV Ops Shed 3.2 Million Subscribers Last Year, *Variety*, February 13, 2019,

https://variety.com/2019/biz/news/cord-cutting-2018-accelerate-us-pay-tv-subscribers-1203138404.

15. All this is detailed more extensively in Amanda D. Lotz, *We Now Disrupt This Broadcast: How Cable Transformed Television and the Internet Revolutionized It All* (MIT Press, 2018).

16. Amanda D. Lotz, *Portals: A Treatise on Internet-Distributed Television* (Maize Books, 2017).

17. Supply chain isn't a perfect analogy to the relationship between production and distribution in video industries.

18. Littleton, *Media Giants Struggle to Adapt*.

19. William Boddy, "Building the World's Largest Advertising Medium: CBS and Television, 1940–60," in *Hollywood in the Age of Television*, ed. Tino Balio (Unwin Hyman, 1990), 63–89; Vance Kepley, Jr., "From 'Frontal Lobes' to the 'Bob-and-Bob' Show: NBC Management and Programming Strategies, 1949–65," in *Hollywood in the Age of Television*, ed. Tino Balio (Unwin Hyman, 1990), 41–62.

Conclusion

1. Clayton Christensen's insights in *The Innovator's Dilemma* (Harvard Business Review, 1997) and the concept of "disruptive innovation," or better, the "Christensen Effect," have arguably been invoked as such a magic bullet, although it is unclear whether the breadth of application was really intended. Anyone wanting to use "disruptive innovation" should first read Jill Lepore's "The Disruption Machine," *The New Yorker*, June 23, 2014, https://www.newyorker.com/magazine/2014/06/23/the-disruption-machine; and Christensen, "The Ongoing Process of Building a Theory of Disruption," *Journal of Product Innovation Management* 23 (2006): 39–55. Christensen's theory of "jobs to be done" that emphasizes the problem services and goods solve for consumers is far more adaptable and well suited to explaining much of the success and failure around adapting to internet disruption in media industries. Clayton M. Christensen, Taddy Hall, Karen Dillon, and David S. Duncan, "Know Your Customers' 'Jobs to be Done,'" *Harvard Business Review* 94, no. 9 (2016): 54–62.

2. Richard E. Caves, *Creative Industries: Contracts Between Art and Commerce* (Harvard University Press, 2000); Timothy Havens and Amanda D. Lotz, *Understanding Media Industries*, 2nd rev. ed. (Oxford University Press, 2016).

3. See Gina Keating, *Netflixed: The Epic Battle for American's Eyeballs* (Penguin, 2013); and the Vox Media *Land of Giants* podcast, particularly season 2, episode 3, "Blockbuster Should Have Killed Netflix," June 30, 2020, https://www.vox.com/recode/2020/6/30/21287053/blockbuster-netflix-podcast-land-of-the-giants

4. Robert Iger, *The Ride of a Lifetime: Lessons in Creative Leadership* (Penguin Random House, 2019), 196.

5. A real dilemma of internet communication is the extent to which network effects encourage monopoly providers and how to ensure a competitive and fair marketplace persists. Significant work takes on these questions in sophisticated ways, particularly by Lina Khan, "Amazon Antitrust Paradox," *Yale Law Journal* 126, no. 3 (2017),