

There is one certainty in the TV industry. That programmers are going to be wrong 95 pct of the time. Lost, Desperate Housewives, American Idol had all been passed on by networks. Other shows have been cancelled on one network, prospered on another. Shows that have done well in one time slot, have failed in another and vice versa.

So riddle me this batman. If creating a hit TV show can be so uncertain that it's success or failure can vary by timeslot and/or network, how difficult will it be to create a hit in a purely video on demand world ?

Cut to the movie industry.

The movie industry is non linear. Movies come out and essentially are available as PPV with the delivery mechanism being the theater or on DVD. But as with any non linear network, the user has to proactively choose the content rather than just turning to a channel and have it available to them.

On any given Friday, there may be 3 to 10 movies released nationally, many more with limited releases in mostly major markets. The curse of this system is that in order to get millions of people to choose your movie, enough to be considered a hit and to make money from the box office and down stream revenue opportunities, the distributor must often spend as much if not more on marketing and promotion than they did to make the movie. According to the MPAA , the average promotional spend was \$36mm dollars.

\$36mm dollars to hopefully get 10mm people to the box office who would generate around \$80mm in box office. A good number for almost any movie.

Its difficult and expensive to get people to get out of the house to choose the one movie they are going to see that weekend.

Its going to be just as difficult and maybe very expensive in an all video on demand world, to get people to choose your program from online or cable/sat/telco provided video

If you have just spent 1mm or more per eps on the first 13 eps of a new TV show, how much is it going to cost to make sure enough people find it in a non linear VOD world to give it a chance to become a hit ?

Count viewers per episode in an hour. Count viewers in a day or week. Doesn't matter how you count viewers. Its going to be much harder to tell a potential viewer to find a show they have never seen before by searching the programming guide to find out where it is on your local video provider that it is to say, 8pm, this and every thursday on this channel.

We are so used to being blasted with promos for new shows on the networks we watch, that we take it for granted. Its called selling to the people in the church advertising. If you are already in the pews, you are predisposed to like the next sermon and you are certainly a qualified audience to promote the next sermon to. The same applies to TV shows. If you are watching FX, you have an idea of what to expect , and you are the perfect consumer to advertise to.

What if there are no linear channels ? With no linear channels, its a mess. Its an expensive mess to promote TV shows. Its a mess to find them. Its a mess.

Right now networks and their production companies have the best of both worlds. The networks can program and promote and viewers can easily understand the choices and find the shows. And when there is a hit, the metrics are there so that everyone knows its a hit. The nets proclaim it, and the media talks about it. Which in turn helps drive more viewership. Which in turn helps drive complimentary revenues like iTunes, DVD, mobile, whatever.

Even the surprises, like DVD sales of Family Guy would not have happened had Family Guy not been a regularly scheduled show. Fox having to promote the Family Guy as the great show you have never seen or heard of, but need to watch would have made it prohibitively expensive and it would not have happened

On demand video. Unlimited choice. Sounds so good. Everything you always wanted , right at your fingertips. It doesn't work.

I will give you 1 more example. music. every song ever made can be compressed on a hard drive that costs less than 1k dollars. On demand is incredibly easy. Yet radio, which is as linear as you can get for the play of music, thrives. When you combine sirius, XM , regular radio and internet radio stations, more people are listening to music from linear sources than ever before.

So when does on demand work ? When its limited. When we can trust the gatekeeper/distributor to go out and find things they know that I may like as a viewer . Create an area for my interests, and keep the choices every month limited, and you got me. I know where to look. I know i wont be so overwhelmed with choices i dont want to deal with it. Make it easy and breezy

TV is about getting away from hassles and relaxing. Its about choosing to be entertained, educated or informed. Its not about working to do any of these. Its lean back experiences.

The internet is about finding video for everything else. The internet is where the content that cost less than 100 dollars to create exists. Its where i dont expect a lean back experience, but if i look hard enough, i can find content that is in a very finite niche. Its the home of long tail video where i will lean forward and focus on finding something unique.

For distributors that dont understand their consumers, its going to get very, very expensive