

There is a widespread misconception that the common thread to industries that the Internet has disrupted is that the disrupted industries were or remain analog and the digital nature of the internet made it impossible for them to keep up. Put another way, there are those that believe that any business that is doing business like they always have will inevitably be disrupted by the internet. Change or die. Right ?

Wrong

If my memory serves me right, the common thread among those industries that were disrupted is that they all sold their products ala carte.

Music – By the CD

Newspapers – Single Newspaper (Dallas Morning News) sold by copy or subscription

Magazine – Single Magazine (Newsweek) sold by copy or subscription

DVDs – Single copy.

Blockbuster – Rent each DVD

In each of the above examples, the primary revenue stream from the product came from ala carte sales – the purchase of a single product.

Compare that to TV.

TV is sold by aggregators who sell TV in bundles. Not ala carte.

Pick any TV distributor. They aggregate the channels they want to sell into bundles and sell them. From basic service to full service with every channel available. If you want to buy PPV or VOD content, you must first be a subscriber.

Look at Netflix. They sell NOTHING ala carte (like I said, smart as shit). You have to subscribe to their service, then you can select the content you want to watch.

Look at Spotify. Pay by the month or don't play.

You can even point to Apple and the iTunes store. They aggregate all the content they can find and they bundle iTunes with their Phones/iPods/iPads/Macs and force you to buy through this bundle.

Look at the most successful business models on the net. All aggregators of content of one type or another.

Now take a look at all the folks who want to be able to just want to watch what they want, when they want to watch it , where and on the device they want to watch it. They want TV Networks to go ala carte.

Look at the companies who want to try to disrupt TV. What are they all trying to convince the TV networks and content providers to do ? They are trying to convince them to go ala carte. They are trying to convince them to go to a business model that assures their destruction.

Explain to me why they would want to do that ?

My Rule Of Thumb for disruption in the digital world:

Aggregators disrupt ala carte . Aggregators don't disrupt Aggregators, they compete with them.