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The future of television is
to stop thinking of television
as television.
(NEGROPONTE 1995: 48)

Abstract

The paradigms of media change and convergence in relation to the so-called ›new media‹ have kept scholars occupied for more than two decades. In the US and the UK, the switch from analogue to digital television comprises just the most recent step of technological developments offering an unprecedented variety of ways in which national, transnational, and global audiences are able to access television content.

This article's aim is to offer a macroscopic review of these changing ways within the US television market during the past decade. This will be done with a distinct focus on statistical data in order to diachronically substantiate the often-attributed active role that consumers played in the larger transformations that are nowadays subsumed under the term ›convergence‹. Subsequently, the article will provide a short case study of the US premium-cable network HBO in order to exemplify the mechanisms at work within this larger convergence landscape that does not stop at the borders of the United States, but transcends nationalities to form a truly global media setting.

1. Background. Evolving Definitions of Convergence

The television landscape's past two decades have been a highly volatile and eventful timespan. Back in 2004, Lynn Spigel already summarized the advancements of this new technological Millennium as follows:

> [T]he demise of the three-network system in the United States, the increasing commercialization of public service/state-run systems, the rise of multichannel cable and global satellite delivery, multinational conglomerates, Internet convergence, changes in regulation policies and ownership rules, the advent of HDTV, technological changes in screen design, the innovation of digital television systems like TiVo, and new forms of media competition all contribute to transformations in the practice we call watching TV. (SPIGEL 2004: 2)

Back in 1996, during the dawn of the Internet, expectations and fears of this digital Brave New World were one of the governing topics within the media landscape. In their prediction of digital transformation processes toward convergence in the communication sector, Baldwin, McVoy, and Steinfeld highlight the need of an objective analysis of the current state of affairs that »will be cautious not to feed the fire that is already somewhat out of control« (BALDWIN/MCVOY/STEINFELD 1996: 2), thus hinting at the unease and fears the new digital world might bring with it.

Based on and motivated by the US Telecommunications Act of 1996, »which opens all communication services to competition, creating a digital ›free-for-all‹« (BALDWIN/MCVOY/STEINFELD 1996: 1), the authors primarily understand convergence as a technological shift toward what they label ›Integrated Broadband Systems‹, i.e., a combination of television, Internet, and telephony infrastructure. In that context, they analyze a variety of different new technologies, services, and delivery systems based on network integration, communication, and compression of digital data.

Looking back, many of their predictions, such as the development of social media platforms and digital fandom, or precursors to what today may be identified as the concept of transmediality (cf. BALDWIN/MCVOY/STEINFELD 1996: 132), have held true. Other prophecies, such as the emergence of alternate interactive electronic game and console designs by Amiga, Commodore, or Sega (cf. BALDWIN/MCVOY/STEINFELD 1996: 135), though, may retrospectively be judged as proven wrong by history: all three companies are by now massively struggling to stay profitable or have ceased to exist. And technologies such as high-definition television and interrelated challenges described by Baldwin, McVoy, and Steinfeld, such as imagined physical size limitations of cathode-ray tube screens (cf. BALDWIN/MCVOY/STEINFELD 1996: 125), have, from a revisionary perspective, been solved by yet completely different technologies such as TFT and LCD displays, the developments of which the authors just had no possibility to foresee. Nonetheless, Baldwin, McVoy, and Steinfeld's analytic outlook into a post-millennial media future is a compelling analysis of the things that were yet to come. As will be shown in the following paragraphs, media convergence has developed into a concept encom-

passing much more than what could have been expected or imagined by the authors at the time of their writing.

Looking at the matter of convergence from a medium-specific television point-of-view, and with an understanding of television as one of the energetic media within the larger media mix that surrounds us, an integrated network approach has been and still is the driving force behind convergence trends. Although pointing out in 1999 that »the Internet is ill suited as a medium for broadcasting video, and broadcasting is ill suited for providing the two-way interactive services of the Internet« (OWEN 1999: 311f.), Bruce Owen describes possibilities of an integration of Internet and television/video/broadcasting. Listing actual experimental approaches that had been realized by different agents at the time, he reports attempts to physically combine TV sets, computers, and telephone lines with alternate data transmission solutions as well as with new delivery systems such as Internet-over-cable and even wireless (cf. OWEN 1999: 312f.).

Comparing Owen's work to more recent articles such as Jeanine Poggie's reveals that, even more than ten years later, the underlying questions remain the same. In her assessment of nowadays' interactive TV market, Poggie states that

> [i]nteractive TV enables a participatory experience with content on the TV screen. Converged TV is basically content—whether video or a web page or a Facebook stream—routed to the TV screen from something other than your cable or satellite provider. (POGGIE 2012: n.pag.)

The difference between these assumptions is that the underlying delivery system, the Internet, has grown to performance dimensions that were almost inconceivable at the dawn of the new millennium.

Two years later, and as a response to predictions such as Owen's, Henry Jenkins argued in 2001 that, contrary to earlier approaches, media convergence ought to be perceived as a complex, manifold process that will not lead to a technological merger of all media outlets. According to Jenkins,

> [t]here will never be one black box controlling all media. Rather, thanks to the proliferation of channels and the increasingly ubiquitous nature of computing and communications, we are entering an era where media will be everywhere, and we will use all kinds of media in relation to one another. (JENKINS 2001: n.pag.)

Jenkins subsequently introduces five major processes that each address different facets of economic, social, cultural, global, and technical convergence. By doing so, he transcends the limited focus on technological developments alone and adds social, political, and cultural layers that he sees as playing an indispensable part of convergent new media's widespread adaptation by consumers.

Five years later, Jenkins elaborates on these convergence processes in more detail in his now-eminent work *Convergence Culture*. Following Jenkins, convergence processes pose

> a paradigm shift—a move from medium-specific content toward content that flows across multiple media channels [,…] toward multiple ways of accessing media content, and toward ever more complex relations between top-down corporate media and bottom-up participatory culture. (JENKINS 2006: 243)

This paradigm shift has affected every single medium and means of communication that we were using back in the 1990s—telephony, the rising branch of mobile communications, newspapers, books, a plethora of delivery technologies for music and film (cassettes, LPs, CDs, VHS, LaserDiscs, DVDs, etc.), and, last but not least, television. The media branch of television has arguably been most profoundly transformed by this new media age, and, in the following, I will illustrate how the processes of convergence at work both altered and diversified the technological base of the medium. Through the application of statistical data sets, this part will trace how consumer behavior of American audiences helped push these convergence processes forward.

2. Multi-Screen Television, or How HDTV Killed the VCR

According to the Television Bureau of Advertising's (TVB) statistical compendium *TV Basics*, the overall number of households owning at least one TV set did only marginally rise during the past decade, due to already-high US rates in the 1990s. The 98.2% TV penetration rate of all US households in 2000 (i.e., 102.68m households*) rose to a 2011 rate of 98.9% (i.e., 117.22m households**). And while the total numbers still were on the rise to 118.59m*** households in 2012, the penetration rate has been decreasing for the first time since the 1990s to a rate of 97.1% (cf. TELEVISION BUREAU OF ADVERTISING 2012: 4),[1] continuing its slow decrease to 96% in 2014 (cf. NIELSEN 2014a: 7).

Considering new technological developments, 2008 has been a particularly important year: Nielsen estimates show that the mass market introduction of digital cable and HD television led US consumers to invest heavily in those new technologies. During that year, 14% of US households already owned TV sets plus a HD tuner that would receive at least one HD channel, and 17% owned TV sets and HD-capable tuners that possessed the ability of receiving HD signals, but were not actively used for that purpose (yet). Those rates increased to 67% in 2012 and further rose to 87% in 2014.[2]

The introduction of digital cable and HDTV also accelerated the demise of the VCR. Interestingly, while DVD players began to rise to prominence during the early 2000s, Nielsen's statistics collectors caught up to that trend as late as 2006, and only then started to account for households with DVD players as a separate statistical category. Although still close to its all-time household penetration peak of 90% from 2000, VCR technology was

[1] Nielsen Media has slightly different numbers, but the trend is the same (cf. NIELSEN 2011a: 12). *Nielsen: 100.8m—** Nielsen: 115.9m—***Nielsen: 114.7m.

[2] Cf. NIELSEN 2011a: 8 (estimates for 2012); 2014a: 7.

already on the decrease during the mid-2000s: with 89% in 2006, it would only be present in 57% of all US households in 2012 (cf. NIELSEN 2011a: 8). And, as of 2014, VCRs have now been completely omitted in Nielsen statistics, hinting at a disappearance of VCR technology during the next few years.

But with the rise of digital storage technologies, the trend did not follow a ›one-replaces-the-other‹-scheme. At the same time, an estimated 76% of all US households owned a DVD player or recorder in 2006, a trend that slowly but steadily increased to a peak 85% of all households in 2012 (cf. NIELSEN 2011a: 8). By now, further digitization of content, with improving image quality and compression rates, video encoding technology that allows for ever smaller video sizes, also has the DVD and BluRay[3] player sector on the downside: with a decrease to 81% of households that own a separate player device in 2014 (cf. NIELSEN 2014a: 7), developments in the long run might point toward a similar fate as that of the VCR.

Simultaneously, the delayed viewing practice of timeshifting grew highly popular and digital video recorders (DVRs) rose to prominence. While 19% of all US households owned a DVR in 2008, this rate rose to 41% in 2012 and reached 49% in 2014. And since digital content nowadays can be saved on a variety of different devices—with DVRs only one among many—the use of the timeshifting feature for TV content has become more and more popular. While, in the second quarter of 2006, only 2% of all prime time TV content was timeshifted, TV audiences made use of their timeshifting abilities for 12.1% of all US prime time TV content in the second quarter of 2011 (cf. NIELSEN 2011b: 10). Nielsen estimates show that, between 2008 and 2011, the number of users watching timeshifted TV has increased by almost 66%. This rapid uptake in the possibility to personalize one's daily television routine through timeshifting can also be seen mirrored in the increase in actual time spent per month watching television content between 2012 and 2014: while, in 2012, the average user spent more than 12 hours/month on timeshifted television content, this number rose to 14 hours and 20 minutes in 2014.[4]

As described in Jenkins' *Convergence Culture*, the new digital technologies also bring about a new way of consuming media in general, and television in particular. The following table sums up results of a global Nielsen survey conducted in August/September 2011. More than 28,000 consumers with traditional online/Internet access from 56 countries throughout the Asia-Pacific, Europe, Latin America, the Middle East, Africa, and North America were asked which devices they use to watch video content. The methodology of this survey might be criticized for various reasons, including the fact that it only includes already-existing Internet users and not those who might be adapting to new convenience technology soon. The results may be perceived as biased in one way or another because they only show the respondents' opinions and self-perception, and do not actually measure their behav-

[3] Households owning BluRay players instead of DVD players have been subsumed within the DVD player sector.
[4] Cf. NIELSEN 2013: 7; 2014b: 13.

ior. Nonetheless, it is useful to illustrate how diversified contemporary TV and video consumption has become. It is important to add that television is, by now, often subsumed under the umbrella term of ›video‹ in many statistics, thus reflecting the variety of video content available—from a whole universe of user-generated material via video content produced and remixed by semi-professional ›prosumers‹[5] to content generated by the entertainment industries themselves—available on a wide range of video content platforms.

DEVICE	% of answers: »At least once a day«
Computer at home	48
Television at home	46
Online, through the Internet (on any device)	37
Mobile phone	28
Computer at work	28
Handheld multimedia device—not a phone (e.g., IPod Touch, PSP)	11
Portable DVD Player	9
DVR/digital video recorder (e.g., TiVo)	9
Tablet Device (e.g., Apple IPad)	8
Public computer (e.g., library, Internet café, gym)	7
Through an in-home video game system (e.g., PlayStation 3, Xbox 360)	7
E-Book Reader (e.g., Amazon Kindle)	7
TV or DVD player in a car	6

Tab. 1:
Survey: Which devices do you use to watch video content at least once a day? (cf. NIELSEN 2012)

Ultimately, these and the other results presented so far demonstrate the larger shift in consumer focus from the one television set that used to be governing the living room of US-American families for decades, to multiple screens that now are all handled simultaneously by contemporary users in a modern media landscape. Jenkins refers to this change in media use as ›social convergence‹. As a hypothetical aside, if the survey introduced above had been conducted in 1999, the answer options would have included only two or maybe three alternatives: the options of a TV set at home, TV content via a VCR, or via the newly-introduced DVD player.

[5] ›Prosumers‹ is a term introduced by Alvin Toffler 35 years ago in his book *The Third Wave*, in which he predicts the evolution of the passive consumer toward an empowered individual within a larger participatory culture that, corresponding to the simultaneously-developing mass availability of affordable professional equipment, enables said ›prosumer‹ to generate high-quality, close-to-industry-standards content that subsequently becomes recognized and circulated in the entertainment industry. For more information on Toffler's predictions, cf. TOFFLER 1980.

With video content available on so many screens, the average time spent watching TV has also increased during the past decade. While, during the 1999/2000 TV season, the average US household would spend 28 hours and 44 minutes per week watching TV, this average household's TV consumption rose to 34 hours and 11 minutes per week during the 2010/2011 TV season (cf. NIELSEN 2011a: 16), with a further increase to 35 hours and 20 minutes in 2014 (cf. NIELSEN 2014b: 12).

Like so many of our modern trends, the increase in available TV sets at home started much earlier: back in 1970, Nielsen already measured that 35% of all US households or a total of 20.8m households possessed more than one TV set (cf. NIELSEN 2011a: 4). This rate has steadily increased ever since, reaching an all-time high in 2012, with 85% of all US households, or a total of 97m homes. By 2014, 27% of all US households owned two TV sets, 25% had three sets, and 34% owned four sets or more (cf. NIELSEN 2014a: 7).

The trend toward possession of more than one screen also further diversified with the introduction of affordable computers, laptops, and a plethora of hand-held devices—i.e., tablets of all sizes and the still-expanding universe of smartphones that also allow access to video (and, thus, television) content.

3. Mobile and Wireless

Today, smartphones are almost omnipresent in our everyday lives. According to the Federal Communications Commission (FCC)'s *14th Mobile Competition Report*, 15% of all US consumers owned a smartphone in October 2006. In December 2009, this rate had already reached an astonishing 42% (cf. FCC 2010: 93). Updated information shows that, by the third quarter of 2014, 72% of all US mobile phones are smartphones (cf. FCC 2014: 40).

The FCC reports also show that new delivery technologies such as wireless provide the respective businesses with new ways to generate profit; particularly the mobile wireless industry has profited from the introduction of widespread wireless services and new smartphone models. According to FCC data, the overall industry service revenue has increased from 104.25b US$ in 2004 to 150.60b US$ in 2008 (cf. FCC 2010: 116), reaching 189.13b US$ by the end of 2013 (cf. FCC 2014: 19). Furthermore, and resulting from the technological advances in the field of voice digitization, the mobile sector's main generator of business revenue is increasingly moving away from standard telephony services and the related sales of talk minutes per month to the provision of digital data transfer packages that facilitate speech transfer via voice-over-IP à la Skype as well as data up- and download to make accessible the whole wide universe of the Internet.

Although the average monthly usage of text messages and talk minutes via mobile phones has steadily increased from 255 minutes per

month in 2000 to a peak 708 minutes per month in 2008, the revenue earned per minute shrank from 0.18 US$/minute to 0.07 US$/minute. In the same period of time, the percentage of wireless data revenue of total service revenue soared from 0.4% (2000) to 23.2% (2008) (cf. FCC 2010: 118f.). Thus, almost every quarter of a dollar earned in the mobile industry in 2008 was made by providing wireless data transfer service to US customers.

Understanding nowadays' wireless and smartphone markets is intrinsically connected to understanding audiences' television watching behavior. A Nielsen breakdown of changing audience choices regarding where to watch TV and video estimates that the number of users watching TV on a mobile phone increased by more than 200% between 2008 and 2011 (cf. NIELSEN 2011d: 3). Another Nielsen survey suggests that the percentile of TV audiences who own a tablet computer device or a smartphone and watch TV do use their gadgets to simultaneously check their emails (57%), visit social networking sites (44%), and/or surf for unrelated information (44%) during the program. Furthermore, 24% of those smartphone or tablet users would check for sports scores online, and 29% would look up information related to the TV program they were watching (cf. NIELSEN 2011c: 8).

Even more interesting for the advertisement industry might be Nielsen's findings that close to a fifth of all of these smartphone/tablet owners would look up product information for an advertisement that they saw on TV (19%). Moreover, 16% would look up coupons or deals related to an advertisement they saw on TV (cf. NIELSEN 2011c: 10). These numbers indicate how TV audiences, more than ever, engage with TV content and are interested in finding out background information about the programs they are watching and/or the adverts they find appealing—thus also emphasizing Henry Jenkins' depiction of increasing segments of these audiences as ›digital hunters and gatherers‹ (cf. JENKINS 2006).

4. The Internet

The third major sector that plays into the new television landscape is comprised of a variety of technological achievements as well as a multiplicity of cultural practices usually subsumed under the umbrella term of ›the Internet‹. As has briefly been introduced earlier, cyberspace had been deemed too slow and inefficient to facilitate video streaming for many people at the dawn of the new millennium. Nowadays, and fueled by Moore's Law,[6] the technological advancements helped the evolution toward a state of ›always on‹, an *omni*-connectedness. The backbone of that global connectedness is ›Internet-over-cable‹, which not only connects the end-user with each respective provider through wall sockets and the respective lines from each home to local

[6] A computational *a priori* that predicts exponential growth in computing power and cost-effectiveness.

hub stations but also streets, cities, regions, and continents with each other through massive optical fiber cables.

Most important for providing video and TV content over the Internet is the bandwidth available in each household. In 2008, the CITI estimated that the typical speed required by standard HDTV streaming over the Internet will amount to at least a 12 megabits per second (Mbps) connection in 2013, which is more than the standard average household's *status quo* (cf. ATKINSON/SCHULTZ 2011: 74). And, as a reaction to the overall slow increase in available bandwidth, the FCC updated its definition of the term ›broadband‹ in January 2015, with its threshold data rates »to be raised from 4 megabits per second (Mbps) to 25Mbps for downloads and [...] to 3Mbps for uploads« (HOLPUCH 2015: n.pag.). With the FCC's status as the United States' regulatory body, this decision might well lead to major repercussions for the cable industry that now is forced to guarantee these minimum data rates if they want to continue selling data plans to US-American homes that use the label ›broadband‹.

Today's connection standard is based on ›always-on‹ flat-rate broadband connections via conventional telephone lines that quickly replaced the dial-up mode, which was very popular during the initial years of mass consumer access to the web and where one had to pay for the actual amount of time spent online. While the US Census Bureau measured only 6.8m subscribers paying for fixed-line broadband access at the beginning of this century, this number rose to 80.7m subscribers in 2009 (cf. UNITED STATES CENSUS BUREAU 2013: 6) and further increased to 93.6m subscribers in 2013 (cf. OECD 2014).

Apart from the traditional mode of accessing the web via telephone lines and xDSL technology,[7] the second major competitor on the US market is access via cable. This delivery technology does not use a standard telephone- or fiber line, but the TV cable that was installed in an overwhelming majority of US households during the past six decades. In 2000, there were already 66.1m cable TV subscribers in the US, but, although expanded functionality available through this delivery technology (i.e., access to HDTV, broadband access via cable modems, Internet telephony) would have been a motivation to invest in the technology, subscriber rates even slightly decreased to 65.8m subscribers in 2009, and the percentage of cable subscribers who would use the technology not only to access conventional TV but also to get broadband access matured only slowly. It seems as if the share of technology-friendly consumers who were likely to upgrade their Internet connections chose to directly invest in the newer technology of optic fiber connections, which promises the possibility of much faster connections in the future. Although only 23% of all US households have access to fiber technology as of 2012,

[7] For further information on the developments of xDSL digital transmission technologies, cf., e.g., the xDSL patent (#US4924492 A) by Gitlin and colleagues, »Method and Apparatus for Wideband Transmission of Digital Signals Between, for Example, a Telephone Central Office and Customer Premises« (cf. GITLIN et al. 1990), as well as, in comparison, a recent ITU press release on the most recent technology upgrade G.fast (cf. ITU 2014).

future investments in infrastructure by the US government and private investors[8] will help increase availability of the fastest of all access methods to the Internet.

Opening up a third standard to access the Internet is the mode of mobile broadband access, which accounted for 52.5m subscribers in 2009 (cf. UNITED STATES CENSUS BUREAU 2013: 6). Only four years later, by the end of 2013, aggressive mobile expansion corresponding with the parallel introduction of affordable smartphone devices[9] accounted for an incredible soar of +600%, which amounted to 316.4m subscribers by the end of 2013 (cf. OECD 2014). This tremendous increase might be read as the foreshadowing of a two-tier connectedness lived by modern audiences, both through their arsenal of mobile devices and through broadband cable/fiber access at home.

5. The Past Five Years. 2010–2015

> Just as cable had radically expanded the array of content that could be found on television, the new distribution windows promise to again rewrite the possibilities for what can be found on television. [...] The true push to change came from other industries—such as consumer electronics—and from viewer uptake of the technologies the consumer electronics industry made available. (LOTZ 2014: 137)

Television companies and audiences alike developed new strategies of distributing and accessing television content. As has already been briefly described, users of DVRs such as the TiVo increasingly tend to circumvent commercial blocks between programs and to take TV scheduling into their own hands. Owners of laptops, desktop computers, and portable viewing devices are able to download complete seasons as well as individual brand-new episodes of the shows they like and watch them whenever and wherever they want. And a steadily-increasing percentage of users either rent whole seasons of television shows on DVD[10] or even access them online through legal (e.g., via subscription video-on-demand [SVOD] portals such as Amazon Prime and Netflix) and illegal sources (e.g., through file distribution via peer-to-peer networks such as Bittorrent).

The television broadcasting industry had to react to these multi-layered developments of both technology and cultural practices. The earlier-introduced multi-channel environment that resulted from the rise of cable and satellite in the 1980s is now even more diversified by narrowcasting and the corresponding availability of virtually thousands of channels that tend to niche markets and often tiny sections of target audiences. On the other end of the spectrum, the US market faced a concentration of most of the media businesses into huge conglomerates, a process that is generally also labeled

[8] E.g., ventures that have begun as recently as 2014 to provide larger metropolitan areas in the US with access to fiber technology, such as those by Google and Verizon (Google Fiber, Verizon FiOS). For further information, cf., e.g., RUSSO et al. 2014.
[9] Smartphones have been around since 2005.
[10] On the impact of DVD for audiences and the industry, cf., e.g., HILLS 2007.

›media consolidation‹. Each of those conglomerates' goals are to minimize venture risks and maximize synergistic effects by horizontal and vertical integration of companies from different business branches within the media landscape such as film, newspapers, and radio (cf. MIRRLEES 2013: 82f.). Resulting from this horizontal and vertical integration, conglomerates are able to »design synergistic entertainment products [that…] spread across many platforms [and…] generate as much revenue from one hub as possible« (MIRRLEES 2013: 86). Furthermore, these conglomerates aim at keeping up with new challenges posed by emerging new players in the digital video content market such as the earlier-mentioned SVOD providers Netflix or GoogleTV.

Currently, the US media landscape consists of five large conglomerates, which (on an international scale) also act as massive transnational media corporations:[11]

Media conglomerate	TV market activities	Broadcasting networks	Cable networks	Revenue in TV sector* (in mio.US$)
Comcast/ General Electric (GE)	*Full TV media portfolio incl. cable providers and programming (NBCUniversal is a joint-venture with General Electric)*	NBC Telemundo	SyFy CNBC …	44,140 (2014) NBC Universal: 25,248 (2014)
Disney	*All market activities related to programming (broadcast and cable/satellite)*	ABC	Disney Channel ESPN ABC Family …	21,152 (2014)
News Corporation	*All market activities related to programming (broadcast and cable/satellite)*	Fox MyNetworkTV	Fox National Geographic …	17,538 (2012)

[11] As recent as May 2015 a giant merger between Comcast and Time Warner, which had been proposed by Comcast in January 2014 and would have left the media landscape with an extremely high-profile conglomerate, has finally been cancelled by Comcast due to the outspoken opposition of the regulatory body of the FCC in concert with the United States' Department of Justice and Congress. These regulatory bodies ventured that the resulting Comcast/TWC merger would pose a risk to the industry as a whole. For more information, cf., e.g., SELYUKH 2014 and BRODKIN 2015.

Time Warner	*Full TV media portfolio incl. cable providers and programming*	The CW joint-venture with Viacom	TBS HBO TNT CNN Time	19,879 (2009, incl. total content revenues)
Viacom/CBS Corporation	*Full TV media portfolio incl. cable providers and programming*	CBS The CW joint-venture with Time Warner	MTV Nickelodeon VH1 Showtime ...	2,333 (Viacom 2009) 5,224 (CBS 2009, incl. total content)

Tab. 2:
Conglomeration of the US Media Market (cf. WIRTZ 2011: 257, *with updated revenue numbers, where available)[12]

In the following, I am going to exemplify the changes described above in a case study of the premium cable company HBO in order to illustrate how television production and broadcasting companies are adapting to those new challenges, and to contextualize the role of this particular media outlet in the ever-changing field of television.

6. Case Study. HBO—Home Box Office

The US television universe is basically divided into three sectors: public broadcasting, cable, and satellite. Within the cable sector, there exist two types of networks: the ones that only collect the basic cable subscription fee and networks such as Showtime or HBO that are classified as ›premium cable‹, because they collect additional monthly fees and, in return, promise to deliver premium content. Compared to the rest of the market, which generally follows an advertiser-supported system, the pay cable sector's promise is mirrored in a completely different business model. Since it is dependent on the extra subscription fees paid by its niche audience, the most important goal is to satisfy those audiences by offering them original programming in order to justify the monthly extra payment. As Gary Edgerton argues, the history of Home Box Office (HBO)—a subsidiary of the Time Warner conglomerate since 1990—reflects the advantages of such a system. Since subscription TV is independent from serving advertisers, who, always under pressure by Nielsen ratings, traditionally preferred the least objectionable type of programming that was deemed to please the biggest part of broadcasting audiences, HBO was and is free to experiment with new ways of programming to satisfy its audience (cf. EDGERTON 2008).

[12] Updated revenue numbers taken from IFM 2015.

Particularly with regard to the production of TV drama, this became manifest in the development of complex series such as *Oz* (1997–2003), *The Sopranos* (1999–2007), or *Six Feet Under* (2001–2005)—shows that would cross genre boundaries and both shock and attract viewers by also expanding the established social boundaries of what was deemed acceptable on TV (cf. MCCABE/AKASS 2008).

The eagerness to enable artistic experiments through financial funding quickly attracted those writer-producers who had learned their craft on production sets of the Big Three (ABC, CBS, NBC), but felt the urge to break out of the production cycles of regular TV, thus boosting HBO's inventiveness factor even more. Now-famous showrunners such as Tom Fontana with *Oz*, Matt Weiner with *The Sopranos* and, later, *Mad Men* (2007–), Aaron Sorkin with *The West Wing* (1999–2006) and, later, *The Newsroom* (2012–2014), David Milch with *Deadwood* (2004–2006), David Simon with *The Wire* (2002–2008), and Larry David with *Curb Your Enthusiasm* (1999–) added enormously to the growing reputation of HBO as a harbinger of innovation and quality.[13] In addition to that, HBO quickly realized that, in order to attract new subscribers, it would have to base its marketing strategies around the attraction of positive attention and a subsequent creation of ›buzz‹, with the goal to ensure that its shows would be talked about. ›Buzz‹ in this context denotes what was long known within the industry as the ›water cooler effect‹, a promotional outcome that would guarantee daily conversation about HBO's shows in offices and elsewhere.[14]

With all those means, the network established a fashionable way of watching TV that would motivate its viewers to »build [HBO programming] into their daily schedules« (EDGERTON 2008: 11). As Edgerton points out, HBO's model was so successful that the premium network was able to increase its subscriber numbers despite the fact that, during the first half of the decade, the overall market was increasingly diversifying and offering more channels to select from, thus leaving less shares of the overall audience for each single network. And while HBO was and is operating in the niche market of premium cable, its programs often challenge the big broadcasters with excellent viewer numbers. These broadcasters as well as other premium cable competitors such as Showtime and AMC eventually began imitating and adapting the HBO way, which led to an effect that was labeled by Colin Tait as ›HBO-ification‹ of the entire TV drama universe (cf. TAIT 2008). Chris Albrecht, former CEO of HBO, already stated in 2006:

[13] It is important to point out that I apply the term ›quality television‹ in the way Newman and Levine understand it, »in reference to those programs that target a narrow, upscale audience and that are widely viewed as high quality by these viewers as well as by many critics and scholars. [They] do not use the term as [their] own designation of value. In this respect, [their] use follows that of Jane Feuer, Paul Kerr, and Tise Vahimagi« (NEWMAN/LEVINE 2012: 172, referring to FEUER/KERR/VAHIGMAGI 1984).

[14] Cf., e.g., HBO's own take on the ›water cooler effect‹, an HBO ad that comprised a thank-you message by the ficticious ›Watercooler Association of America‹, culminating in a knowing pun playing with HBO's own slogan: »It's not TV. It's H2O« http://www.adforum.com/creative-work/ad/player/39657 [accessed March 17, 2015].

> We showed what was possible to do on television [...]. I think what that did was to bring more people into the category and to spend more money on original scripted programming. It's good for everybody when the bar gets raised. (Albrecht, quoted in UMSTEAD 2006: n.pag.)

Since HBO had developed a business model that was so different from the usual advertiser-dependent broadcasting model right from its beginnings in 1973, it was also able to react more flexibly to the new demands posed by the onset of digitalization processes as well as the shift in audience behavior with audiences that increasingly used time- and place-shifting practices to form their weekly television routine. During the late 1990s and early 2000s, high-quality shows such as *Sex and the City* (1998–2004) and *The Sopranos* helped the network to build and manifest its reputation of a valuable brand that was able to diversify its reach from a premium cable-only business to a multi-platform content provider that offers different kinds of networks and subscription services (premium cable, HBO Go! streaming services, cooperation with Sky Atlantic as overseas carrier, etc.) as well as other distribution media such as DVD box sales. Parallel to that, HBO has extensively been working with transmedia experts in order to expand its content across a variety of media, thus allowing for the creation of huge transmedia universes (cf, e.g., the transmedia activities around its fantasy show *Game of Thrones* [2011–], which is also discussed in SCHRÖTER 2015).

HBO's particular business model has, over the past three decades, proven highly efficient: with a subscription revenue of 4.9b US$ and an operating income of 1.68b US$ (as of 2014, cf. BACHMAN 2014), HBO is still the most profitable and cost-effective premium-cable network in the US television landscape, and a major breadwinner for its parent conglomerate Time Warner. According to *Slate Magazine*'s June Thomas, HBO's unique success is mostly due to the fact that the company did resist the trend of outsourcing that was omnipresent during the early 2000s, thus still being in full control of all its media outlets (cf. THOMAS 2012). By doing so, HBO is also able to maintain its reputation of exclusivity, a need that just recently led to controversial discussions about television content privacy and corresponding demands voiced by fans of HBO's current success *Game of Thrones*, who urged the network to open its subscriber-only streaming service to the global web community. *TechCrunch*'s Ryan Lawler summarizes arguments stated by fan communities claiming they would be happy to refrain from illegally downloading the show if access to HBO's shows would be made possible without an actual cable subscription (which currently is only available to US citizens—thus excluding international audiences) (cf. LAWLER 2012).

Although being the first network to offer video-on-demand on a variety of platforms as an extra convenience service for regular holders of HBO subscriptions, HBO headquarters long refused to widen HBO's streaming service policy toward web-only customers with no access to the domestic US subscription pool. For international customers, subscription to HBO is usually

only available through third-party packages such as SkyAtlantic for the majority of the European market.

During the past three years, though, newly-emerging rivals such as Netflix and AmazonPrime—with self-produced high-quality shows not rooted in the TV industry—disrupted the market with their innovative approaches to provide television content through online-only portals and corresponding technological enhancements such as Google's Chromecast.[15] The emergence of these competitors, combined with an underlying convenience culture of access to TV content, might be a strong reason why HBO just recently announced a policy change with regard to a planned extension of its service HBOGo toward an online-only portal that might allow a global audience to access HBO content via the Internet (cf. WELCH 2014). And, as a recent *New York Times* article by Emily Steel suggests, HBO just stated that it will be expanding aggressively toward full online streaming, thus opening completely new fields that more and more diverge from ›standard‹ television industry settings, moving into the web market (cf. STEEL 2015).

All in all, audiences and industries alike have experienced enormous changes during these past few years—the major shift toward an online content provider model might well pose a substantial risk to the established practice of television networks. As the example of HBO has shown, networks need to stay on their toes in order not to miss the next evolutionary step within the media landscape. To conclude, as Amanda Lotz notes, current developments might well point toward the demise of television as a single medium (cf. LOTZ 2014: 278), but this does not mean that we will witness the demise of the conglomerate of cultural practices that television has become—both as a unique form of storytelling and as the ever-evolving variety of producing and accessing television content in all its forms.

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[15] Chromecast comprises a convenience gadget that promises to make content available via tablets, laptops, or smartphones easily accessible on any HDTV within one's home via wireless protocols and a simple USB stick.

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