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The Power Of Influence: The Effect Independent And Dependent Variables Have On Cable Television Programming In The United States Of America

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THE POWER OF INFLUENCE:
THE EFFECT INDEPENDENT AND DEPENDENT VARIABLES
HAVE ON
CABLE TELEVISION PROGRAMMING
IN THE UNITED STATES OF AMERICA

BY

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Thesis Advisor

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Submitted in partial fulfillment of the requirements of the
Degree of Master of Arts in Corporate and Public Communications
Seton Hall University
1999
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Chapter I

REVIEW OF THE STUDY

Introduction

"Cocooning" is a phenomenon predicted by market researcher Faith Popcorn (as cited in Eisner & Schwartz, 1998), meaning, "people have the impulse to go inside when it just gets too tough and scary outside; (you) put a shell of safety around yourself, so you’re not at the mercy of a mean unpredictable world" (p. 420). The home is a place for shelter, where an individual or family can find comfort in a familiar environment. Popcorn also refers to the comfort of domestic activities; one such activity is spending time at home for entertainment purposes. Today, more people entertain themselves at home by reading books, playing indoor or backyard games, using the Internet, and watching television.

Since 1948, watching television has been one of the most rapid growing forms of popular domestic entertainment. From 1948 to 1960, television’s golden age offered black and white programming offered to virtually all of the nation’s major cities. In the early years, the Federal Communications Committee (FCC), an independent United States (US) government agency established in 1934, was responsible for overseeing the growth of programming stations. Until the middle 1950s, the FCC restricted the amount to 100 stations. After the restriction was lifted, the amount grew to close to 300 stations. However, the current technology, television tuners, could not keep up with the rapid growth of the industry and was the eventual cause of the reduction to 75 stations in 1960 (Sherman, 1995, p. 104).

During television’s restriction period, consumers in rural and mountainous areas could not receive these television programming stations. The landscape and distance interfered with the
signal’s transmission. Radio repairers, hobbyists and entrepreneurs began to erect large mountaintop antennas and link them to homes using coaxial copper cable. Thus, cable television was born.

Today, according to the National Cable Television Association (NCTA) (1998), 97% of television households in the United States have cable television. Over 64 million households receive an average of 54 channels per home. The business of cable television has grown to include over 23 multiple system operators (MSOs), over 162 nationwide programming networks, and dozens of regional cable networks.

Michael Eisner (1998), chairman and chief executive officer of The Walt Disney Company states, “The future (of television) seems both exhilarating and daunting. Companies are designed to be immortal. Our job is to keep (them) young forever by looking ahead and anticipating what’s next” (p. 419). Although inventiveness and hard work is not necessarily enough to assure success in the competitive industry of cable television.

The market structure of the television industry focuses on its key sources of income. In broadcast television, the market is mainly advertising revenue and the network-affiliate relationship. However, in the cable industry, most of the revenue which supports the existence of the business comes from the customer, known as the subscriber. Each company considers the interests of the subscriber and designs its strategies to fulfill those needs. Satisfying the subscriber is a continuous task, which the leaders of the MSOs must constantly strive to provide. Superior customer service, new products, technological advancements and a variety of programming options are some examples cable providers offer to their customers.
Programming is the core of the cable television system. The variety of cable channels provide entertainment, news, and special interest topics. Years ago, cable providers were limited to what they could offer their subscribers due to the technical limitations of signal distribution and federal regulation. Today, the concept of receiving 500 national and local channels is being realized by new technologies and program development.

The term, “variable” refers to a changeable item, which causes an effect or outcome on a particular subject. In the cable industry, external businesses and organizations are independent variables causing influence on the cable industry. These groups include advertising agencies, industry competition, the FCC, and the developers of new technologies; all directly affect the business of cable television.

All of these variables influence and control major areas of the cable industry. Corporate leaders at the MSOs, to the management at the smallest of local systems, make decisions based on these variables. Ongoing mergers and acquisitions within the industry and internal decisions made by cable authority also cause change in the industry. The leaders at the MSOs operate their businesses dependent upon the activities of the independent variables, causing their actions to become dependent variables. The results of these actions eventually affect programming decisions and ultimately, the satisfaction of the subscriber.

This study will detail the key independent and dependent variables influencing cable television programming in the United States. The author will present recent findings in current literature relating to this topic. The author will also present discoveries, insight, and intent from the programming executives at the corporate MSO level via a written survey. The survey focuses on the MSOs’ programming decisions and strategies.
This study will present a clear explanation of the past and present activity of the independent and dependent variables which influence the cable industry. Included are a presentation of examples of successes and failures from the past and insight into the goals for the future of cable television programming.

Background

Fifty years ago, cable television was developed as a method of receiving clear broadcast signals to subscribers' homes in mountainous and rural communities. Until then, their rooftop antennas could not receive clear television signals. Copper coaxial cable replaced the antennas and connected homes to local towers from the nearby cable company. After the success of cable television was proven in these areas, larger cities began testing the technology and discovered that cable provided television transmission through crowded streets filled with tall buildings where broadcast signals could not pass through. Cable companies charged a fee for its service and began providing subscribers with a variety of clear programming signals.

According to the NCTA (1998), the 1960s began the trend of cable television development. Almost 800 local cable systems were in business; the existence of this growing industry was viewed as a direct competition to broadcast television. The FCC expanded its jurisdiction to include the Bureau of Cable Service. This bureau oversees and regulates the activities of cable television. At this time, the FCC put a freeze on the ability of cable systems to import distant signals, causing cable television to literally cease expanding its industry.

In the 1970s, the FCC regulated cable operators, which caused a standstill in the growth of more channels, including sports, movies, and syndicated programming. Cable shifted its focus towards improving technology and pioneered the delivery of providing programming signals via
satellite transmission; this new technology caused the subscriber rate to increase rapidly. R.E. "Ted" Turner was the first to substitute the then current microwave transmission with satellite transmission and developed the superstation, WTBS. Commercial free programming, such as the first movie channel, Home Box Office (HBO) was introduced ("The history of cable," 1998). The success of HBO eventually led to the development of new cable networks. One of HBO’s developers was Charles Dolan, owner of the MSO Cablevision Systems Corporation.

While the delivery of cable programming via satellite was evolving, the FCC deregulated the cable industry with the 1984 Cable Act. Investment in the cable plant, programming, and subscriber satisfaction developed at an unforeseen level. However, the government’s relaxed attitude about the cable industry did not last for very long. In 1996, the FCC created the 1996 Cable Act, the first rewrite of the 1934 telecommunications law, which regulated the cable industry, once again.

Within this study, the author details the effect the 1996 Cable Act has on the industry during this current time. The 1996 Cable Act includes the requirement for competition in the industry from local telephone and satellite service providers, rate regulation and specific programming restrictions. The Act does not include any Internet regulation.

Research Question

What are the independent and dependent variables which influence the cable television industry and how do they affect cable programming in the United States of America (US)? Variables are factors which cause change and influence. This study explores how corporate society, specifically the areas of advertising, competition, the Federal Communications Commission, advancements in technology, mergers and acquisitions, and the corporate
leadership within, influence the cable television industry. The study’s purpose is to educate the reader, specifically the cable professional, about external independent variables and the internal dependent variables responsible for affecting cable programming decisions. Both network and local cable programming will be discussed throughout this study.

Purpose of the Study

“The future is on cable” (“The future is on cable,” 1998). This slogan was developed by the NCTA’s public affairs division to create public awareness about the positive qualities of cable television and the programming it provides. Even though the amount of programming provided to the subscriber is often a selling factor, MSOs know that quality programming is the key product in maintaining a successful business. Whether the programming is provided by a network or the local system, survival in the industry depends on the product offered to the subscriber. Programming has become a competitive tool in a competitive environment.

In order to understand the elements driving cable television today, a thorough study about the variables which affected the past, and affect the present and future aspects of the cable industry is necessary.

There are many factors which influence these cable companies and surviving in the competition atmosphere is one aspect the companies have the ability to control. Control is obtained through the programming choices, including the one element providers of satellite services outside of the cable industry can not obtain: local programming. To this date, satellite service providers are not a great threat, because they can not distribute local news, municipal activities, and local networks through its system. These laws and regulations will be explained in this study.
The goal of this study is to collect many of these variables and identify each one and determine how they drive the cable industry. By understanding current trends in cable television, the reader will broaden their understanding of the industry and the cable professional can use the information to direct future business decisions.

Created by the local system on behalf of the MSO, local origination (LO) programming is also a unique aspect of cable programming. Designed to serve the interests and needs of the subscriber, LO typically features local topics not offered by national Networks and Satellite providers. The discoveries found in this study might also provide insight for cable providers and those who create programming from within the system.

Objectives

There are several objectives for this study. First, the author hopes to provide a clear description of the independent and dependent variables affecting the cable industry. Second, once these elements are described, the information provided in this study can be a source or reference to cable professionals about industry trends, strategies, and obstacles. Third, the answers to the survey will provide valuable insight into the corporate environment of the cable television industry and can also serve as a form of reference, guidance, and explanation about corporate decisions.

Analyzing the periodicals, literature, and programming trends will provide educational information enabling the reader to understand some of the current activities in the industry today.
Definition of Terms

For an extended listing of terminology, refer to Appendix A.

1. Cable Television. A closed communication system in which homes are collectively wired by coaxial (copper) cable to a central originating source. The system is closed in that cable companies enter into a contractual arrangement with their subscribers. They typically negotiate private agreements with local municipalities for delivery of their services.

2. Dependent Variable. Dependent variables are dependent on the independent variables; they are the outcomes or results of the influence of the independent variables.

4. Independent Variable. Variables which cause, influence, or affect outcomes.

5. L.O. Local Origination programming emanating from the facilities of the local cable system. L.O. also includes Public-Access television, also known as Public-Education-Government (P.E.G.) community television.

6. MSO. Companies which operate more than one system are known as Multiple-System Operators.

Limitations

This study was performed during a 6 month period from September 1998 through March 1999. This time period enabled the author to collect substantial amounts of data and information through research. However, the author recognizes that some relevant information will be missing from this study, specifically due to the fact that it is impossible to acquire every available piece of information on this subject.

The primary limitation of this study is the constantly changing environment of the cable television industry. MSOs plan mergers and acquisitions on a regular basis. Technology
changes, modifies and modernizes at a rapid pace. The FCC has cable regulations which expire on March 31, 1999; it is unknown at the time of this writing if these regulations will be upheld on that date. The cable industry follows laws and guidelines based on the regulations contained in the current 1996 Cable Telecommunications Act; the Act will be regularly revised with new or modified regulations and will cause change in the industry. And, it is impossible to collect all relating research and recent changes that regularly occur.

Other limitations include the accessibility of information from the businesses within the variables studied and the personnel answering the surveys. The survey is limited to cable MSOs in the US. MSOs are ranked in the amount of subscriber homes served. Only the top 50 MSOs were sent surveys and only 20% responded. Therefore, the input provided from the participants in the survey only represent a small portion of the industry’s behavior.

MSOs and independent businesses from the US are represented within the independent and dependent variables. The author did not pursue literature or leaders from foreign industry. European and Asian countries are also active in the cable industry. MSOs own some of these systems beyond the US. The author realizes that an abundance of information will be highlighted, but never totally acquired in every exact detail.
Chapter II

REVIEW OF THE LITERATURE

Introduction

Cable programming is a platform for visual and verbal messages, constantly in development and modification in an attempt to satisfy the needs of the subscriber. The diversity of the programming content must be created to attract viewers, hold the interest of the viewer, and attract new viewers on an ongoing basis.

The cable industry is also a profit making business. MSOs and its systems are not just providing a unique service, but are in the industry to make profits and achieve success. According to the National Cable Television Association (NCTA), there are currently 10,850 cable systems in the market today ("Competition," 1998). Out of the potential US households within all cable systems' regions, only 68.5 percent are penetrated homes subscribing to cable service. Subscribers pay an average of $23 a month for this service. However, cable systems pay over $24.6 billion dollars in cable fees to networks and communities, while managing plant expenses and employee salaries. MSOs make only $5.3 in advertising sales. The differences in income must be made up through business efforts and marketing strategies to attract, maintain, and increase the daily subscriber count. These numbers represent the business of cable.

Cable professionals must determine the best package of cable product for the subscriber. MSOs and systems must create business strategies, while considering the interests of the customer. The variables affecting each company and the industry are also aspects of consideration when planning the structure of the programming channel line-up.
This chapter will review and identify how the independent or external variables and the dependent or internal variables affect cable programming. The focus will be on the importance of programming chosen by the MSOs and the individual cable systems.

Supported by literature, the sources affecting programming will be identified and explained. This chapter will also inform the reader about the trends and direction the industry is currently following, as well guide readers and programmers interested in the future of the industry. The literature indicates both positive and negative views about the industry based on the perspectives of communications experts.

Background

When cable programming was first developed, the earliest program services relied on physically transported video tapes for distribution on cable systems. Then, individual companies were formed to provide microwave-carried signals in the early 1970s. The modern cable era was launched when nationwide signals were distributed by satellite services, such as HBO in 1972, Atlanta Superstation WTBS in 1976, and ESPN sports in 1979 ("Cable television programming," 1998).

By 1995, 139 cable programming services were available nationwide in addition to many regional programming networks ("The history of cable," 1998). This number increased to 165 in the Fall of 1996 and continues to grow each year. Some MSOs are currently utilizing digitally distributed signals, which have the ability to carry hundreds of program channels on each single bandwidth of their current lines.

Local Origination (LO) programming created by the cable system is managed by its employees. Industry journalists do not often report about these individual channels and therefore, the employees must rely upon guidance and decisions made at the local and corporate
level. At times, LO is modeled after successful network programming, but LO programming is mostly created by the needs of the local communities the system serves. By reviewing how decisions are made about network programming created outside of the system, local programmers can make educated decisions regarding their form of programming.

The independent and dependent variables affecting network programming can also be applied to the strategies each local programmer uses for the systems’ LO channels. The creation of new and unique program themes on a local level is the one element competitive providers, such as satellite and private distributors currently do not offer to the subscriber.

Independent Variables within the Cable Television Industry

When something causes change in something else, that causing factor is called a variable; independent variables cause, influence and affect outcomes. Independent variables can be manipulated, modified, or rejected, because it has an external relationship with the subject and exists outside of the subject.

In the cable industry, many variables external to the industry affect network and local programming. Identifying and understanding the impact of each variable driving the cable industry is valuable knowledge to any cable programming executive. Four of these independent variables are featured in this study. The study features advertising, competition and ratings, the FCC, and technology. The selection of these particular independent variables have been determined by the overwhelming amount of literature focused on these topics.

Advertising

The financial economy of the cable industry is affected by the independent variable of advertising dollars. The cable networks provide local avails, or available commercial breaks for local advertisers, to each cable system as part of the agreement to carry that network. These
avails are set aside for sale by local advertising agencies on behalf of the system. All commercial breaks are sold to local businesses, national clients with local addresses, and national advertising campaigns.

In 1998, Neilson Media Research Monitor-Plus surveyed the top advertisers on 24 basic cable networks and how well advertising on the networks performed for them. Top businesses, spending over 15 percent of the advertising budget on cable networks include, General Motors, Philip Morris, Proctor & Gamble, Nike, and Levi Strauss ("Network advertising," 1998).

Steve McClellan (1998), journalist for Broadcasting & Cable magazine, interviewed Philip Guarascio, marketing and advertising vice president for General Motor’s North American operations. The key focus of the interview was to discuss the reasoning behind GM’s interest in cable advertising. Guarascio explains:

We have more confidence in our television advertising, because we have a good process that we’ve been working on for two years....When I came to GM we were spending almost no money on cable and syndication. Now we are spending a lot on both. (p. 26)

GM also became involved with spending its advertising dollars on television programming. Corporate sponsorship and influence enhances the corporation’s image and the network’s programming. GM wants to establish a high-core deal with NBC and the US Olympic Committee for Olympic programming sponsorship.

This example indicates the positive effect a powerful client such as GM has on the cable industry. Conversely, when a powerful client withdraws from the industry, a negative affect is felt throughout. When GM experienced a labor dispute in July 1998, it affected local cable advertising sales, as well. Julie Dexter Berg (cited in Forkan, 1998b), executive vice president
and chief marketing officer at MediaOne, the third largest cable system, noted that automotive represents about 25 percent of MediaOne’s local business.

The reduction of revenue from GM was slightly offset by increased interest in local commercials breaks by other automotive dealerships. However, many automotive dealerships were consolidating into mega-dealers from 30,000 in the 1970s to 20,000 in the 1990s. Thomas LaPoint, automotive vice president at Garff Enterprises stated, “The trend in the (automotive) industry is consolidation to cut costs in personnel, inventory and advertising expenses” (Forkan, 1998b).

Generally, local advertising executives in the cable television industry are pleased about the cable performance. Executives from the major MSOs met at the Cable Television Advertising Bureau conference in 1998 and shared their thoughts about current events. The number one MSO, Tele-Communications, Inc.’s (TCI) representative (1998) stated, “I’ve never seen it so good. In 23 years in cable and broadcast sales, (advertising) strength cuts across virtually all TCI markets and ad categories” (Forkan, 1998a, p. 3). Other MSOs noted a growth of 20% to 40%. The clients interested in cable were mostly from entertainment, technology, Internet, professional sports, and automotive accounts.

By July 1998, cable’s cost per thousand homes (CPT) have outpaced those of the Big Four (ABC, CBS, NBC, Fox) broadcast networks for the first time. Industry sources have estimated cable’s CPT increased in the 5% to 11% range, compared to the 2 to 9 percentage range by broadcast’s Big Four. Clients are purchasing annual packages, causing market moves and competition for channel time. The scarcity of local avails’ inventory are predicted to drive up cable rates (Forkan, 1998a).
The popularity of cable advertising has caused industry changes, as well. Cablevision’s Rainbow Advertising (RASCO) and its spot sales firm, Cable Networks, Inc. (CNI) used to be the sales force for several of the larger MSOs. Success and competition within the advertising industry has driven TCI and the second largest MSO, Time Warner Cable, to switch to its own sales teams. Re-evaluating its strategies, RASCO and CNI are looking into new business niches, including Internet and other media opportunities (Forkan, 1998c).

Cable programmers can study the affect of the advertising variable and can design programming to target and focus on the client market. One strategy for successful programming is the focus on the variety of client categories as potential types of programming subjects for LO channels and national networks.

**Competition and Ratings**

Competition within the cable industry and external to the cable industry drives marketing strategies and public relations. Cable systems have franchise agreements with the communities it serves, therefore monopolizing territories and eliminating the risk of power struggles between other MSOs rarely exists. Competition appears in the form of external companies striving to provide a better package of rates and product and when cable and broadcast networks compete for viewer-ship and sales.

Journalist Laurie Freeman (1996) of *Advertising Age* magazine reports:

Now, for the first time in its history, cable TV is facing tough competition in the programming distribution business. The success of its rivals has forced the cable industry to review and upgrade its consumer marketing....Cable’s competition is coming predominantly from Baby Bells and more notably, direct broadcast satellite services. (p. S8)
Telecommunications companies and satellite services are providing similar programming services to cable penetrated regions. The 1992 Telecommunications Act (Cable Act) created by the FCC requires cable networks to provide their signals to cable competitors if they are shown by more than five percent of MSOs (Levine, 1997). There are exceptions, however, and those networks not subject to these rules are striking exclusive deals with MSOs. These networks are settling on large contracts and in return, the MSOs have a programming product unavailable to the competition.

For years, executives at the Big Four have not been concerned with cable as its competitor. Advertising dollars have proven that viewers watching cable networks are spending their dollars on the clients placing advertisements on these channels.

When the Emmy nominations were announced in July 1998, for the first time HBO had more nominations than the broadcast networks. Cable networks are learning from the strategies of the broadcast networks and applying this knowledge to its own product.

Business Week's Ronald Grover (1997) writes:

As the last TV season ended in May (1997), the Big Three's (ABC, CBS, NBC) prime-time market share fell below 50% for the first time ever. Cable, meanwhile, was being watched in prime-time by nearly one-third of the country, a 50% increase in just the past five years. (p. 94)

One of the newest products offered by cable systems to its subscribers is access to the Internet via a cable modem and fiber optic technology. This new product is gaining popularity, mainly due to the speed of data collection via a high-speed cable modem provided by the cable system. Internet provider America Online (AOL) has expressed the desire to compete with this cable service and wants to achieve access into this area of the cable industry (Yang, 1997, p. 173).
AOL CEO Steve Case (cited in Hearn, 1998) is talking with the FCC about gaining access to high-speed cable data networks, with a particular emphasis on the TCI owned Internet provider @Home Network. When AT&T completes its purchase of TCI, @Home Network will compete with AT&T’s Internet service and will probably be up for sale. Cable industry sources state that MSOs will resist any attempt by AOL to get the FCC to force the resale of high speed cable services, but have not yet filed oppositions with the FCC.

The cable industry is waiting for the FCC to decide what to do next. Ted Hearn (1998) reports the comments of an unidentified cable source:

I don't know if AOL wants to be in a position of urging the FCC or Congress to make cable effectively a common carrier, at the same time that they are telling Congress, 'Don't regulate us in terms of indecent content; don't pay any attention to our rates and let us have propriety software.' Do they really want to open up all of these questions? (p. 8)

The FCC has written guidelines requiring competition in the cable industry in order to prevent cable monopolies. The FCC wants communities to chose between MSOs, even though only a few communities are using this option.

One area overseen by the FCC is rate regulation. The FCC wants monthly rates for cable service to be a competitive factor during franchise negotiations. However, some Commissioners at the FCC believe that the FCC is not strongly enforcing rate regulation recently included in the 1996 Cable Act. FCC Chairman William Kennard (cited in McConnell, 1998a) told lawmakers that the Commission hopes to inquire about the current rate status and put pressure on the cable companies (p. 38).

Competition from satellite and digital signal providers (DBS) are not causing enough cable companies to cut their rates. FCC chairman William Kennard (cited in McConnell, 1998a)
stated, "DBS is not a perfect substitute for cable, because of local signal problems" (p. 38).

Kennard is referring to the fact that cable is currently the only provider of LO and other local
channels, such as local news and sports. These programs are still the saving factor cable systems
have over their competitors.

In May 1998, Representative Billy Tauzen, chairman of the US House
Telecommunications Subcommittee announced that he is creating a bill to create competition in
the cable industry:

Our plan for cable is to make sure that where cable is the
sole provider of service, consumers still have choices. The
biggest complaint we hear about cable is literally that
(consumers) are forced to buy programming they don't
want in order to get programming they do want. And when
cable is the only provider, that is simply unacceptable.
(Albiniak, 1998c)

In March 1999, satellite company DirectTV Inc. faced its first major crisis in its history.
Though only a temporary situation, DirectTV Inc. had to disconnect network television service
as part of its satellite service package. CBS and Fox were the first ordered to be disconnected.
DirectTV inc. was utilizing programming distributor, PrimeTime 24, who was providing distant
network programming; Florida customers were receiving network programming from New York
and Los Angeles instead of from Florida. Local networks were angry that their local advertisers
were not shown in the proper viewing areas. Broadcasters temporarily won the conflict after the
FCC placed a restraining order against the direct-broadcast satellite company (Hogan, 1999, pp.
1, 66).

RCN Corporation is the nation's first and largest non MSO single-source, facilities based
provider of telecommunications services to the residential market. The company is currently
providing local and long distance phone, cable, and Internet services in several markets on the
east coast ("About RCN," 1998). Though RCN appears to be a minor threat to cable MSOs, their presence is causing competition in product and rate packages. RCN's technology is newer and faster and should motivate cable systems to upgrade their cable plants at a more accelerated pace.

For decades, household ratings have been the measuring tool used to calculate viewing audiences. MSOs and broadcast networks have different views on how to rate audience viewers. Cable prefers to rate total viewers within the households and broadcast prefers to rate total households. Nielson, the largest company who calculates viewer ratings, is being forced to focus its data to cast the best results on the program providers' point of view.

The importance of counting these numbers reflects on advertising statistics and network competition. New York Post TV columnist Adam Buckman (cited in Moss, 1998) states, "It's not that broadcast wants to look bigger, it's that cable networks don't want to look smaller."

For example, broadcast executives were angry by a Newsweek story about the success of cable's Comedy Central channel's program, South Park. By apparently comparing the cable universe ratings to broadcast's ratings, Newsweek stated that South Park beat ABC's Primetime Live in viewer totals. The argument is not yet settled. Counting viewers instead of households increases the numbers and makes cable appear more successful. The author thinks that it is the fear of failure by competitors which is fueling the actual problem.

Federal Communications Commission

Established in 1934, the FCC is an independent US government agency, directly responsible to Congress. Its main objective is to govern and regulate all interstate and foreign communications by wire and radio in the public interest (US Government Manual, 1995-1996, p. 538).
The Cable Act of 1996 strives to mandate children’s educational programming on television, develop global communications integration, deregulate digital television, set indecency guidelines for television, and encourage competition in the cable industry.

Congress went after indecency issues and excessive violence with the inclusion of the “V Chip” provision in the Cable Act of 1996. The measure requires manufacturers to install “V-Chip” technology into television sets, permitting parents the ability to block out unsuitable programs (Jessell, 1996, p. 13). Just prior to the Presidential election in 1996, the Democratic party platform stated, “We believe in public support for the arts and especially for high-quality family friendly programming” (Flemming, 1996).

One of the most challenging regulations is the “must-carry rule.” Cable systems must carry local broadcast signals from a 50 mile radius within the system’s territory and include those networks within its programming line-up. On one hand, this mandated programming regulation uses valuable space on the cable system’s limited cablecast system. On the other hand, these broadcast channels are typically local and provide local content. The larger problem is the argument over whether digital providers must follow this “must-carry rule.”

In 1998, the NCTA president was Decker Anstrom, who stated, “Cable is committed to giving its customers digital television, but is firmly against any digital must-carry regulations” (Albiniak, 1998a). Anstrom wants cable operators to have the flexibility to negotiate carriage of digital channels and does not want the government to interfere.

In order to insure competition, the FCC wants to permit satellite distributors the ability to carry local program signals. Broadcast networks are thrilled at the opportunity to enter viewers homes via this latest programming technology. However, cable providers don’t want the element of local programming to escape their control. The legislation is called the “local into
local" bill and broadcasters want this bill to pass. Cable executives argue that if competition is the leading factor towards passing the bill, why not get rid of the must-carry rule.

The MSOs are also expected to carry all local signals and pay their franchise communities a fee to operate business in the communities. Neither the satellite providers or the broadcasters have to pay this fee. Considering this, Congress is deciding on a variety of ways to increase competition, including charging satellite providers with similar franchise fees to allow equal opportunities and competition. The Spectrum, or transmission space, is purchased by satellite companies through FCC licenses. These fees provide financial support to the government. The cable industry is aware of the money Congress makes from these competitive companies and thinks it slants Congress’ point of view.

The FCC is the authoritative power which oversees every move the cable industry makes. The FCC creates regulations and governs decisions the industry makes. On the local level, the cable industry is categorized as a utility and is overseen by the local Utilities Board. The cable industry simply wants the FCC to take the same control over its competitors.

Technology

The development of television production and transmission technology is an independent variable affecting the daily business of in the communications industry. It affects the progress and direction of the industry; the cable industry changes as each new technology is introduced.

The David Sarnoff Research Center in Princeton, New Jersey, the research and development branch of the Radio Corporation of America (RCA), desires to take the American television industry into the future. David Sarnoff was titled as the Father of Television by the
television industry. He brought television to the public at the 1939 World’s Fair and created RCA and the broadcast industry (Brinkley, 1997, p. 51).

Sarnoff created color television about 15 years later while broadcast network CBS was designing a color system, too. The FCC appeared ready to accept the CBS system when RCA’s color test failed and turned bananas blue and apples purple. Eventually RCA’s system was improved and chosen; the first color television set premiered in 1954.

In 1941, the standard American television screen was created to transmit 525 lines of video resolution and 30 fields per second. Europeans created their own standards of 625 lines of resolution. After World War II, Japan created a broadcasting network, NHK, and began planning television’s future. Their goal was to create a picture as clear and sharp as a film image. In the 1980s, NHK began the biggest engineering project; plans to replace the current signal with High Definition Television (HDTV) and in 1981 they were ready to go public (Brinkley, 1997, p. 15). In order to see the HDTV signal, new television sets must be created to project the 1125 lines of resolution and 60 fields per second.

In 1985, Alfred Sikes, a radioman from Missouri, wanted to be the head of the Federal Trade Commission (FTC), because he felt the HDTV was actually a product issue and not a signal issue. President Reagan appointed him as an assistant secretary of commerce and to head the National Telecommunications and Information Administration, instead.

In April 1986, Sikes attended the National Association of Broadcaster’s (NAB) annual conference and was amazed there were no American companies presenting new products in attendance. He realized that with the onset of HDTV, consumer products would be a profitable business for American companies if they became involved in the new technologies needed for HDTV, specifically TVs and VCRs. The forecast was that manufacturers could make as much as
$144 billion from equipment, sales and employment (Brinkley, 1997, p. 36). American manufacturers began planning their next strategy.

Sarnoff’s engineers at RCA were one of the few who tried developing American HDTV technology. Not much progress had been made and RCA’s ideas were still in the theory stages when Ambassador Diana Dougan from the State Department’s Bureau of International Standards and Communications Policy wrote to RCA:

We have concluded, together with interested industry representatives that failure to attain a worldwide HDTV standard during this study period will probably result in a failure to attain such a standard at all, with significant adverse consequences to US trade and information interests. (We have) concluded that RCA does not share the US determination to attain a worldwide standard this year. (Brinkley, 1997)

RCA interpreted the letter as a request to back away from their plans and to support the Japanese achievements. RCA decided to create a new technology similar to HDTV, instead. They created a product called Advanced Compatible Television (ACTV), a television set able to provide a sharp signal similar to HDTV as well as the regular television signal being sent today. Therefore, consumers would not have to purchase an HDTV set to view HDTV programming and have a second set for the standard signals, but would still be able to see their current television programming and the newer signal, as well. RCA’s idea was based on a historical achievement, when they had created a color television set which was able to display black and white programming signals. To this date, ACTV is not available on the consumer market. In order to transmit this new signal, broadcast channel space must be created.

In 1987, the FCC granted a test in Washington, DC and use two unoccupied UHF channels needed to view one HDTV channel. The Americans were very pleased after viewing
the superior quality of the signal sent by Japan via satellite to the American channels. The FCC encourage the American technology companies to support the Japanese achievement.

The on-going saga of HDTV and ACTV technology continues today. Zenith Corporation is dismissing ACTV and the NBC broadcast network, affiliated with RCA is pushing it forward. Cable MSOs are interested in the HDTV issue, because it affects choices made regarding distribution of signal and channel space to accommodate each signal. Set-top boxes attached to the subscriber’s cable wire will bring these channels into the homes. Cable executives have assured Congress that their companies’ digital set-top boxes will pass all HDTV signal formats without degrading the signal quality.

Each type of signal carries a different source of programming on a variety of signal formats. The concern is that MSOs will not be able to keep up with the advancement of new signal technologies. TCI President Leo Hindery (cited in Albiniaik, 1998b) told the House Telecommunications Subcommittee Chairman Billy Tauzin:

Our digital cable set-top box is designed to be all things to all people at the least possible cost (to them). We can pass through any format, 480 progressive, 720 progressive, 1080 interlace and ultimately 1080 progressive. We will downconvert to analog all formats as well. And, if the ultimate HDTV standard is constantly 1080 interlace, then we will simply add additional processing equipment to our devices. (p. 6)

Gary Shapiro (cited in Albiniaik, 1998b) president of the Consumer Electronics Manufacturers Association is concerned that TCI and other companies will not be designing their boxes to accommodate these progressive technologies. Shapiro (1998) argues, “Manufacturers and broadcasters have committed to bringing Americans the astounding picture resolution of HDTV, but now TCI’s 14 million customers may never have the chance to see it” (p.6).
The standard in transmitting a cable signal is via an analog system. Each network is carried on a single channel or line. Digital signals are compressed and processed with computer technology. Therefore, multiple networks can be carried on a single cable channel.

Most forms of communication include a great amount of repetition and by removing the redundant material out of the transmitted signal the size can be greatly reduced. Television engineers are concerned that if you remove 90 percent of the picture and then double the resolution for HDTV the process will not work. Networks have the challenge to create its programming to fit the digital requirements and some are not planning to change at this current time.

Turner Broadcasting System’s (TBS) Terry McGuirk (cited in Higgins, 1998b) fears that creating channels for digital transmission will not be cost effective. “If you create a network, you want to see an economic return. The world of big digital channel capacity, but limited penetration, is still very much unanswered, both from a subscription and advertising side” (p. 30). TBS is a large cable network owned by Ted Turner.

For cable to succeed in digital technology, it must promote the enhanced choice of more product for the dollar rather than the improved picture quality of HDTV television sets, high priced technology and PC software. Microsoft chairman and Comcast cable system owner Bill Gates, is focused on merging his computer technologies with television signals with his WebTV product. WebTV uses a computer, television screen and a cable carrier to send programming into the consumer’s home and with more control over viewing habits. It utilizes the video-on-demand process, where subscribers to WebTV can select a desired program from a menu of programming choices.
Cable MSOs are also becoming pioneers in the business of advanced technology. MSOs now use fiber optic (fiber) technology to transmit its signals to subscriber homes. Fiber is also used in telephone transmission and the FCC has approved the cable industry’s entrance into telephone service called, Telephony. Besides offering customers an alternative telephone service, these same fiber lines can be connected to a high speed cable modem for computer Internet use.

Microsoft is invested in the Comcast cable company and Comcast’s Online Communications Corporation is currently providing cable modems and cable programming via these modems for computer viewing. Cable networks, such as Disney, are spending money to purchase portals to gain access into this new technology. Disney is testing a signal to be used with HDTV, compressing their signal for use with digital technology, and processing its signal to be viewed via the cable modem. CEO Michael Eisner (1998) explains:

Perhaps the most exciting effect of the digital age will be to revolutionize the transmission of data and other forms of information. One result will be to hasten the marriage between television, the computer, and the Internet that is being called “convergence.” On a single screen it will soon be possible to simultaneously view entertainment, access information, and communicate interactively. (p. 426)

HDTV, digital cable, cable modems, and WebTV are the newest technologies affecting the cable industry. These technologies will direct the industry and guide its programming. There is also a negative side to these hopeful and positive achievements. Some of these technologies will replace the need for human control. These sophisticated computer processed technologies will replace some of the employment workforce.
At the Cable News Network (CNN), the Headline News division will experience layoffs after the completion of a new studio facility in 1999 ("Headline news," 1998). The time saved from using the old analog editing suites to the new digital editing equipment will cause the elimination of video tape editors. Even the research needed for a program is performed mostly on computers; a reduction in researchers is becoming standard. The digital transmission signals are also controlled by computer technology and will replace many engineers. Similar causes occurred when studio cameras were replaced by automated models.

The converter boxes designed to unscramble paid programming have also been a problem for the cable industry. These boxes are often sold on the black-market, the technology is tampered, and purchasers receive unsubscribed programming. Since the cable television industry is regulated by a federal agency, the FCC, selling, purchasing and using these boxes is considered a federal crime with punishments including large fines and jail time. The cable industry has joined together to eliminate these cable thieves.

In California, the Sacramento High-Tech Crimes Task Force met with the attorney general of an east coast state and organized a bust of an illegal national cable box descrambler distributor. The raid will catch up to 2,000 people in Sacramento who have purchased these boxes and test chips. The MSO Comcast estimates in 1997, it lost $12 million in service sales due to cable theft. The NCTA estimates the industry loses over $5.1 billion in revenue due to cable theft each year (Ferraro, 1998).

Dependent Variables within the Cable Television Industry

Dependent variables are dependent on the independent variables; they are the outcomes or results of the influence on the independent variables (Creswell, 1994, p. 63).
In cable television, the influencing variables independent from the cable MSOs or systems cause changes in the internal workings of the industry. This study will explain how independent or external variables develop into dependent variables. These dependent variables affect the industry's mergers and acquisitions, internal strategies and business decisions, and cable programming.

**Mergers and Acquisitions**

In 1970, the FCC prohibited the big three commercial broadcast networks from owning cable systems (Sherman, 1995, p. 172). That rule was relaxed in 1992. CBS has not yet announced any plans to create a cable channel, but NBC owns the cable channels CNBC and MSNBC; ABC owns the cable channel ESPN, and FOX owns cable channels FX and Fox Sports. These broadcast networks are protected by the FCC must-carry rule. Most systems continue to place them in their traditional channel positions on the line-up with the arrangement that the networks' cable network has a reduced or free program fee. The merging of communications businesses is an economic benefit the MSOs and companies who have been brought together with attractive deals and negotiations.

In 1998, Cablevision Systems Corporation (Cablevision) purchased TCI’s east coast cable systems in exchange for money and stock shares. Cablevision also purchased the New York Rangers, the New York Knicks, New York's Madison Square Garden, is a majority stock holder in Radio City Music Hall, Clearview Cinemas and owns Nobody Beats The Wiz electronics stores.

Analysts were concerned that Cablevision was straying too far from their programming responsibilities. The chain of stores and the other acquisitions is projected to bring in large dollars. CEO James Dolan (cited in Higgins, 1998a) justified the purchase by citing
Cablevision's need to demonstrate and directly sell new-tech products and services.

Cablevision's future will link or bundle its products together through a service utilizing digital technology. This will lead to improved shopping services, customer services, and communication services through Cablevision's own retail businesses, high speed data technology, and telephony products (Azznara & Bair, 1999).

At the time of the author's report, the literature continues to highlight a planned merger by telephone company AT&T and the largest cable MSO, TCI for 49,897 million dollars (Higgins, 1998c). AT&T chairman C. Michael Armstrong (cited in Higgins, Coleman & Tedesco, 1998) bid 48 million to take over TCI. Armstrong states, "We are merging with TCI not just for what it is, but what it can become." Both companies are publicly traded on the stock market and must convince investors to approve the deal.

The AT&T/TCI deal comes at a time when TCI's future was unknown to most investors. In 1996, TCI was in financial trouble due mostly from high debts and big purchases. TCI downsized its systems and sold off major products to prove to investors and the industry that it was serious about the core of its business. After the deal is finalized, AT&T will be divided into two areas and will merge residential telephone and cable services into one area and keep the commercial telephone and programming services into a second area. One major result from the announcement is the increase in value of TCI stock in the market.

In Broadcasting & Cable's February 15th edition, reporter John Higgins writes about the top cable mergers of 1998. The top five purchases are the AT&T purchase of TCI; Vulcon Ventures' purchase of both Charter Communications, Inc. and Marcus Cable Company; Comcast's purchase of Prime Cable in Maryland, Chicago, and Las Vegas; DirectTv Inc.'s
purchase of USSB, and Avalon Cable’s purchase of Cable Michigan, Inc. In total, 11 transactions equaled approximately 64,125 million dollars (p. 32).

Higgins reports that the buyers of cable MSOs are categorized into two types of purchaser. Usually one type of buyer is a traditional player, established as a leader of a large cable business. The second type of buyer is the institutional investor relatively new to cable who finds an opportunity in finding the low prices of cable companies in 1996 and 1997 and saw the purchase as a rewarding investment on personal dollars.

Hallmark Entertainment and Jim Henson Productions have found an outlet for their family-oriented programming in cable’s Odyssey Channel. Both Hallmark and Henson invested a total of 100 million dollars and will split a 45% ownership of the channel. The channel is currently owned by TCI’s Liberty Media and the National Interfaith Cable Coalition (Petrozello, 1998b, p. 36). This merger will bring in quality children’s programming to a mostly religious programming network.

General Electric (GE) owns the broadcast network NBC. In July 1998, GE began discussing a new merger planned with the cable network USA and programming distributor Viacom. NBC also has a financial stake in cable’s Arts & Entertainment network and Rainbow Programming, owned by Cablevision. GE wants to swap stocks and share programming strategies.

In 1998, media-industry mergers and acquisitions (M&A) could more than double the 1997 M&A total of 77.7 billion dollars (Gibbons, 1998, p. 54). The 1998 surge in dollars comes from the AT&T/TCI deal, Seagram Co.’s and PolyGram and Viacom’s deal sale of Simon & Shuster Inc. Electronic media revenue grew more strongly than those of print media deals. In subscription video deals and cable M&A doubled from 1995.
As 1998 comes to a close, the latest merger rumor is Cablevision’s interest in purchasing the New York Yankees. Since Cablevision already owns most of New York’s sports industry, the Rangers, Knicks, Madison Square Garden and SportsChannel, the Yankees are the next most desirable object. Yankee owner George Steinbrenner is dealing with stadium problems, increased salaries for players, and is interested in retirement. Journalist Buster Olney (1998) reports for the New York Times:

Sell the Yankees to a faceless corporation and let the corporation be the bad guys. Steinbrenner will say that there are no plans to sell right now. He says that his son and son-in-law want to won the team indefinitely, (yet) they would have to pay staggering estate taxes. (p. 104)

Internal Strategies and Business Decisions

Cable executives, professionals, employees, and staff are communicating with each other and watching each other plan and create strategies regarding business decisions. Once successfully executed, strategies become models for other cable operators. The leadership in the cable industry is continuously influencing its members and guiding the direction of cable’s future.

At the opening general session of a cable trade show his view about the progress and success of the cable industry, NCTA president Decker Anstrom (1998) states:

This is a great time to be in the cable television industry. We continue to add new customers to our core cable TV business even as competition grows. Consumers are voting with their remotes for our programming, as they abandon broadcasters by the millions. Our bets on new technology are paying off. We successfully roll out digital video, high-speed Internet access, and local telephone service. Revenues climb. Wall Street loves us....We’ve rebuilt relationships with public officials. We’re consistently providing better programming. Our networks lead in news, public affairs, children’s programs, sports, movies, documentaries. [On-line]
NCTA president Decker Anstrom (1998) continues:

We’ve improved, and, guarantee customer service. No other industry in America does that. We’ve made an unparalleled commitment to education. And, we’ve kept our promises made during the 1996 Telecommunications Act (by) investing substantially in new technology and programming and to compete with local telephone companies. [On-line]

In New Jersey, two cable MSOs have developed cable channels, which have become cable networks, because they reach beyond the local system. Cablevision created News 12, a state-wide news service supported by the local newspaper, The Star Ledger. Cablevision is also operating a similar set of networks in New York, through the development of the Metro Channels. The Metro Channels serve Cablevision’s entire tri-state area: New York, New Jersey, and Connecticut.

Comcast Corporation created CN8 and focuses its programming mostly on sports and entertainment. Both Cablevision and Comcast cablecast each other’s programming and therefore the viewing audience has multiplied. Lee Burton, (1999) journalist for The New York Times newspaper described CN8 in his article dated January 10. He writes:

The new station...offers 1.5 million of the state’s 2.3 cable households a broad array of programming. Comcast’s grand design (is) to expand such statewide operations to Michigan, Florida, and South Carolina if it works in New Jersey. Cable operators also hope that local and regional programming can help them compete with such new players as direct broadcast satellite systems, which have close to 100,000 subscribers in New Jersey. (section 14, pp. 1, 8)

Berton interviewed station manager Pat Scanlon who said, “We have big expenses, and putting a system like this into operation isn’t easy. There are always bumps in the road, but
we’re very proud of several Emmy nominations and the two prestigious Cable Ace Awards”
(section 14, p. 1).

Cable Programming

As more and more households subscribe to cable, cable operators increase their investments in cable programming and the technical elements necessary to provide these services. In 1985, cable systems, in total, spent $1,859 million on programming. In 1997, the expenditures increased to $5,996 million (“Cable programming continues,” 1998). The increase of dollars invested in programming cause an improved development of new cable networks. Most of these networks attract more viewers each year and as a result, broadcast networks have lost many of its viewers. Based on these results, the opportunities increase each year for cable programmers to achieve success in their cable product.

Broadcast network CBS’s Leslie Moonves (as cited in Rice, 1996) stated at a broadcast conference, “Network TV is losing too much audience on cable, and that erosion will continue because we’re all out to get each other instead of being bonded as an industry to keep people watching network television” (p. 10).

Typical threats to broadcast television are cable’s emerging programming on the daily line-up. In 1998, cable networks created specialized programs, attracting large audiences and receiving higher ratings than their network broadcast counterparts.

USA Network’s original program “Moby Dick,” TNT’s wrestling coverage, Fox News Channel’s launch, CNBC’s financial programming, CNN’s “Larry King Live,” The History Channel, and Lifetime’s coverage of the WNBA all succeeded with higher ratings than programming on broadcast during the same time slots (Petrozzello, 1998a, pp. 50-51).
The FCC initiated a study in 1998 on cable programming, the costs involved, and a possible rate regulation resulting from rising network prices (McConnell, 1998b, p. 12). The concern from both the FCC and the cable industry is on the rising cable rates planned by the top six MSOs: Time Warner, TCI, Cablevision, MediaOne, Cox Enterprises, and Comcast.

The first concern is the lack of competition actually occurring in the industry; competition is encouraged by FCC regulations to keep cable rates low. The second concern are the actions taken by the MSOs after standard rate regulations expire on March 31, 1999. High programming costs, especially from sports programming, are driving rates to increase, though cable systems are passing only a portion of their cost increases to customers.

Arthur H. Harding (cited in McConnell, 1998b) represents cable companies in Washington. Harding stated, “Despite allegations that cable companies that produce content would raise programming costs to get rate hikes through the back door, the evidence shows a healthy sense of restraint on the part of the industry” (p. 12). Cox Enterprises lobbyist Alexander Netchvolodoff (cited in McConnell, 1998b) concurred, “No consumer and no politician wants rates to go up. We understood that. But, customers said they want more programming choices and that means more costs. We hope the FCC thinks so, too” (p. 12).

Cablevision's launch of three new cable channels for the New York tri-state area in 1998 presented customers with “The Metro Channels” (Gordon, 1998, p. 61). Cablevision designed the channels after considering an untapped market for regional local television. The channels explore the local area and feature general guidance for entertainment, social activities, education, traffic and weather.
Local programming also includes Public Access or PEG programming. PEG, or Public, Education, and Government programming is created by and for the local community with the technical assistance from the cable system. The FCC requires this provision and the local system often offers assistance through free air-time, free training, and free production time. Both network and local cable programming will continue to be a competitive force in television industry.

Summary

Similar to other industries, the business of cable television is affected by external and internal forces resulting in continuous challenges and causing a variety of changes. The literature reports on the cable industry as being a wealthy and dynamic communications business acting in a self absorbed and greedy business.

However, the goal of network and local programming is to inform and educate and is seldom praised for its advanced achievements in this industry. Further chapters in this study are intended to disclose the internal points of view, company trends, and goals to illustrate positive cable strategies designed to place the customer first.

The cable industry is regulated as if it is a type of public utility. Cable consumers often view it as being one of their many household utilities, along with their gas, electric and water utilities. Unlike most other utilities, the consumer can survive without cable television. Therefore, cable is not, realistically, a utility. Cable professionals realize this fact and must strive to present the worthiness of the cable product.

This author believes that by developing marketing strategies and desirable products, cable television will always appear to be more of a necessity, rather than a commodity.
Chapter III
DESIGN OF THE STUDY

Introduction

This study includes facts and information based on current literature for the purpose of informing the reader and cable programmer about the effects independent and dependent variables have on the MSO and local system. In order to confirm the facts provided in current literature and balance the opinions stated within many of the texts and periodicals, the author will present information based on the results of a written survey.

The results from the primary research, the survey, are provided for the purpose of sharing actual experiences described by cable executives who have confronted these variables on a personal basis. The primary research is a collection of direct responses from a multiple page survey (see Appendix E) mailed to programming executives from the top 50 cable MSOs in the US (see Appendix B). The list of MSOs is based on the current directory provided on the National Cable Television Association’s (NCTA) web-site. As a local cable programmer, the author developed the survey based on professional insight and experience, in addition to the facts discovered within the literature.

Population and Sample

The NCTA maintains a current directory of the top 100 MSOs, who manage and own more than one local cable system in the US. The MSOs are ranked based on the total amount of their cable subscribers or households; the higher total indicates a higher ranking. According to the FCC’s Fact Book, systems serving less than 1,000 subscribers do not have to register with this government agency. These smaller systems and MSOs do not have to follow the rules
presented, however most use them as operational guidelines. Therefore, it is often difficult to track the total amount of current MSOs in existence.

When cable television first developed into a growing industry, 2,490 systems were built. At that time, in the early 1970s, they were constructed in rural areas and big cities in need of clear television transmission signals. In 1998, over 10,845 systems exist in the US. Most of the growth in the industry includes systems in communities not in need of a better picture, but in desire of a greater selection of programming choices. Today’s society demands choice and quality. Cable professionals must create programming based on those factors when deciding content and context.

The top 50 MSOs selected to receive the survey range in population from the largest system, Tele-Communications, Inc., serving over 14 millions subscribing homes to the 50th ranking MSO, CableAmerica Corp. serving 77,458 subscribing homes. All of the MSOs were listed on both the NCTA’s and Cablevision magazine’s web-sites.

The Survey

The author’s main intention for the survey is to gather information from the top 50 MSOs and compile results about programming strategies, processes, and decisions. The survey is in questionnaire form and includes sections inquiring about the MSOs profile and history, current and planned programming channels, local programming development, and future plans and projects. Included in the survey are 53 spaces provided for answers to questions. At the conclusion of each section, a space is provided for each participant to have the opportunity to transcribe their own comments and opinions. The survey is packaged with a cover letter (see Appendix D), which includes a message encouraging the participant to use the included self addressed stamped envelope for the survey’s timely return.
The survey was developed after researching and compiling facts and trends about the cable industry during the literature review for this study. As each fact was uncovered, a new question would be created. The survey is categorized into sections reflecting the literature review section of this study and is based on the independent and dependent variables discovered as most relevant in cable programming.

The first part of the survey includes basic background questions about the MSO and the participants, the vice presidents whom responded. Their information describes both the size of the MSO based on subscribership and the territories they cover.

The remaining parts of the survey include questions concerning the roles advertising, competition, the FCC, and technology, play on their individual businesses. These independent variables all lead to actions methodically taken by the programming executives.

A final section includes questions about how dependent variables affect the industry’s internal decision-making processes. The variables include mergers and acquisitions, objectives, and programming strategies. Related questions probe the participants’ programming decisions, which directly affect their employees and strategies toward satisfying the cable customer.

Data Collection

To secure sufficient results and responses, the author electronically mailed (e-mailed) a brief letter (see Appendix C) to 16 vice-presidents of programming departments at the top 50 MSOs in the US. The e-mail was sent to determine if anyone would be interested in participating in a survey about cable programming. Within one week, 11 responded by agreeing to participate in the survey. The author decided to continue with the process of developing a survey to be sent to the top 50 MSOs’ corporate offices.
The survey (see Appendix E) was mailed on February 1, 1999, to 50 cable programming executives, mostly vice presidents of programming at the MSO level. The survey included probing questions in multiple choice form and included comment areas to be completed about present and future programming plans. The intent was to acquire an understanding about corporate decisions, as well as finding ideas and solutions based on the results for cable programmers and industry members.

Ten percent of those sent surveys responded within the first week. A second letter (see Appendix F) was mailed on February 22, 1999 to the remaining unanswered vice presidents, encouraging their participation and expressing sincere gratitude for their eventual time taken to complete the survey. In total, 20% responded to the survey. Following the receipt of the surveys, a thank-you letter (see Appendix G) was promptly mailed.
Chapter IV

ANALYSIS OF THE DATA

Introduction

During the annual (cable) western conference in 1998, the National Cable Television Association’s (NCTA) president Decker Anstrom addressed his audience discussing the present status and future goals of cable television. Similar to the findings in the literature review in this study, Anstrom highlighted the key variables affecting the cable industry. He spoke about the value of cable products and the message each customer should know:

We are competing with local telephone, wireless, satellite, and other providers to deliver the Internet....We must defeat any digital must carry regulation; there is no policy rationale for putting every local broadcast station ahead of any cable network....We have serious challenges ahead in the public policy arena and with our customers....In the coming year price regulation, digital must carry, and Internet regulation will loom large. Our major challenge is to win and maintain our customer’s loyalty. The video marketplace is more competitive. 13 million households now subscribe to our competitors....Our new services have great promise. We must tell our value story. Our programming, technology, and service investments do get reflected in our prices, but they yield more value for the customer. We have to tell this story. If we don’t, no one else will tell it for us. [On-line]

One of the goals of this study and survey is to uncover the motivation behind decisions made by cable programming executives and the causes of the industry’s direction and trends.

The author’s intention is to determine the independent and dependent variables based upon the reappearing information in the quantity of literature materials and the results discovered in reviewing each completed survey.
The survey relates to the information from the literature and the author’s professional experiences as a cable programmer for a large cable system; the author is employed by a cable system serving over 215,000 subscribing homes. The author assumed that the programming executives participating in the survey would indicate certain responses, business strategies, and technological trends. These expectations were supported by the following information.

Data Review

The survey is divided into seven sections followed by a comments section. This portion of the study reviews the data of each section in the survey, offers the author’s response to these data, and when applicable, includes supportive literature material.

Background Section

The first portion of the survey asks each participant to describe the background of their MSO (see Table 1). Twenty percent, or 10 MSOs are respondents to the mailed survey. The survey is formulated in questionnaire style. The participants describe their name, position, location, and the MSO’s size. The results include a diverse group of participants, ranging from one of the largest, Cablevision based in Long Island, New York, to one of the smallest, GS Communications based in Maryland.

The importance of this first section is two-fold; the information the data provide and the actual acquiring process. Gaining completed information about the background of the executive participant might be a challenge if the participant feels threatened by the questions. Executives might be cautious about the personal information they share with a stranger; the author had to consider a subtle approach when developing the background questions. Though personal anonymity was promised, the author carefully selected the questions, only asking the necessary information needed for understanding the respondent’s profile and company.
Table 1

Background of Participating Multiple System Operators (MSOs)

<table>
<thead>
<tr>
<th>MSO</th>
<th>Title of Participant</th>
<th>Subscriber Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cablevision</td>
<td>VP of Local Programming</td>
<td>3,000,000 - 30 Systems</td>
</tr>
<tr>
<td>2. Adelphia Comm.</td>
<td>VP of Programming</td>
<td>2,400,000 - 270 Communities</td>
</tr>
<tr>
<td>3. Jones Inter Cable</td>
<td>Sr. VP Programming</td>
<td>1,200,000 - 21 Systems</td>
</tr>
<tr>
<td>4. Suburban Cable</td>
<td>Director of Programming</td>
<td>1,070,000 - 17 Systems</td>
</tr>
<tr>
<td>5. Multimedia Cablevision</td>
<td>VP Programming</td>
<td>514,000 - 176 Communities</td>
</tr>
<tr>
<td>6. Fanch Communications</td>
<td>VP Operations</td>
<td>485,000 - 303 Communities</td>
</tr>
<tr>
<td>7. Media General Cable</td>
<td>Sr. VP of Business Ops.</td>
<td>262,000 - 2 Systems</td>
</tr>
<tr>
<td>8. Helicon Cable Comm.</td>
<td>Director of Programming</td>
<td>170,000 - 12 Systems</td>
</tr>
<tr>
<td>9. Peak Cablevision</td>
<td>VP of Programming</td>
<td>115,000 - 92 Communities</td>
</tr>
<tr>
<td>10. GS Communications</td>
<td>VP of Administration</td>
<td>113,321 - 7 Systems</td>
</tr>
</tbody>
</table>

Note. Originally, the top 20 MSOs in the US were sent e-mail requesting a commitment to participate in an eventual survey; 50% responded with a commitment to participate. Fifty surveys were mailed; 20% responded within three weeks.

Advertising

The second portion of the survey featured the four categories of independent variables or external effects previously listed in the literature review of this study. Seven questions were asked about the affect advertising has on the participant’s individual MSO (see Table 2).
Table 2  
Advertising is an Independent Variable Effecting the MSOs' and the Systems’ Programming

<table>
<thead>
<tr>
<th>Condition</th>
<th>Yes</th>
<th>No</th>
<th>Regional</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Systems have local studios to produce commercials.</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>2. Systems have ad-sales departments.</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>3. Commercial sales reduce programming costs.</td>
<td>6</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Commercial sales off-set operating expenses.</td>
<td>5</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Local commercial space is undervalued.</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Note. Some MSOs utilize regional advertising departments instead of or in addition to a system department. The size of the MSO is not a factor in this practice. The total number refers to the 10 participating MSOs.

The intent for this section was to learn how advertising is perceived at the MSO level and utilized at the system level. Traditionally, advertising departments operate as a separate business from the core cable television business. Many cable advertising departments operate as an agency for the cable company, rather than one of the system’s many departments. They have their own organization, the Cabletelevision Advertising Bureau (CAB), and organize their own
conferences, such as the CAB’s Local Cable Sales Management Conference held in Colorado in 1998 (Forkan, 1998a, p. 3). They meet and discuss local advertising’s growth, insertion technologies, and new competitive strategies.

The business of cable advertising has also formed partnerships causing the successful agencies to merge and acquire each other. Cablevision, Tele-Communications, Inc. (TCI), Time Warner, Adelphia Communications Corp. and Charter Communications, Inc.’s MSOs once shared a commercial advertising agency, Cable Networks, Inc. (CNI), part of Rainbow Advertising Sales Corporation (RASCO) owned by Cablevision. In 1998, a new partnership between NCTA with TCI and Time Warner was formed, causing billing losses for RASCO (Forkan, 1998c, p. 8).

In the survey, seven questions were asked regarding the use of advertising for the MSO. More than half of the respondents agree that incoming commercial dollars off-set programming and operating expenses and most agree that the price of the commercial avail, or commercial break, is undervalued.

Purchasing commercial time on network broadcast channels is much more expensive than cable time. Networks have the ability to reach a wider audience and that factor elevates the price per break. Premium cable networks, such as Home Box Office and The Disney Channel are purchased by the customer as part of their cable package and therefore, the networks have no commercial breaks. The remaining channels offer the cable system commercial breaks to off-set the channel’s expense. This offers an opportunity for the local business within the viewing area of the system to advertise at an affordable cost. This relationship with the cable company is one example how the cable company supports local businesses.
Since the budgets of local businesses are often small, producing the commercial is often a financial challenge. More than half of the MSOs responding to the survey indicated that either their local system or their regional agency produce commercials for the local client. The cost to produce and cablecast, often a package deal, makes cable advertising affordable.

The survey’s data also indicate that more than half of the participants use a regional approach to advertising. Instead of each system selling and producing advertising, one team of advertising professionals is responsible for a group of systems, or a regional territory. Though some of the participating MSOs use the cable system’s local studio to produce commercials, most use a regional facility. Some MSOs have an additional studio facility for the sole purpose of producing commercials and bulletin board style messages.

The author understands that the local studio’s purpose is local programming and not advertising, however the potential revenue could be an asset for the local studio if managed strategically. These dollars could be used to expand the local studio with better staff and equipment, possibly creating a professional environment equal to its broadcast counterparts.

**Competition**

Journalist Laurie Freeman (1996) writes for *Advertising Age* magazine:

> When cable television was the only way consumers could get CNN, ESPN, and Nickelodeon, the industry didn’t have much incentive to promote its service or improve interactions with customers. Now, for the first time in its history, cable is facing tough competition in the programming distribution business. Cable’s competition is coming predominantly from Baby Bells and more notably, direct broadcast satellite services. (p. s8)

The customer has an opportunity to purchase the same product through more than one source and the cable industry is aggressively creating methods for fighting the competition.
Local programming, advancements in technology, and premium customer service are the most common tools cable companies offer.

The survey listed four of the most common threats to the cable industry: wireless cable, satellite service, telephone companies, and new companies to the industry, often privately owned (see Table 3). All participants agree that satellite service is the largest threat to their cable business, followed by new companies, telephone companies, and wireless companies, respectively.

Table 3

<table>
<thead>
<tr>
<th>Condition</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Programming is discussed in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>franchise negotiations.</td>
<td>8</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2. Threats to cable industry:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Wireless cable</td>
<td>4</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>b. Satellite service</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. New providers</td>
<td>9</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>d. Telephone companies</td>
<td>7</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

Note. The total number refers to the 10 participating MSOs.
The survey also asks the MSO participant if programming is commonly discussed during franchise negotiations; the majority knew it was discussed. Midway through the contract between the cable company and the community, negotiations begin about the contract’s renewal. During this negotiation, the cable spokesperson will highlight the advantages the cable system has to offer the community. Programming content, both network and local, is often discussed. Since the current competition does not provide a local product, the author concurs that discussing local programming is a positive strategy. It becomes a win-win negotiation; the community receives local programming and the company maintains its subscriber count with the possibility of further penetration.

Federal Communications Commission

The Federal Communications Commission (FCC) regulates most every aspect of the cable industry. For example, they oversee programming, regulate cable rates, demand analog must-carry rules, and encourage competition.

The debate over analog and digital must-carry rules continue at the time of this writing. Cable systems must offer channel space to broadcast networks located within a 50 mile radius from the system’s plant on the system’s current analog package. In areas populated by many broadcast networks, the possibility of carrying a lot of these networks on the system’s channels prevents other cable programming sources from having channel space.

Digital processing is a new technology, which provides cleaner signals and allows more channels to pass through the system’s current bandwidth. Digital signals will also be the technology used for Internet access and telephone service. Broadcasters are demanding that the FCC require cable systems to offer their networks on the digital package, as well. This is known in the industry as the “digital must-carry rule.”
In addition to the digital must-carry dispute, satellite providers want to offer local broadcast channels on their line-up and the right to create their own local programming. Congressional staffers at a 1998 cable discussion agree that Congress would like to see satellite television providers have the ability to offer local broadcast signals in local markets, but legislation has not yet been passed (Albiniak, 1998d, p. 47).

When creating the survey questions about the FCC, the author decided to focus specifically on the issues listed above. The issues are important, because it is a serious matter when there is involvement from a federal agency and any business, such as cable television. This service and entertainment industry is federally regulated as a utility, because it uses the spectrum, or satellite space for its business communications.

However, it is also a business that needs the freedom to operate using its own strategies in order to survive the competition. The reader must realize that most businesses are not controlled by federal entities, other than for common business standards, standards every business must comply: reporting income for taxation purposes and following the Equal Employment Opportunity Commission’s regulations. Five questions were included in the survey regarding the FCC’s involvement in the MSO’s business (see Table 4).

On March 31, 1999, the FCC’s “sunset rule” in the 1996 Cable Act regarding rate regulation will cease and the pricing of the upper-tier networks will be in the control of the MSO. The author expected the results to be similar to what was indicated. One question asked specifically in the survey about the FCC was if the FCC should leave the business of cable programming solely to the control of the MSO. Eight out of 10 agreed that the FCC should leave cable programming to the control of the MSO. One MSO participant seemed to misunderstand the question and stated that, “It would be illegal and not proper policy to solely control cable
programming without the FCC.” The author had intended the question to mean, “Should there be no policy from the FCC at all and would the MSO want total control?” It is expected that written surveys might be misunderstood by participants. Unfortunately, personal interviews were not possible in this situation.

Out of all of the FCC regulations, the most positive was listed by the participants as being the regulations over competitors. One example is that the FCC has not yet approved satellite providers the right to carry local programming. The most negative was the rate regulation enforced by the FCC. The author realizes the rate regulation is necessary to protect the consumer. However, technology is improving and one day all customers will have the ability to chose their own custom programming line-up. At that time, the current rating system should be reanalyzed. Cable MSOs might lose income if the FCC does not allow the MSO to freely create their own rates per package.
Table 4

The Federal Communications Commission (FCC) is an Independent Variable Affecting the MSOs’ and the Systems’ Programming

<table>
<thead>
<tr>
<th>Condition</th>
<th>Yes</th>
<th>No</th>
<th>Some</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The FCC should leave the business of cable programming to the MSO</td>
<td>8</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>2. Must-carry networks provide quality programming</td>
<td>5</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>3. Must-carry networks waste channel space</td>
<td>6</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>4. Positive FCC regulations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. permitting Internet service</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. regulations over competitors</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Negative FCC regulations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. rate regulations</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. must-carry networks</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. HD-TV regulations</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. all are negative to industry</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. lack of MSO control</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note. For parts 4 and 5, the 10 participating MSOs answered more than once.
Technology

The constant growth within the cable industry reflects changes in product and service. Technology is an independent variable changing, improving, and disappearing as each year progresses. Though still on some store shelves, black and white television is virtually an antique. Personal video cameras are getting smaller and easier to use. Automated production equipment is replacing personnel in studio environments. Fiber technology is replacing coaxial cable. The cable industry is branching off and managing other entertainment businesses. The future of cable television includes digital transmission, High Definition Television (HDTV), hundreds of programming channels, interactivity on the Internet, and telephone service, all provided by the cable MSO and system.

The survey featured six multiple-choice questions regarding technology in the MSOs companies (see Table 5). To the author’s surprise, most cable operators offer a variety of other products and services besides the basic cable product. All participants will provide digital transmission in the near future and most indicated that they are currently rebuilding their cable plants to provide this service for programming and the ability to access to the Internet. The author was not aware that cable providers are also in the beeper or pager service.

In March 1998, the author attended a conference held by Cablevision in northern New Jersey. The conference’s main focus was the reorganization of the MSO just one year after purchasing TCI’s New York metropolitan area’s cable systems. Cablevision is one example how a cable MSO can branch out into other products and services, always keeping the customers’ best interest in focus.
<table>
<thead>
<tr>
<th>Condition</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Products offered by the MSO and the System:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Advertising Agency</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>b. Cellular Service</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>c. Paging/Beeper</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>d. Cable Network</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>e. Internet Access</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>f. Telephony</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>g. Plans to provide HD-TV</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>h. Plans to provide digital transmission</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>2. Channel capacity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. 0 to 40</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>b. 40 to 50</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>c. 50 to 120</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>d. over 120</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

**Note.** Part 1 reflects multiple answers by the 10 participating MSOs.
Cablevision is also participating in the cable industry’s education program serving the telecommunications needs of its school systems, is providing new Internet technologies to its customers, creating a modern telephone service network, and is purchasing and managing other entertainment businesses. Cablevision wants to be more than a local cable provider. It states that it will redirecting the company as the “number one entertainment and communications company in the world’s number one market” stated by Cablevision executive Joe Azznara (Azznara & Bair, 1998).

Mergers and Acquisitions

The survival for most MSOs often depends upon the value of its worth. More than half of the participating MSOs who completed the survey had been through at least one merger or acquisition in recent years (see Table 6). The size of the buyer or seller is not usually the key factor; it is the territory and potential penetration, or subscriber base obtainable. For example, in 1998, fifth ranked Cablevision purchased number one ranked TCI in the New York area; telephone company AT&T merged with cable giant TCI (Higgins, 1999, February 15, p. 32).
Mergers and Acquisitions are Dependent Variables Internally Effecting the MSOs

<table>
<thead>
<tr>
<th>Condition</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The MSO has been through a merger or acquisition</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>2. National networks merging affect the MSO and the cable industry</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>3. The MSO has purchased non-cable businesses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Pay phones</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>b. Entertainment facilities</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>c. Professional sports teams</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>d. Competitive telephone companies</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Note. The total number refers to the 10 participating MSOs. Part 2 reflects four MSOs' purchases.
After analyzing the top 50 MSOs (see Appendix B), the sizes of the top companies range from serving millions of customers to only thousands of customers. Patterns of mergers and acquisitions have formed for the MSOs at a constant rate; major cities and widespread territories are attractive prospects. It is assumed by the author that some of the smaller systems in urban areas serving an active market could be the next suitable merger or acquisition.

Broadcasting & Cable magazine’s July 16, 1997 issue included an anonymous editorial stating the status and concern about this merging phenomena:

The broadcasting and cable industries are turning into conglomerates. The cable industry is consolidating with great gusto. The top 25 MSOs account for 88% of the industry. Worse than that, the top 10 account for nearly 75%. It may be great for Comcast and Bill Gates, but it doesn’t do much for diversity....There aren’t many barriers left on the multiple ownership front, although duopoly has yet to break into television. (I) tend to resist (multiple ownership) except in the case of a failing station that needs rescue. In a world in which there are fewer ownership voices than ever, (I) favor as many as there can be. (p. 86)

Internal Decisions and Objectives

The final section in the survey concentrates on cable programming. Both network and local programming is featured and questions were formed in the attempt by the author to discover trends and strategies (see Table 7).
Table 7

Internal Decisions are Dependent Variables Affecting the MSOs' and Systems' Programming

<table>
<thead>
<tr>
<th>Condition</th>
<th>Yes</th>
<th>No</th>
<th>Some</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. MSOs chose national networks:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. In demand and popular</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Cheaper than others</td>
<td>7</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>c. Acquired through non-financial agreements</td>
<td>6</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>2. Unique programming packages are offered</td>
<td>7</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3. Current cable rating system is adequate</td>
<td>2</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>4. Cable systems provide a local cable channel other than the regulated Public Access and Leased Access</td>
<td>8</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>5. The MSO has a strategy for the local channel</td>
<td>6</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>6. The local channel is within the first 12 channels</td>
<td>6</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>7. MSOs expect local programming to bring in revenue</td>
<td>7</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>8. Local programming is produced at a system facility</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>9. The system facility is fully staffed</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>10. The system facility depends on college interns</td>
<td>5</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>11. The system provides a separate facility for Public Access</td>
<td>1</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>12. Local programming is only produced regionally</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note. This table is continued on the following page.
Table 7 - continued

Internal Decisions are Dependent Variables Effecting the MSOs’ and Systems’ Programming

<table>
<thead>
<tr>
<th>Condition</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. The MSO thinks local programming is important to the existence of their business</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>14. Topics created by the local channel:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. College news/sports</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>b. Company Information</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>c. High School news/sports</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>d. Political/public affairs</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>e. Cultural</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>f. Entertainment</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>g. Talk</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>h. Local news</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>i. Live programming</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>j. Professional sports</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Note. Not all of the participating MSOs completed the questions regarding local programming.

In part 14, the participating MSOs answered more than one category.
The results from the data are encouraging, because the MSOs are realizing the importance of quality programming and are utilizing a variety of programming opportunities. All of the participating MSOs in the survey choose popular programming for their customers. They provide unique packages of programs. They provide local programming and public access television for their communities.

The author is employed as a local programming manager and thoroughly understands the importance of the existence of this form of programming. Local programming is one of the elements provided by cable systems unlike their competitive counterparts. Local programming is a method of returning to the community a free service, providing focused issues on local topics, often expressed in appreciation by viewers with no other means of expression and local information.

However, the survey’s data indicates that some of the MSOs place local programming channels in the upper band, away from network television stations and often in a less desirable channel location. The author believes this is a negative message about local programming to both the community and the employees who work hard in creating this unique service. Some of the MSOs have a minimal studio facility and have no strategy for utilizing this positive platform.

Cablevision provided the author with a multiple paged booklet highlighting a newly created strategy for its local programming department. Cablevision recently formed a regional local programming department and assigned a corporate vice president to oversee its activities and responsibilities. As an employee of Cablevision, the author appreciates the decision to set regional goals and develop strategies regarding local programming.
The main objectives are:

1. Develop a programming strategy to maximize impact of local origination, leased access, public access, and all other local programming activities.

2. Work with governmental affairs as client group to understand and meet the programming requirements of the residential and franchise customer.

3. Develop high-value local programming outlets to enhance the consumer value proposition.

4. Efficiently structure and manage a large, geographically dispersed organization.

5. Oversee capital asset and resources management of all local programming facilities (Shuken, 1999).

The data analyzed in this survey proves to the author that the industry is progressing in a manner necessary for industry survival. The independent and dependent variables are constantly influencing decisions and strategies; the future will most likely provide an appearance of new and different variables, as well. The author was pleased to learn that amidst all of the external and internal factors, the MSOs are surviving and adapting to the changing environments around them.

Though the author was disappointed that most representatives from the top 20 MSOs who initially indicated an interest in responding did not decide to respond. The author is also disappointed that more MSOs did not return the survey. Fortunately, those who did respond apparently took some time to complete all of the sections with comments and thought provoked answers. Based on the results, the most encouraging areas are the MSOs’ commitment to utilizing the advancements in technology and dedication to providing quality programming.
Chapter V

CONCLUSION AND RECOMMENDATIONS

The title of this study includes the words, "the power of influence." The goal of this study is to thoroughly understand the effect external and internal variables have on the cable television industry. All of the variables featured in the study prove influential when decisions are made by cable leaders; understanding the variables is key to learning how to become a better cable programmer or informed cable customer. The future of each variable is uncertain; questions are still unanswered.

Will cable advertisers understand the positive role they play in the local market and try to produce commercials as creatively as the broadcasters produce? Will they sacrifice quality for quantity or community image for big dollars and maintain a position and quality incomparable to broadcast?

Will the competition successfully capture cable viewers or will they discover that their product is repetitive and not as unique or sincere to the customer?

Will the FCC create positive goals and protective regulations or will they continue to control and crush the smaller cable systems struggling to survive?

Will technology continue to amaze us by offering improvements to cable products and services? Will the products created become impossible to integrate into the current system constantly teasing the consumer with "new and improved" but not accessible in this lifetime?

Will mergers and acquisitions strengthen, improve, and continue to please stock holders? Will buyouts end with one "big brother" ruling the digital spectrum?
Will internal executives remember the employee as much as the customer? Will the cable work force diminish as technology improves and positions are regionalized?

Which new idea will develop into a programming concept? Will local programming finally satisfy the MSO and the community, while having the technical flair it needs to survive the competition?

The author wonders what will happen next in the industry. One thing seems to be for certain: each variable has the power to be influential in the cable industry; each can either improve or destroy. It must be the leadership from within that decides the wisest direction.

Future Studies

This author limited this study to a 6 month period and during that time was able to locate vast amounts of information in texts, periodicals, Internet sources, primary input, and unpublished documentation.

Future studies could focus on specific areas found in this study or on subjects not included in this research. For example, foreign broadcast and foreign cable television was not discussed within this study; it is important to realize that the foreign market is both influenced by the US and within its own cultural structure and regulations. Foreign advertising has its own guidelines, foreign technology is utilized in the US and the US sells its technology abroad; foreign programming is received via satellite in the US and the US programming is distributed to foreign receivers.

The author also recommends future studies in any of the contents within this study as well as researching related areas highlighted in each chapter. The ideas appear endless, because variables are developing, changing, and disappearing at a dependable and constant rate.
References


Freeman, L. (1996, December 9). Improving customer service becomes MSO’s major objective. Advertising Age, s8.


Appendix A
Definition of Terms
1. **ADI.** Area of Dominant Influence. A television market as delineated by the Arbitron Company.

2. **Basic Cable.** Primary level or levels of cable service offered for subscription. Basic cable offerings may include retransmitted broadcast signals as well as local and access programming. In addition, regional and national cable network programming may be provided.

3. **Cable Television.** A closed communication system in which homes are collectively wired by coaxial (copper) cable to a central originating source. The system is closed in that cable companies enter into a contractual arrangement with their subscribers. They typically negotiate private agreements with local municipalities for delivery of their services.

4. **CATV.** The original name for cable television, Community Antenna Television was developed in the late 1940s to distribute programming—via analog signal—to rural and mountainous areas not able to receive acceptable broadcast television signals.

5. **CTA.** Cable Television Association.

6. **DBS.** Direct Broadcast Satellite service which was introduced in the early 1980s and which down-links (sends) programming signals from a satellite to a small dish antenna located at subscribers' homes.

7. **Dependent Variable.** Dependent variables are dependent on the independent variables; they are the outcomes or results of the influence of the independent variables.

8. **Descrambler.** A set-top device which when programmed by the cable system can unscramble a premium network signal paid by the subscriber.

9. **Digital.** Introduced in the 1990s, digital refers to a compressed cable signal distributed through fiber optics. More programming can be distributed digitally via fiber than via analog signal, which results in more programming in less space.
10. **DMA.** Designated Market Area. A television market as delineated by the A.C. Neilson Company

11. **Electronic Media.** The exhibition of entertainment and information programming to the public via electronic (non-print) means.

12. **FCC.** Established in 1934, the Federal Communications Commission is an independent United States government agency directly responsible to Congress. Its main objective is to govern and regulate all communications by wire and radio in the public interest.

13. **Fiber.** Fiber-optic material (fiberglass) used for the distribution of cable programming signals.

14. **HDTV.** High Definition Television transmitted digitally, creates more scanning lines of resolution (over 1000) in comparison to analog signals (525 lines). A special television or converter box is necessary to receive the enhanced signals.

15. **Head-end.** The central distribution location of cable programming, usually located at the Cable System.

16. **HITS.** Head-end in the Sky.

17. **Homes Passed.** Households with the ability to receive cable service and which may opt to subscribe.

18. **Independent Variable.** Variables which cause, influence, or affect outcomes.

19. **L.O.** Local Origination programming emanating from the facilities of the local cable system. L.O. also includes Public-Access television.

20. **Local Avail.** Advertising term referring to commercial break within a cable program.
21. **Market Structure.** The economic features of a market which affect the behavior of firms in the industry supplying that market.

22. **MSO.** Companies which operate more than one system are known as Multiple-System Operators.

23. **Must Carry.** Created by Congress and the FCC, the Telecommunications Act of 1992 requires all cable systems to carry broadcast signals within a 50 mile radius of the head-end.

24. **NAB:** National Association of Broadcasters.

25. **NCTA.** National Cable Television Association.

26. **Pay Cable.** A network or service available for an added monthly fee. Also called Premium. Some services charged at a lesser rate are called Mini-Pay.

27. **Pay-Per-View.** Pay service that enables the subscriber to order and view events or movies on an individual program basis.

28. **Public Access or PEG.** As part of the franchise agreement between the cable system and the municipality, television channels and facilities are available for the public to utilize for the production of local programming. PEG refers to Public, Education, and Government, which is the typical user of the Public Access opportunity.

29. **Satellite.** a) A unit in space which receives and transmits programming signals to a cable earth station or head-end for the purpose of distribution to households via coaxial or fiber cable.

   b) A company who provides programming via satellite, directly to an individual receiving dish located at the subscriber's home.
30. **Subscriber.** Any household who pays to receive television programming from a local cable distributor or system.

31. **System.** Facility that provides cable service in a given geographic area, comprised of one or more head-ends.

32. **VOD.** Video On Demand.
Appendix B
List of Multiple System Operators in Receipt of Survey
**Participated**  **From Cablevision's (magazine) database**

<table>
<thead>
<tr>
<th>RANK</th>
<th>OPERATOR</th>
<th>BASIC CABLE SUBSCRIBERS (10/98 - 1/99)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tele-Communications, Inc.</td>
<td>14,138,000</td>
</tr>
<tr>
<td>2</td>
<td>Time-Warner Cable</td>
<td>12,600,000</td>
</tr>
<tr>
<td>3</td>
<td>MediaOne</td>
<td>5,207,848</td>
</tr>
<tr>
<td>4</td>
<td>Comcast</td>
<td>4,300,000</td>
</tr>
<tr>
<td>5</td>
<td>*Cablevision Systems Corp.</td>
<td>3,352,000</td>
</tr>
<tr>
<td>6</td>
<td>Cox Communications</td>
<td>3,245,771</td>
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<tr>
<td>7</td>
<td>*Adelphia Communications</td>
<td>1,932,425</td>
</tr>
<tr>
<td>8</td>
<td>Century Communications</td>
<td>1,471,397</td>
</tr>
<tr>
<td>9</td>
<td>*Jones Intercable</td>
<td>1,460,000</td>
</tr>
<tr>
<td>10</td>
<td>Charter Communications (Marcus)</td>
<td>1,329,000</td>
</tr>
<tr>
<td>11</td>
<td>*Lenfest Group (Suburban)</td>
<td>1,174,644</td>
</tr>
<tr>
<td>12</td>
<td>Falcon Cable</td>
<td>1,167,850</td>
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<tr>
<td>13</td>
<td>InterMedia Partners</td>
<td>901,721</td>
</tr>
<tr>
<td>14</td>
<td>Prime Cable</td>
<td>881,747</td>
</tr>
<tr>
<td>15</td>
<td>TCA Cable</td>
<td>862,232</td>
</tr>
<tr>
<td>16</td>
<td>Cable One</td>
<td>652,321</td>
</tr>
<tr>
<td>17</td>
<td>FrontierVision Partners</td>
<td>559,779</td>
</tr>
<tr>
<td>18</td>
<td>*Fanch Communications</td>
<td>508,000</td>
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*Note.* List continued on next page.
<table>
<thead>
<tr>
<th>RANK</th>
<th>OPERATOR</th>
<th>BASIC CABLE SUBSCRIBERS (10/98 - 1/99)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.</td>
<td>*Multimedia Cablevision</td>
<td>471,229</td>
</tr>
<tr>
<td>20.</td>
<td>Triax Telecommunications</td>
<td>445,136</td>
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<tr>
<td>21.</td>
<td>Mediacom</td>
<td>343,175</td>
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<td>22.</td>
<td>Rifkin &amp; Associates</td>
<td>322,061</td>
</tr>
<tr>
<td>23.</td>
<td>Tele-Media</td>
<td>304,300</td>
</tr>
<tr>
<td>24.</td>
<td>Service Electric Cable TV</td>
<td>293,500</td>
</tr>
<tr>
<td>25.</td>
<td>Northland Communications</td>
<td>268,901</td>
</tr>
<tr>
<td>26.</td>
<td>*Media General Cable</td>
<td>252,988</td>
</tr>
<tr>
<td>27.</td>
<td>Insight Communications</td>
<td>250,917</td>
</tr>
<tr>
<td>28.</td>
<td>Greater Media</td>
<td>248,467</td>
</tr>
<tr>
<td>29.</td>
<td>US Cable</td>
<td>241,781</td>
</tr>
<tr>
<td>30.</td>
<td>RCN</td>
<td>235,000</td>
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<tr>
<td>31.</td>
<td>Harron Communications</td>
<td>234,431</td>
</tr>
<tr>
<td>32.</td>
<td>Bresnan Communications</td>
<td>224,852</td>
</tr>
<tr>
<td>33.</td>
<td>Galaxy Telecom</td>
<td>205,782</td>
</tr>
<tr>
<td>34.</td>
<td>Armstrong Cable Services</td>
<td>205,318</td>
</tr>
<tr>
<td>35.</td>
<td>Ameritech</td>
<td>200,000</td>
</tr>
<tr>
<td>36.</td>
<td>Classic Cable</td>
<td>165,237</td>
</tr>
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**Note.** List continued on next page.
<table>
<thead>
<tr>
<th>RANK</th>
<th>OPERATOR</th>
<th>BASIC CABLE SUBSCRIBERS (10/98 - 1/99)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>37.</td>
<td>Susquehanna Cable</td>
<td>164,186</td>
</tr>
<tr>
<td>38.</td>
<td>Blade Communications</td>
<td>158,578</td>
</tr>
<tr>
<td>39.</td>
<td>Pencor Services</td>
<td>155,114</td>
</tr>
<tr>
<td>40.</td>
<td>*Helicon Corp.</td>
<td>154,000</td>
</tr>
<tr>
<td>41.</td>
<td>Buford Television</td>
<td>152,692</td>
</tr>
<tr>
<td>42.</td>
<td>Prestige Cable</td>
<td>151,576</td>
</tr>
<tr>
<td>43.</td>
<td>Midcontinent Cable</td>
<td>133,635</td>
</tr>
<tr>
<td>44.</td>
<td>WEHCO Video</td>
<td>116,600</td>
</tr>
<tr>
<td>45.</td>
<td>*Peak Communications</td>
<td>114,000</td>
</tr>
<tr>
<td>46.</td>
<td>General Communications</td>
<td>110,000</td>
</tr>
<tr>
<td>47.</td>
<td>GTE Media Ventures</td>
<td>102,567</td>
</tr>
<tr>
<td>48.</td>
<td>*GS Communications</td>
<td>104,313</td>
</tr>
<tr>
<td>49.</td>
<td>Chambers Communications</td>
<td>82,726</td>
</tr>
<tr>
<td>50.</td>
<td>CableAmerica Corp</td>
<td>77,458</td>
</tr>
</tbody>
</table>

*Participated **From Cablevision's (magazine) database

Note: Highest 50 MSOs as of first quarter 1999.
Appendix C
Electronic Mail Correspondence
10-29-98

To whom it may concern,

My name is Ellen Adler and I am a graduate student at a private university in South Orange, New Jersey studying for my Master of Arts degree in Communications. I am also the Local Programming Manager at a large cable television system in northern New Jersey. I am currently researching information for my Thesis on the subject of cable programming trends. I would like to send a brief survey to the Vice President of Programming or to the person responsible for programming decisions at the Corporate level. Would you please send to me via e-mail this person’s name and mailing address so I may send this survey in a prompt and timely manner? Thank you very much for your time and cooperation.

Ellen Adler -- XXXXXX@AOL.COM
Appendix D
Survey Cover Letter
February 24, 1999

Dear Title, Name,

I am writing to you as a graduate student in a corporate communications program at a prominent university. Professionally, I am the Local Programming Manager for a large cable system in northern New Jersey and have been in the cable industry for over 14 years. In this final semester of my course-work, I am completing a required thesis study. The objective of my study is to research the effects external sources have on the cable television industry, specifically on cable television programming.

In order to understand the true impact of external sources on our industry, I am surveying the top 50 Multiple System Operators throughout the United States. Your assistance in completing the enclosed survey will provide valuable insight and information into the trends, opinions, and effects the itemized sources have on your MSO.

I am asking you to please take a few moments to complete the survey and return it in the enclosed envelope by March 8, 1999. Your efforts to answer the questions honestly and completely is important to my study. Your answers and responses will be anonymous; only a list of the participating MSOs will be indicated. Your name will not be attached to any specific answers in the analysis portion of my thesis.

Feel free to contact me if you have any questions regarding the survey or the research itself. I will be happy to answer any of your questions.

I can be reached by e-mail at: EXXXXX@AOL.COM or by telephone: (201) 555-7146. You may also feel free to return the survey by fax: (201) 555-2127.

Thank you in advance for your assistance and support!

Sincerely,

Ellen B. Adler
Appendix E
The Survey
The main focus of this thesis study is to learn the effects external and internal sources have on cable television programming, specifically on local programming.

**BACKGROUND**

1. What is the name of your Multiple System Operator (MSO)?

2. What is your position with your MSO?

3. May I contact you for additional information? If yes, provide name & telephone:

4. Where is the location of your MSO?

5. What states do the MSOs serve?

6. What is the MSO's total subscriber count? How many systems does it include?

7. What year did your company become a cable television provider?

8. Your extra comments:
EXTERNAL EFFECTS

Please check all spaces that apply to your MSO and complete the “Comments” sections relating to your MSO:

Advertising:

9. Do the systems have their own:
   a. studios to produce local commercials
      YES ____ NO ____
   b. edit departments to produce local commercials
      YES ____ NO ____
   c. ad-sales departments
      YES ____ NO ____
   d. other: ____________________________

10. Are the ad-sales departments regionalized
     YES ____ NO ____

11. Do the systems use the local availss for:
    a. national commercials
       YES ____ NO ____
    b. local commercials
       YES ____ NO ____
    c. channel promotions
       YES ____ NO ____
    d. local programming promotions
       YES ____ NO ____

12. Do the commercial-availss reduce programming costs the networks charge you?
     YES ____ NO ____

13. Does the MSO depend on advertising dollars to off-set operations expenses
    of your company?
     YES ____ NO ____

14. Broadcast advertising dollars often bring in millions of dollars to the broadcast
    networks. Do you think local cable rates are undervalued? YES ____ NO ____

15. Your extra comments: ____________________________

Competition:

16. Is programming a topic typically discussed in franchise negotiations?
    YES ____ NO ____

17. Do you think any of the following are threats to the cable television business?
    a. wireless
       YES ____ NO ____
    b. satellite
       YES ____ NO ____
    c. new providers
       YES ____ NO ____
    d. telephone companies
       YES ____ NO ____
    e. other: ____________________________
18. List the three most popular cable networks for your systems:

________________________________________________________________________________________

19. Your extra comments: __________________________________________________________________

________________________________________________________________________________________

**Federal Communications Commission (FCC):**

20. Should the FCC leave the business of cable programming solely to the control of the MSO?  YES _____  NO _____

21. Should the FCC's view about competition (satellite) be over-ruled?  YES _____  NO _____

22. Do must-carry networks:
   a. provide quality programming for your systems  YES _____  NO _____
   b. waste channel space  YES _____  NO _____

23. Which FCC regulations are positive for the MSO?

________________________________________________________________________________________

24. Which FCC regulations are negative for the MSO?

________________________________________________________________________________________

25. Your extra comments: __________________________________________________________________

________________________________________________________________________________________

**Technology:**

26. Other than cable television, which products does the MSO provide (please check):

   Advertising Agency _______  Cable Network _______
   Cellular Service _______  Internet Access _______
   Paging/ Beeper Service _______  Radio _______
   Satellite Service _______  Telephony _______
   Other ____________________________

27. Does the MSO offer digital transmission?  YES _____  NO _____

28. Does the MSO plan to utilize High Definition TV?  YES _____  NO _____
29. How many channels do the systems offer:
   a. 0 - 30 ______
   b. 30 - 40 ______
   c. 40 - 50 ______
   d. 50 - 60 ______
   e. 60 - 70 ______
   f. 70 - 90 ______
   g. ______

30. Are the systems being rebuilt to carry more channels? YES _____ NO _____

31. After the systems are rebuilt, will there be any additional local programming (company) channels added? YES _____ NO _____

32. Your extra comments: _____________________________________________

__________________________

/* INTERNAL EFFECTS */

Mergers & Acquisitions:
33. Has the MSO been through a merger or acquisition? YES _____ NO _____

34. If so, how many times? ____________

35. Has the activity of national networks merging together affected your business? YES _____ NO _____

36. How has the development of new networks affected your business?
   ____________________________________________________________________

37. Has your MSO purchased non-cable related businesses and what are they?
   ____________________________________________________________________
   ____________________________________________________________________

38. Your extra comments: _____________________________________________
   ____________________________________________________________________
Internal Decisions/Objectives:

39. When preparing your cable channel line-up, does the MSO choose national programming networks that are:
   a. in demand and popular  YES _______ NO _______
   b. cheaper than others  YES _______ NO _______
   c. can be acquired through barter, trade, or other non-financial agreements:  YES _______ NO _______
   d. other: __________________________________________

40. Do the local systems offer any new choices of programming packages, other than the traditional broadcast basic, expanded basic and premium services, such as digital, a la carte, tiers, etc.? Please explain:
    ____________________________________________________________________________
    ____________________________________________________________________________

41. Do you think that a stronger cable rating system should be created?
    YES _______ NO _______

42. Do the cable systems have local programming/ local origination channel(s) other than for public or leased access programming?
    YES _______ NO _______

43. Does the MSO have a strategy for local programming?
    YES _______ NO _______

   Comments: ________________________________________________________________

44. Is the average local programming channel located within the first 12 channels of the line-up?
    YES _______ NO _______

45. Does the MSO think local programming is as important to the existence of their systems as the national networks are to the systems?
    YES _______ NO _______

46. Please check all the topics created on the local programming channels
    College News/ Sports _______ Cultural _______
    Company Information _______ Entertainment _______
    High School News/ Sports _______ Local News _______
    Political/ Public Affairs _______ Professional Sports _______
    Live Programming _______ Other: ____________________________

47. Are the MSO's local programming channels expected to bring in revenue to off-set the expenses of operating in the system?
    YES _______ NO _______
48. Are the studios at the system level independent? _____ Regional? _____

49. If independent, do they work on larger projects with neighboring systems from the same MSO? YES _____ NO _____

Different MSO? YES _____ NO _____

50. Are the studio facilities fully-staffed? YES _____ NO _____

51. Do they depend on college interns to produce and operate? YES _____ NO _____

52. Do you have any Public Access studios for public use? YES _____ NO _____

53. Your extra comments: __________________________________________________________

________________________________________________________

CLOSED COMMENTS

I would like to thank you for all of your time and patience in completing this survey by February 19, 1999. Your input is valuable and much appreciated.

If you have any other thoughts regarding cable programming or local programming please feel free to include them in the space provided below.

Thank you again!

Sincerely,  Ellen Adler
Appendix F
Follow-Up Letter
February 22, 1999

Dear Vice President of Programming,

This note is a follow-up to the letter and survey sent to you on February 1, 1999. As you may recall, I am a graduate student completing my Master’s thesis and as part of my research about cable television programming, I mailed a survey and return envelope to you due on February 19, 1999.

It is extremely important to include your valuable input regarding the trends and practices in today’s cable market. The collection of your information will balance the report’s perspective and would benefit my research by accurately portraying our industry’s programming trends.

I am writing to you again to request your participation in completing and returning this survey. Won’t you please take a few moments and complete the information and return it in a timely fashion? If you have returned the survey, please ignore this note and accept my sincere thanks for your time and cooperation.

Feel free to contact me at the telephone number listed above with any questions or comments.

Thank you again for your support.

Sincerely,

Ellen B. Adler
Appendix G
Thank You Letter
February 22, 1999

Dear Vice President of Programming,

I'd like to express my sincere gratitude and thanks for your cooperation in completing the programming survey sent to you early February 1999.

Your input, comments and perspectives about our cable television industry were extremely valuable to my thesis research. Interestingly enough, the results so far indicate a similarity regarding current trends, technologies, and competition. Yet, only a few MSOs seem to be appreciating the importance of local programming has on their communities, advertising, and external competition. The final results will eventually be determined once all the surveys are returned and calculated.

Again, please accept my sincere thanks regarding your time, effort, and input. Your knowledge, experience and insight is truly appreciated.

Thank you again for your support.

Sincerely,

Ellen B. Adler