

American heavyweights on the move in the digital domain

BY KATE HANLEY

Predictions that 2008 is the year that professional video content on the Internet will finally hit its stride are well on their way to proving true. During the past year, American media heavyweights launched extraordinary digital comeback campaigns in hopes of repatriating viewers and building viable revenue models.

CBS, NBC Universal, ABC, News Corp, Scripps Networks and MTV Networks are among those that have launched new and aggressive web strategies, spreading content to thousands of web portals and buying or building new and imaginative immersive and social environments. They seek nothing less than dominance in all platforms and are investing heavily in order to succeed.

Faced with growing competition from the Internet, U.S. broadcasters are embracing digital media with a vengeance, and the proof has arrived in a new level of sophistication of broadcaster online initiatives.

It was just a year ago that Quincy Smith, president of CBS Interactive, joked that the network's failing entertainment portal, Innertube, should have the web address CBS.com/nobody-comeshere. Innertube was cited as proof that traditional broadcasters would not survive the entertainment revolution.

While pundits hailed the impending demise of so-called old media, the major players began rolling out radically new digital programs. Early reviews suggest that TV broadcasters may have found their online way with three fundamental strategies.

First and foremost, they have abandoned efforts to replicate the broadcast business model and "pull" huge audiences to a single Internet destination. Instead, they have enlisted video syndication partners to "push" free ad-embedded content to hundreds of websites across the Internet, including competitor consumer portals.

Broadcasters aim to saturate the web with content alongside client advertising, aggregating mass eyeballs one web page at a time. Advertisers reach a hugely expanded online audience and broadcasters share only a small portion of revenues with host websites.

In April 2007, CBS announced the formation of the *CBS Audience Network*, which at time of writing counts two dozen distribution partners including AOL, MSN, Google, YouTube, Yahoo and Joost as well as over 350 CBS television, radio and affiliated stations. Through the Audience Network, CBS has increased its online reach from 13% to 89% of the web, connecting ad-embedded CBS shows such as *CSI* and *Survivor* to over 140 million unique visitors each month.

The NBC Universal/News Corporation venture, Hulu, surprised critics when it launched as a professional video destination and syndication hub, with numerous online partners. Since then, ABC, MTV Networks, Scripps Networks and Lifetime Networks have all launched syndication strategies of their own.

Secondly, top broadcasters are staking a much broader claim in the digital universe, greatly expanding their web properties and embracing social media as well as non-linear entertainment.

Through acquisitions and new ventures, they are reinventing their brands as platforms for rich immersive experiences, targeted social networking environments and interactive games.

In 2007, MTV Networks introduced its far reaching Atlas digital media strategy. In addition to launching a video syndication network, the company has created six new virtual worlds, increased its website properties to over 300 and announced plans to invest more than \$500 million in video gaming initiatives.

Scripps Networks, whose specialty television properties include *HGTV* and the *Food Network*, plans to "own" the food, shelter and lifestyle category online. To that end, it is building a network of properties that no longer function primarily as TV-branded web services. *Scripps* recently added *Recipezaar*, a popular recipe trading community, and *FrontDoor*, an online real estate listing service, to its stable of powerhouse websites including *HGTV.com* and *FoodNetwork.com*.

Thirdly, traditional broadcasters are embracing user-generated content and loosening their grip on copyright, allowing consumers to share and co-create entertainment. CBS Interactive encourages audiences to send and embed clips into their personal profiles, favourite websites and blogs. Scripps envisions its string of lifestyle properties as destinations where audiences connect to professional entertainment as well as create their own. In fact, Scripps predicts that up to 50% of its online content will be co-created by consumers within several years.

The sheer scale of U.S. broadcasters' online ambitions is extraordinary. In a little over a year, these global media brands have dramatically increased their online footprint.

And in doing so, they have raised the stakes for Canadian content players. More growth is likely in 2008 as these formidable campaigns continue to unfold.

Finally, as CBS President Les Moonves proclaims, the broadcast heavyweights are "ready to rule the jungle."

Kate Hanley is President of Digital Theory Media Consulting, a management consulting firm specializing in assisting traditional players exploit business opportunities in digital media. She may be contacted by e-mail at khanley@digitaltheory.ca.

