

## APPLYING HIS QUARTER CENTURY OF EXPERIENCE

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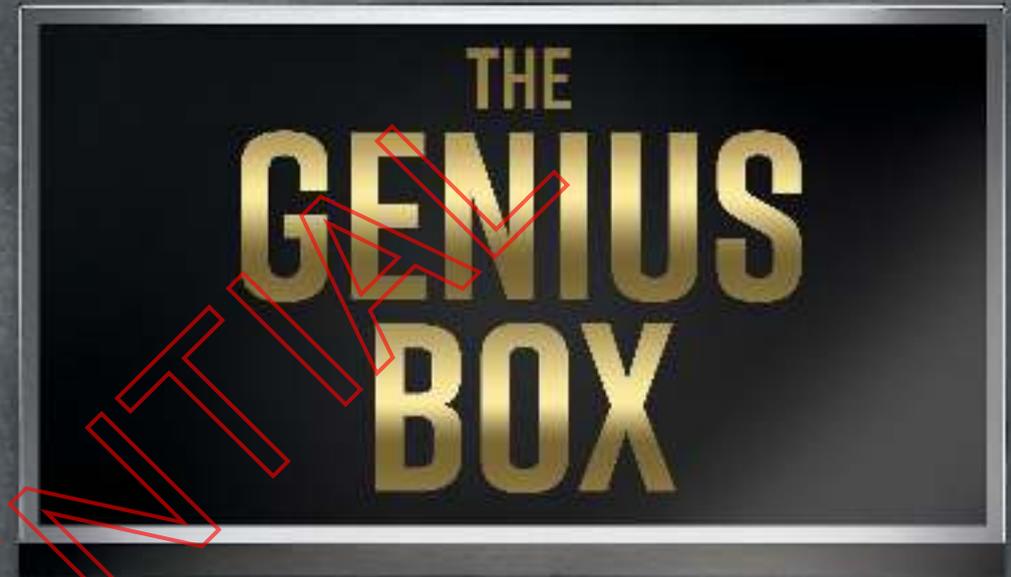
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THE GENIUS BOX HOW THE "IDIOT BOX" GOT SMART - & IS CHANGING THE TELEVISION BUSINESS

DAVID C. TICE



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Read David's TV/media blog at [ticevision.com](http://ticevision.com)

## FOREWORD

I've always been somewhat offended when people call a TV set "the idiot box." As a child of the 1960s, I spent a great deal of time in front of the TV, as did my brother and my friends. Despite that, my generation of Young Boomers grew up to be generally well educated and well adjusted; today, we hold positions of leadership across many businesses and government agencies. Those afternoons filled with *The Twilight Zone*, *The Banana Splits*, and *Star Trek* re-runs seem not to have harmed us much at all.

For me, television was not just entertainment but also a window into the wonderful but troubled world of my youth; I saw moon landings, wars, assassinations, and racial strife played out on the evening news.

Television was a source of learning, one that I credit with strongly buttressing my suburban education. Shows such as NBC's *You Are There*, PBS's *The World at War*, and a host of other history or documentary programs helped fill in the gaps between school and the evening news. Even fictionalized television had much to add, through such 1970s miniseries gems as *Roots*, *QB VII*, and *The Holocaust*. And let's not forget game shows, which dealt mostly with facts or factoids; thanks, *Jeopardy!*, *Concentration*, and *The \$10,000 Pyramid!*

Lastly, television was important social "grease" for a shy child like myself. My friends and I would watch television all the time (yes, we did play outside, too – and without playdates, thank you) and bond over the programs. In high school, meeting other people was a bit easier with some references to *Monty Python's Flying Circus* or *Saturday Night Live*. TV even helped me connect with my extended family – all of our relatives lived in

England, and we saw them but once every four years or so. Through British programming on PBS or stunts like the innovative schedule switch in 1976 that saw Thames TV programming shown on WWOR in New York<sup>1</sup>, I was able to feel closer to my distant kin.

As I grew older, the TV set and the programs it brought to life remained an important part of my world. TV evolved through VCRs, cable TV, video games, DVDs, Blu-rays, 3-D, smart TV sets, streaming, and so on – each of which carried an opportunity to entertain, educate, and provide a social common ground. Even if the sources of content are changing, the TV set remains the centerpiece. It is still the biggest and most-viewed screen. And despite the dispersing of family members through the house, TV still brings people together on the couch to watch the most impactful and culturally influential content – whether serious (breaking news), funny (*Roseanne's* brief revival), escapist (Harry and Meghan's wedding), or sports (the Olympics or Super Bowl).

All of television, and now the near-infinite selection of content from the internet, can be funneled through connected TV sets – new content, decades-old content, niche content, and broad-appeal content. The internet connection allows access to services with advanced interfaces, AI-generated recommendations, and powerful content search capabilities. It also grants your content providers and distributors the ability to learn more about you through your TV set data stream. This information enables them to both serve you better and to serve you better ads – enhancing advertisers' ROI. Smart TVs can also stream music, be used to look at photos, run apps, and interact with smart speakers. Idiot box? I do not think so. To me, it is pure genius.

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## CHAPTER 2

### *The Watcher*<sup>2</sup>, or The Television Audience

As noted in the previous chapter, the changes in TV homes and the TV ecosystem have created equally dramatic shifts for audiences. Though it may sometimes get lost in industry discussions, the audience is actually the most important stakeholder in the television business – because if people are not watching, they are not paying for content to be produced, either through watching commercials or buying subscriptions.

Each era in television has taken the audience through a relationship cycle – awareness, attraction, “will she”/“won’t she” confusion, a honeymoon, partnership, and the inevitable break-up (there are few “monogamous” media users!). Think of the VCR – it allowed a new way to watch television, by recording shows or using pre-recorded tapes. This attracted a lot of people; and although they never quite figured out the flashing “12:00” and how to program the VCR, viewers fell in love with being able to rent or buy movies or TV programs.

The VCR relationship went well for a number of years – until DVDs showed up, with their superior image and audio quality, added content, easier controls, and a smaller physical footprint. The close connection with

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<sup>2</sup> *The Watcher*: UPN series, 1995

the VCR ended as the honeymoon with the DVD started – although viewers continued to drag out the VCR for the proverbial “one night stand” now and again to watch old home videos, or tapes not available via DVD.

This cycle of attrition-then-aversion has repeated itself numerous times – including the dual transition from analog TV sets to digital ones, and from traditional pay-TV services (cable, satellite, or telco) to streaming to the set. The love/hate relationship many viewers have had with pay-TV providers (who does not have a bad story about cable TV customer service?) really opened the door to the new relationships with OTT (over-the-top TV) and SVOD (subscription video-on-demand) streaming services.

As the television set has morphed into the *Genius Box*, we’ve seen reliance on intermediate devices diminish. For those willing to take the plunge, the television experience has come full circle. While in the 1950s and 1960s a set and an antenna was all you needed to access all of television, today a smart TV and an internet connection are all you need to access almost all television and video content.

## Choice

Perhaps the biggest impact of the transition to digital is the vast increase in choice available to the viewer. In the earlier broadcast days of television, viewers might have been able – if they were lucky – to receive perhaps a dozen VHF and UHF stations. When cable TV started going mainstream in the 1980s, the cable transmissions were analog and took up a lot of bandwidth in the cable wires – so a high-end subscriber might have received 80 to 100 cable channels. Later, digital compression allowed much more content to cross the same cable wires, and channel counts grew into the hundreds. (And, by definition, digital satellite and digital telco TV services also made use of digital compression.) Today, high-end digital pay-TV users can easily have access to over 500 channels.

On the broadcast side, the digital transition of 2009 – when over-the-air TV broadcasters of television were required to switch from an analog format to digital – introduced the concept of “side channels” or “diginets.” In addition to a high-definition signal for each main channel, broadcast

stations gained the capacity to transmit up to three side channels of lower resolution (a.k.a., standard definition). At first, these were not often used; but today, a whole subcategory of networks – called “diginets” – inhabit those side channels. Content owners (such as studios) often use these mini-networks to distribute their old catalogs of programs; consequently, you have Cozi TV (NBC/Universal productions), Decades (CBS productions), Me TV (MGM), and so on.

With the help of these diginets, I was able to work my way again through the entire Jack Webb ‘60s/’70s oeuvre of *Dragnet*, *ADAM-12*, and *Emergency* about 40 years after first watching them with my father. Side channels are also used to rebroadcast local news or weather programs, or to distribute PBS diginets like PBS Create, PBS World, or PBS Kids. Even if a household only has broadcast reception, the number of channel choices has multiplied two or three times if we take diginets into account.

Of course, when talking about choice on a TV set in today’s market, one must also include streaming options. The most notable of these are the “Big 3” SVOD services – Netflix, Hulu, and Amazon Prime; but many other OTT options are also vying for viewers’ attention. These include YouTube; the stand-alone digital subscription versions of networks such as HBO, Showtime, and CBS; smaller SVOD services such as Acorn TV, VRV, and Britbox; and the hundreds of free “channels” available through streaming devices such as Roku. Some of these smaller players are well done (such as Crackle, Shout! TV or TubiTV); but from my explorations, many seem cobbled together from content with expired copyrights, or none at all.

Regardless of quality, the point to recognize is that, on top of the expansion of “regular TV” choices, streaming increases choice by another order of magnitude. According to John Landgraf of FX Networks, we have entered the world of “Peak TV” – one in which over 500 scripted TV series may be in production for TV networks and streaming services in just one year.<sup>13</sup> And the magnitude of choice is amplified even further when you add unscripted reality programs, news, sports, and so on.

Viewers love choice. It is one of the reasons that they will subscribe to pay TV – even though Nielsen will tell you that the average viewer regularly watches fewer than 20 channels<sup>14</sup> (a number that has remained

relatively constant over the years). Though a similar type of analysis has not been published for streaming on TV sets, we can reasonably assume the same would hold true; for example, Hulu reports<sup>15</sup> that its average viewer is watching 10 of all the programs Hulu offers (including all types of viewing, not just on TV).

### **The Paradox of Choice, Discovery, and Decision Making**

These TV viewing trends and preferences often parallel Barry Schwartz's observations in *The Paradox of Choice*,<sup>16</sup> his seminal book on decision making. Schwartz's theory is that the more choices we are presented with, the more we consciously or subconsciously act to winnow down the options to something more manageable to our brains. A key experiment illustrating the paradox revolves around a supermarket display of food products. The display is set up in two ways – one option has the product with many flavors, designed to appeal to the widest number of palates; the other has a much smaller number of flavors. The display with fewer options actually sells better, because people faced with many options tend to completely walk away rather than just pick one or do the mental work to sort through all the possibilities.

Echoes of this can be seen with television content (regular or streamed) – in particular, the “networks viewed” information noted above. People only regularly view about 10 percent of the networks they receive; and if they subscribe to a streaming service, the odds are that they only watch a small proportion of the content available. Being overwhelmed by choice is certainly one factor in not maximizing viewing, but another important one is discovery.

Content discovery is becoming more and more difficult for people in today's television environment. Let's step back again to the 1950s, 1960s, and 1970s – for many people in that era, TV and its programs were considered well-known acquaintances, if not close friends. There were only three major networks (ABC, CBS, NBC), and PBS (starting in late 1960s), plus a few independent broadcasters in each market. Although there was nothing like today's interactive program guides (IPGs), *TV Guide* magazine was

seemingly ubiquitous (in about 40% of US homes in the mid-1970s),<sup>17</sup> with newspapers' daily TV schedules and Sunday TV supplements filling in for many of the remaining homes. It was relatively easy to keep track of what programs were on, when, and on which channel. Viewers were much more exposed to in-network promotion of new programs, or to the ads featured in viewing guides, enabling discovery of new programs. Deciding on what program to watch was a relatively simple choice among very few options.

As would be expected, things got more complicated as viewing options increased. Viewers came to relate to programs and networks less as friends and more as distant relatives or even adversaries (“They moved *Wings* again? I can’t keep track!”). The mainstream rollout of pay-TV services – cable, satellite, and telco – saw the number of channels available multiply into the hundreds, and programs began to number in the thousands. Even before the internet went mainstream (roughly prior to 2000), print publications such as *TV Guide* were simply unable to keep up with the range of broadcast and cable offerings; to do so would have required a weekly magazine the size of a phone book (another anachronism!).

While *TV Guide* remained the bible of TV for some years, it had to winnow its program grids, narrowing to include the major broadcast networks plus whichever cable networks it thought best to carry. Over the years, several iterations were made to fit in more program information, such as not showing each day fully but rather presenting weekday daytime programs only once per issue. The bottom line is that all printed guides showed a smaller and smaller proportion of the actual channels available – reflecting the flood of choice inundating viewers.

This information gap was filled in part by various forms of on-screen guides. The first generation of these program guides consisted of simple program grids scrolling on a channel set aside for this purpose. The scroll was automatic and constant; there was no way to control its pace or what it showed – which generally was the full roster of networks offered by the pay-TV service, regardless if a household subscribed to each channel. You can imagine the intense frustration as we early users as we waited long minutes for the guide to scroll through all channels; the worst situation was turning to the guide just as the channel for which you wanted information

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## ABOUT THE AUTHOR

David C. Tice is Principal of TiceVision LLC, a media consultancy, and blogs about TV and media at [ticevision.com](http://ticevision.com). David started TiceVision after spending 23 years at GfK, a top-five global market research company, and its predecessor companies. David has overseen the design, implementation, and analyses of syndicated and custom media research projects for many well-known television networks, media companies, industry associations, sports leagues, and media agencies. His work has been recognized numerous times through industry awards, selection to present at industry conferences, and mentions in industry press.

In particular, David designed and directed *The Home Technology Monitor*<sup>™</sup> – a syndicated series of research reports on media technology and services in the home – from 1995 until 2017. This research gave him a unique vantage point for observing the emergence of new television and media technologies and services in the home, their impact on existing media, their marketing/advertising potential, and consumers' evolving perceptions of the new offerings.

David frequently presents at research conferences, including those sponsored by the Advertising Research Foundation (ARF), Cable Television and Marketing Association (CTAM), National Association of Broadcasters (NAB), and European Society for Opinion and Market

Research (ESOMAR). He won first place in the 2009 CTAM Research Case Study Awards for ground-breaking cross-platform research on NBC's 2008 Olympic coverage.

David's input is highly sought by major media outlets and trade journals – including *The New York Times*, *The Los Angeles Times*, *The Wall Street Journal*, *MediaPost*, *Advertising Age*, *The SportsBusiness Journal*, *Broadcasting & Cable*, *MultiChannel News*, MSNBC, CNBC, and CBS Radio – to provide comments and background context for news articles and features.

In addition to GfK, David worked for GfK predecessor company Statistical Research, Inc. (SRI), which was acquired by Knowledge Networks; Knowledge Networks was subsequently acquired by GfK in 2012.

Prior to market research, David enjoyed a “first career” in aerospace engineering, working for Rockwell International (now part of Boeing) on the B-1B and AC-130U aircraft, and as a contractor aeronautical design engineer at the NASA Langley Research Center.

David received a Bachelor of Science in Aerospace Engineering from the University of Southern California and a Master of Business Administration in Strategic Management from the Rutgers University Graduate School of Management.

Currently a resident of Scotch Plains, NJ, where he has lived for more than twenty years, he shares a home with his wife Melissa, son Philip, and three cats. David was born in Canada but grew up mostly in New Jersey, where he acquired his abiding love for television. He has also lived in Los Angeles and in Newport News, VA.

Questions or comments about the book?

Interested to have David speak to your group or at a conference?

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