

NBC, FX and Reveille Define New TV Business Models at Variety Tech Summit

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Robin Rowe interviews Marc Graboff, John Landgraf and Mark Koops

The Biggest Loser executive producer Mark Koops, working

more closely with advertisers

“People don’t watch networks anymore,” says The Biggest Loser executive producer Mark Koops. “They watch shows or they go to websites or they go to applications. It’s much more fluid than a traditional business model of even five years go. We see great strength in broadcast TV when the show is right. When the content is right, broadcast is the ultimate content provider. We’re working hand-in-hand with broadcasters and advertisings to create a 360 degree experience.” Beyond producing the hit weight loss show, Koops is the managing director and co-head of domestic television of Reveille Productions, with shows such as Ugly Betty, The Office, and Are You Smarter Than a 5th Grader.

NBC Entertainment and Universal Media Studios chairman Marc Graboff, Hulu gaining groun

“At NBC Universal, we have been out in front on a number of new technology platforms, including our efforts with NBC.com and Hulu,” says NBC Entertainment and Universal Media Studios chairman Marc Graboff. “Our traffic numbers at both continue to grow each year. And our digital studio is creating a lot of exciting new opportunities that allow advertisers to get involved with original content on the web through our ‘360’ approach.”

FX Networks president and general manager John Landgraf, basic cable has advantage

“All businesses involved in the creation and use of original programming are going to have to find multiple revenue streams,” says FX Networks president and general manager John Landgraf. “Basic cable already has that in that it has the subscriber stream. Two-stream businesses like basic cable have been situated to grow in this environment. The good news is there’s an enormous amount of unbelievably high quality programming being created. A good chunk of it is being created by premium cable channels and basic cable channels.”

Marc Graboff, John Landgraf and Mark Koops will be speaking this afternoon on a panel at the VARIETY Entertainment and Technology Summit at Digital Hollywood at the Loews Hotel in Santa Monica on Monday, October 19th. Their panel, “The Television Ecosystem: Programming, Advertising, Distribution, Revenue and Strategies”, will explore just how much the television business model has changed and offer ways to survive and thrive in the emerging new media economy. “There are a lot of top decision-makers participating,” says Graboff. “A conference that brings entertainment and technology together like this is very timely with everything going on in our industry.”

“How do we take all of the viewership that is now not happening on a linear ad-supported channel, whether it be a basic cable channel or a broadcast channel?” asks Landgraf. “Everything outside the C3 window, which is commercial viewership on or within three days of the initial airing of a program, is non-revenue generating. Meaning everyone who watches

something on a DVR, whether they watch the commercials or don't watch the commercials, or anyone who watches video on a VOD platform. Hulu is an exception to that, an attempt to recapture value in the viewership taking place off linear channels."

TiVo, which pulls its Stop Watch data from a daily sample of 100,000 TiVo subscribers, has said that time-shifted viewing of new shows often passes 50%. More than 20% of those view after the 3-day C3 Nielsen window.

"A lot more work has to be done with measurement," says Landgraf. "Right now, C3 is a partial measurement of all of the usage of an original program that our channel creates. There's an enormous amount of usage happening in these other spaces.

There has to be some way of selling, inserting and measuring advertising within that too. There's an enormous technological challenge in that. It's going to have to come together because the usage patterns for viewers are continuing to shift."

"It was wonderful when you could make a good profit with one revenue stream," says Landgraf. "Make a show, put it on the broadcast network, take the advertising, pay for the show, and put the rest in the bank. Now, it increasingly takes multiple streams. Those two streams of revenue are only the beginning. All these businesses will have to pull in multiple streams of revenue in order to be successful. We're figuring out how to do that." One way to do that is with advertiser tie-ins.

"The Biggest Loser has become not just a television property on NBC," says Koops. "It's become a brand touch point in multiple retailers, which is not only revenue but a promotion and marketing stream that's led to the show's growth. That's an interesting development we're going to continue to see,



and that we're seeing now, that brand and advertisers want to get into a direct line of communication with producers to create content."

The Biggest Loser has made deals with at least nine brands, from putting their celebrities on General Mills cereal boxes to having MSN host The Biggest Loser Million Pound Match-Up, a diet challenge to America to lose one million pounds. Then there are The Biggest Loser licensed products, with over \$50 million in sales, such as scales, juicers and grills by Taylor HoMedics, fitness balls by Gaiam, protein powders by Next Proteins, and a dozen branded books, including The Biggest Loser 30 Day Jump Start.

"All of the brand activity around The Biggest Loser has created multiple revenue streams, multiple marketing streams, and multiple promotional streams for the show," says Koops. "It's helped the show buck the trend of traditional over-the-air television where you start, you ride for a peak, and drop off. We'll still be in our ascendancy in our eighth season because we build unique business models."

Where new media revenue is slow to materialize is in mobile. The Nielsen Technology Trends Q2 report finds that a mere 3% subscribe to a mobisode service. The good news is that's a 50% increase from a year ago. Mobisodes are 2-minute clips chopped down for on-demand delivery to phones. Because a dropped call requires restarting a video, long-form video on mobile phones hasn't been practical.

"It's difficult to have a fully baked linear channel on a mobile platform," says Landgraf. "It's something very important in the future. It's not something that's a significantly important source of revenue for a basic cable channel like us today. There is some work being done in mobile, and Fox has a robust mobile platform."

Reveille became part of the Shine Group in early 2008, a global production and distribution company owned by Elisabeth Murdoch, daughter of Rupert Murdoch. "We're aggressively looking to expand into our digital business," says Koops. "We've had a great deal of success in that. Yet, we're still an old

fashioned studio in that we do scripted and unscripted programming. One thing we can achieve is to migrate talent from one arena of the business to another.”

“I have a very positive view of the state of the industry,” says Koops. “It’s definitely one of change. The old business models begin to fray. We have to look for new business models and that’s what excites me. A time of invention or greater creativity. We’re going to have to be smart and pragmatic about how to make television, how to make content, how to distribute content.”

photo credit: Hollywood Today (www.hollywoodtoday.net). NBC Entertainment and Universal Media Studios chairman Marc Graboff, Hulu gaining ground

Media Contact Name: Jeffrey Jolson

Media E-mail: jolson411@yahoo.com

Media Web Address: <http://www.hollywoodtoday.net/?p=11260>

About the author:

Jeffrey Jolson is Hollywood Today founding editor-in-chief and a RushPRnews partner and contributor since 2006. Jeffrey, of the Al Jolson family, also founded HollywoodReporter.com and Grammy.com. Hollywood Today reporters have written for Vanity Fair, Rolling Stone, Forbes, Variety, The Hollywood Reporter, the New York Times, the Boston Globe, The San Francisco Chronicle, AP, E!, Popular Science and Popular Mechanics.

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