

Not for Profit Theater Subscriptions and Premium Television Subscriptions:  
Moving into the Anywhere, Anytime, Any Platform Spheres of the Digital Age.

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## Introduction

“I would argue that we are both witnesses to and participants in the largest, most fundamental transformation in the history of media since the advent of typeface, the moving image, and terrestrial broadcast transmissions. The change is far more significant than the transition from radio to television or movies from larger screens to smaller screens.... The digital revolution is transforming our world with as much significance as the Industrial Revolution did over a century ago.”<sup>1</sup>

-Jordan Levin, “An Industry Perspective: Calibrating the Velocity of Change”

The Digital Age is defined as the point in human history at which digital and computerized methods irrevocably changed both consumer habits and industry standards.<sup>2</sup> This new era began slowly in the early 21<sup>st</sup> century and has since changed how industries of all kinds conduct business and take advantage of the technology available.<sup>3</sup> Moreover, businesses must continue to adapt throughout this digital revolution in order to keep up with advances in technology and the resulting changes in consumer behavior. This discourse will discuss this process of change for the not for profit theater and premium television industries.

At first glance, not for profit theater and premium television appear to have very little in common. Theater has been prevalent as a cultural mainstay for centuries; television has only existed for a few generations. Theater consumption is an experience shared with an audience of strangers in the dark; television can be consumed together with a few individuals or completely alone in the comfort of one’s own home. The biggest difference between the two is the fact that a live theater performance, taking place at a particular time and in a particular venue, cannot be replicated. Each performance, while similar, is in and of itself a wholly unique experience.

Whereas with television, an identical show can be broadcast in one or more locations around the

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<sup>1</sup> Levin, Jordan. “An Industry Perspective: Calibrating the Velocity of Change.” *Media Industries: History, Theory, And Method*. Ed. Jennifer Holt and Alisa Perren. West Sussex: Wiley-Blackwell, 2009. 258-9. Print.

<sup>2</sup> Levin, Jordan. “An Industry Perspective” 256-63.

<sup>3</sup> Levin, Jordan. “An Industry Perspective” 256-63.

globe, on numerous platforms and at any time. This is the crux of their differences: one is visceral and must be experienced live and in person; the other is predetermined and beamed around the globe. Despite extreme differences, there are similarities between their distribution business models: both use subscriptions to distribute content. For not for profit theaters (which for purposes of this discussion will include traditional theater, opera and dance), this is the subscription program for a season of productions. The subscribers are a theatre's audience base and are virtually guaranteed admission to each show; single ticket buyers can gain admission if tickets are available once the subscribers have been satisfied. For premium television, subscribers are the sole focus of the business model and are the only customers who have access to the content. This discourse will be focused on how both industries use subscription audiences to maintain their respective financial structures.

As one considers how both of these mediums will move through the Digital Age, the topic of subscribers and how subscribers' habits have changed, are changing, and will continue to change must be addressed. Understanding this spectrum and evolution of subscribers' habits is essential because the only way to lead an effective subscriber-based business model is to fully understand and adapt to the subscriber. Without fully recognizing and accommodating subscriber consumer habits and preferences as they have already changed and will continue to change throughout the Digital Age, the industry (whether not for profit theaters or premium television) and its respective business model will be unsustainable. In this discourse, a few analogies should be explained to set the stage. A subscriber of premium television is akin to a subscriber of a not for profit theater company (which includes traditional theater, opera, and dance). Both are members of their respective organizations and, as such, expect certain content in a complete and curated form. Non-subscribers to a premium television channel can access the

premium content through ancillary methods (through syndication or the purchase of DVDs or iTunes downloads). This is similar to a single ticket buyer for the theater. Both have access to content à la carte. This is the consumer who is trying out the premium television network or the not for profit theater either to see a particular show or production or to see if he or she would like to become a subscriber. In both industries, the goal is to convert this consumer to become a subscriber. Lastly, cable television packages are very similar to membership programs of not for profit theaters. Both designate the consumer as a member who can access certain content, but the key is that there is more choice and more flexibility. For cable, the consumer can choose from an array of content options at any given time because cable companies always have numerous shows being broadcast each and every day. For not for profit theaters that only offer a few productions each season, the consumer is able to be more flexible in choosing which performances to attend and (usually) is given some flexibility in what time and when to attend.

For not for profit theaters, evolving standard practices to enter and survive in the Digital Age means recording, live streaming, and distributing work to movie theaters and beyond. Examples include the globally successful Metropolitan Opera's Met HD Live program and the National Theater of the United Kingdom's NT Live initiative. Both of these not for profit theaters record and live stream their works to movie theaters around the globe. Note that this discussion and those programs in general do not imply that they are meant to replace the live theatrical experience. Introducing digital elements will never take away from the live experience of theater.

In fact, throughout this discussion proof will be presented that live streaming strengthens the live theatrical experience. Through the Metropolitan Opera's survey of Met HD Live participants, it was found that 58% of respondents claimed they preferred "both HD opera and in

person opera performances.”<sup>4</sup> Even more telling is the fact that 75% of participants were “very likely...to attend a professional live opera performance in the future.”<sup>5</sup> And, 75% of the non-traditional audience members (those with little experience in opera, non-white, under 34 years of age, or from a lower socio-economic bracket) were “very likely...to attend a professional live opera performance in the future.”<sup>6</sup> The National Theatre’s NT Live program survey stated that 63.8% of the live streaming audience “strongly agree” with the statement that “Broadcasting live theatre to a cinema screen opens up new ways of seeing this art form.”<sup>7</sup> This is because the live streaming lowers the economic and geographic barriers of attending live theater. Opening up ways for audiences to see and participate in theater means opening up opportunities for both audiences and not for profit theaters. This thesis will discuss the Digital Age’s alternative models for the distribution of content that support the overall goal of increasing theatergoing habits.

For premium television, adapting to the Digital Age is crucial and has already led to widespread changes in the industry. For instance, the advent of HBO’s online platform (HBO Go) is an added benefit for subscribers of the premium television network. HBO Go allows subscribers to access all of HBO’s content online anywhere and anytime on a variety of devices. Similarly, the rise of completely digital channels like Hulu Plus and Netflix is further proof that the Digital Age has already begun to change television’s landscape drastically. With the new generation of “cable cutters” (those who do not subscribe to traditional cable but choose to view the same content through online-only sources), the television industry will need to confront the

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<sup>4</sup> “Metropolitan Opera Live in HD Survey.” *Shugoll Research*. July 2008. 32.

<sup>5</sup> “Metropolitan Opera Live in HD Survey.” 48.

<sup>6</sup> “Metropolitan Opera Live in HD Survey.” 49.

<sup>7</sup> “Beyond Live: Digital Innovation in the Performing Arts.” Table 5. *National Endowment for Science, Technology, and the Arts*. February 2010.

fact that, one day, television sets (as the hardware that delivers the content) will no longer be relevant. This is the crux of the challenge that the industry must accept and begin to find solutions for as it adjusts to the Digital Age.

This discourse will begin the conversation as to what the future may hold for these two seemingly disparate industries and how the Digital Age is transforming and will continue to transform them, arguing that in this Digital Age, consumers now demand mobility and multiple viewing platforms, and as a result, in order to be relevant to modern audiences, both industries must evolve and redefine their distribution models away from exclusively live theater and traditional television viewing. This is a discussion of distribution models that will support the overall goal of increasing theatergoing and improving the theatergoing experience, hopefully making a habit of theatergoing for new audiences. The not for profit theaters must accept digital means to further audience engagement, loyalty, and ultimately to grow audiences by encouraging theatergoing. For the premium television industry, this discussion encourages the acceptance of the coming changes in technology with the most consumer-focused solutions that allow mobility, multiple platforms, and put the user in control of the content. Premium television needs to embrace the Digital Age to shift into a new way of distributing content and accept the loss of the old technology.

Chapter 1 will begin by discussing a brief history of the not for profit theater movement and subscriptions in not for profit theaters. Then, Chapter 2 will provide a concise description of the history of television, which led to the creation of the premium television subscription model. Chapter 3 will compare the similarities between not for profit theater subscriptions and premium television subscriptions. Chapter 4 will focus in detail on the Met HD Live program and the NT Live program as alternatives to the traditional distribution model of theater. Then, Chapter 5 will



examine the HBO Go and Netflix models for distributing premium television as opposed to the traditional technology of a television set. The conclusion will attempt to answer what lies in store for these two art forms in the future and how technology and alternative distribution models will affect them.<sup>8</sup>

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<sup>8</sup> Numerous issues will not be discussed in this discourse. Challenges like union agreements and contracts, intellectual property concerns, and the financing involved with the shifts in technology. While it is crucial to consider these elements and more when planning a digital launch for a company in any industry, they will not be examined in this discourse.

## Chapter 1: A Brief History of Not for Profit Theater and Subscriptions

“...If you wanted to bring about a fundamental change in people’s belief and behavior, a change that would persist and serve as an example to others, you need to create a community around them, where those beliefs could be practiced and expressed and nurtured.”<sup>9</sup>

-Malcolm Gladwell, *The Tipping Point*

The not for profit movement in the United States was a pivotal juncture for the theater industry. This moment in history (many say it began in 1950 with Zelda Fichandler’s founding of Arena Stage) was a major turning point in not only what kind of theater was created, but also how it was created.<sup>10</sup> Establishing theaters as not for profit organizations was a crucial step in acknowledging that theater was a public good, no different from any other charitable organization. It is this step and the guidance by the leaders at the time (like The Guthrie and Arena Stage) that allowed the theater industry, as a whole, to move into a new era.

In order to fully understand this groundbreaking moment in theater history, the reasons for such a change need to be explored. There were three main reasons for the creation of not for profit theaters: a shift away from Broadway, the acknowledgement of art as a public good, and the encouragement of risk-taking art.<sup>11</sup> All three of these reasons collided with the time period of this shift. At this time the country was beginning to see a cultural revolution. Theater was on the edge of the change and was ready to evolve.

Many theater professionals during this time (and now, for that matter) saw the Broadway theater world and the Broadway shows as an unchanging and traditional medium. For those

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<sup>9</sup> Gladwell, Malcolm. *The Tipping Point: How Little Things Can Make a Big Difference*. New York: Black Bay Books, 2002. Print. 173.

<sup>10</sup> Conte, David M., and Stephen Langley. *Theatre Management: Producing and Managing the Performing Arts*. Hollywood: Entertainment Pro, 2007. Print. 117.

<sup>11</sup> Broadway during the 1950’s was almost exclusively commercial productions, unlike now where a small number of not for profit organizations consistently produce commercial Broadway productions.

who wanted to cultivate, encourage, and create work beyond the classic musical or the Pulitzer Prize winning play, there was no consistent framework in which to work. Broadway was stale. There was little danger or opportunity for new discoveries when all of the theater owners played it safe with the productions they booked in their theaters. Moreover, the financial model of Broadway requires single ticket buyers for each performance, and thus the shows must appeal broadly so as to garner audiences. This is not to say that Broadway never takes chances – the recent *Book of Mormon* proves that wrong – but on the whole, Broadway was (and still is) reaching and targeting the broad audiences. Broadway was (and to many still is) playing the least objectionable programming. The now giants in theater history, Tyrone Guthrie, Zelda Fichandler and the like, wanted to move beyond Broadway and nurture artists with a more significant and consistent relationship throughout the artists' careers, not just with a one-off production. It was this push away from Broadway that planted the seeds for the not for profit theater movement.<sup>12</sup>

As the leaders of the theater industry discovered, their goals for new work lived outside of Broadway. There was an industry-wide acknowledgement that risk-taking art needed nourishment and fostering. For the risk-taking artists, there was a discrepancy between getting their work performed and maintaining a living wage. Artists felt they were not able to create work that was true to themselves. Artists needed, and still need today, the support of something larger than themselves with the sole purpose of creating art regardless of the financial return. This is the opposite of commercial Broadway's main goal: to return a profit to the show's investors. During this shift in history, artists needed theaters that could fail in the eyes of an accountant, but succeed in the eyes of an artistic leader. With these ideals in mind, the logistics

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<sup>12</sup> Conte, David M., and Stephen Langley. *Theatre Management*.

of how to support risk-taking artists and nurture their craft began developing into the creation of not for profit institutions. It was with the support of a not for profit institution that risk-taking art was put on main stages because of a not for profit theater's focus on the art, rather than profit.

With the decision to move away from Broadway's tame fare towards risk-taking art, came the practical realities: how to create art when, unlike Broadway, investors or supporters will be unlikely to see a return? It is with this question that the forefathers of the not for profit theater movement began the transition. The solution was to become a not for profit theater by gaining the 501(c)3 status. In this way, theaters were seen as similar to any other charity (like a blood bank or a hospital), and the work of a theater was deemed just as important for the local communities and the country as a whole. This change was a shift in cultural capital in the United States. It stated that the arts are important, the arts are necessary, and the arts make society better. It is with this notion that the arts became a public good; no one really owns a not for profit, it belongs to the public at large. This change in mindset from the idea that arts are only for those who were of the socio-economic level to afford the luxury, to the mindset that art is a vehicle for human expression that should be accessed by all, was a major change in politics and culture. With the clear distinction of a public charity, the not for profit theater movement was officially sanctioned.<sup>13</sup>

With the advent of allowing theaters to file under the 501(c)3 tax status come the obligations of any charity. The first is to have and maintain a clear mission statement. Every action the entity takes must fit within that mission statement. The mission statement is the light that guides the company when it's too dark to see a clear direction. The charity also is legally required to have a Board of Directors. This entity of volunteers must not only believe in the

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<sup>13</sup> Conte, David M., and Stephen Langley. *Theatre Management*.

institution's mission, but also must keep the institution accountable to its mission. The Board of Directors has a fiduciary responsibility to the organization and (more importantly) to the public. This is because neither the Artistic Director (the artistic leader of the organization) nor the Board of Directors owns the company, in fact no one does. The organization belongs to the public. This is also the reason the tax information of the company is a public document. The mission statement guides the organization, while the Board of Directors holds the company to the mission statement on behalf of the public.<sup>14</sup>

Taxpayers are given the incentive to contribute to the not for profit organization through the tax write-off available to any taxpayer who donates. Taxpayers are encouraged to donate and are given the tax incentive to do so because of the belief that charities are public goods. Not for profit organizations are also exempt from sales tax on their purchases. This additional benefit reinforces the idea that the not for profit is providing a public service and thus should not be taxed. Donations and tax incentives mean both the government and the individual supporter are buying "into the institution and the vision of the theater" and the theater industry as a whole.<sup>15</sup> This strengthens the country's collective commitment to these public charities and the importance of their charitable and artistic work.<sup>16</sup>

With the beginning of the not for profit theater movement came the logistical problem of the institution's cash flow. Unlike Broadway, where investors sink money into a project and the funds are raised before a show is produced, the not for profit theater is usually unable to raise sufficient funds for the entire season before the first performance of the first production. This means the not for profit theater has a cash flow problem. The money ideally would come up-

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<sup>14</sup> Conte, David M., and Stephen Langley. *Theatre Management*.

<sup>15</sup> Russo, William. Personal interview. 7 June 2013.

<sup>16</sup> Conte, David M., and Stephen Langley. *Theatre Management*.

front in order to create the work needed to fulfill the mission of the not for profit theater. However, funds are not usually fully raised before any production is created and before any chance of seeing income from ticket revenue. And while the donation and tax incentives for donors help, theaters still run short on funds. In response to this, the decision to begin subscription programs in not for profit theaters developed around the country. Subscriptions are, in essence, pre-selling a season's worth of productions to audience members months in advance. "In the overwhelming number of cases, theatres, symphony orchestras, dance companies and opera companies simply could not exist without the backing of subscribed goers who comprise the largest part of their audience."<sup>17</sup> Subscriptions have been a mainstay in the not for profit theater industry because of their many economic advantages. "The large institutions cannot survive without [subscriptions]. They need the money."<sup>18</sup>

Subscriptions were created to allow theaters the funds necessary to produce a season of productions. However, a subscriber differs from a donor in that a subscriber expects something tangible out of the relationship: tickets. The subscriber buys tickets weeks or months in advance of the theater's productions. The theater is then held responsible for delivering those productions. As a result, subscription programs usually only exist in established not for profit theaters because the theater must provide those productions, or else refund the appropriate amount if the productions fail to come to fruition. Theaters recognize the financial incentive of providing a subscription program, but must be experienced enough to be able to provide the productions promised to the buyer.<sup>19</sup>

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<sup>17</sup> Newman, Danny. *Subscribe Now! Building Arts Audiences through Dynamic Subscription Promotion*. New York: Theatre Communications Group, 1983. 15. Print.

<sup>18</sup> Russo, William. Personal interview. 7 June 2013.

<sup>19</sup> Newman, Danny. *Subscribe Now!*

Another reason to begin a subscription program, besides the financial solution to the cash flow problem, is the fact that an audience will be guaranteed for each production. Subscribers will see a production and can begin the positive word of mouth to spread the buzz about a show. This is very helpful for a potential hit to expand its reach. However, it is even more helpful for a production whose subject matter, style, or script fits a risk-taking mission of the theater, which may not necessarily result in the traditional measure of success (i.e. selling out the seats in the theater and making a profit). This means that those kinds of shows are guaranteed some audience members for each performance. William Russo, former managing director of New York Theater Workshop and current managing director of American Repertory Theater, says, “It’s about knowing that you have an audience of at least so much for each show, otherwise I know I would have to work three times as hard [for shows that are harder to sell]. ...[If we had no subscribers for] our programming, we would have to think about, more carefully than we do now, [our ability to produce art] in terms of the risk-taking.”<sup>20</sup> Not only does this help the theater provide the public with a wide variety of mission fitting works, but also allows those artists to be nourished and nurtured by giving them an audience.<sup>21</sup>

While a guaranteed audience is a significant plus for both hits and risk-taking art, the problem with the guaranteed subscription audience is the fact that the subscribers all tend to look alike. Typically, subscribers of a not for profit theater are older, well educated, and working in white-collar professions; they have the economic means, the time, and the interest to attend a performance. This means that lower income, more racially diverse, and younger audiences face a much higher bar of entry to the subscriber circle. Typically, subscribers are an unchanging group: they are the same people in and out of the theater for each show and each season, which,

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<sup>20</sup> Russo, William. Personal interview. 7 June 2013.

<sup>21</sup> Newman, Danny. *Subscribe Now!*

despite this static nature, can be a plus – they start to know you and your theater. They start to become members of your theater’s community or family. Those subscribers start to feel as though this is “their” theater. Best of all, once they reach this level of commitment, they become the theater’s greatest advocates, bringing new friends to the theater, singing its praises, and donating to the organization.<sup>22</sup> Even though the lack of diversity is often a problem for theaters searching to reach a more varied audience, the consistency of subscribers creates strong ties between the local community and the theater.

And while the financial reasons and the butts-in-seats incentives are enough for most theaters to have subscription programs, they are unfortunately propagating the problem that many underserved communities view as a “theater is not for me” attitude. This “theater is not for me” attitude stems from the high ticket prices, non-diverse audiences, and the perceived lack of interest in the material. Victoria Bailey, Executive Director of the Theatre Development Fund, expresses her concerns regarding subscribers and those who do not subscribe as follows:

[Theaters] rely too heavily on [subscribers]. Think about the difference between technical change and adaptive change. I think what theaters are doing is they are tweaking and tweaking subscriptions and they are not sitting down and looking at [them] and going, “why isn’t this working?” Rather than trying to figure out how to make people subscribe, they should figure out *why* they are not subscribing.<sup>23</sup>

While, understandably, the practical needs of a theatre most often trump the need for more diverse audiences, the issue of diversity is one concern that needs to be addressed.

While there are significant pros and cons to a subscription program, one of the major cons from the point of view of the audience member is the way the subscription is set up in the

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<sup>22</sup> Newman, Danny. *Subscribe Now!*

<sup>23</sup> Bailey, Victoria. Personal interview. 6 June 2013.



first place. A traditional subscription program is designed so that the patron sits in the same seat, on the same day in the production's run, for each show in the season.<sup>24</sup> For example, a subscriber could always sit in seats 101 and 102 and always go to the theater on the third Tuesday of each show's performance schedule. For decades, this was an acceptable way to see theater. This was often how past generations went to the theater and they accepted these constraints. This traditional model attracts the typical subscription audience, which tends to be older, and more likely to plan out their time and schedules long in advance. Victoria Bailey's critique of the old-fashioned subscription model continues as follows:

The subscription issues come from many places. I think the kind of decline in subscription [is because]: people want to curate their own stuff; people don't necessarily want to make a commitment. ...It's like how many people download the album and how many people download the five songs they like off the album. So, where an Artistic Director used to say, "I'm imagining a season of plays that my audience is going to see and I want them to experience the whole thing," [the audiences] don't necessarily want to do that anymore. So, the extent to which people are arguing for [subscriptions], because that's how you are supporting our institution? No...I think that's not the habit people have and we've stopped making the argument persuasively. I don't think [subscriptions] will go away, but I think they will continue to become a smaller piece of the revenue pie overall.<sup>25</sup>

Now, with the advent of numerous technologies (like easier and quicker air travel, on demand movies, the Internet's constantly changing interface), people are not planning their lives out months and months in advance. The window for planning what to do during a particular week is

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<sup>24</sup> Newman, Danny. *Subscribe Now!*

<sup>25</sup> Bailey, Victoria. Personal interview. 6 June 2013.

becoming increasingly shorter. As the number of instant-access and anywhere at anytime entertainment options increase, many people now feel it is not necessary to plan so far in advance.

Despite the fact that theater is (and will probably always be) an inconvenient art form (you have to show up when and where the theater says) due to the fact it is a live event; subscriptions have evolved into a more flexible breed. This breed of subscriptions is known by a variety of names: membership programs, flex-passes, etc. Each organization has a different name for it, but the idea is the same: offer a subscription-like program where the institution receives money up-front and is guaranteed audiences, but the ticket buyer can tailor their purchases to their own schedules and personal preferences. The advantage of the membership program is the fact that the audience member will have much more flexibility and less pre-planning will be required. “It quickly answers a potential subscriber’s fear of being ‘tied down’ to a definite commitment to specific dates.”<sup>26</sup> Each membership program differs, but a common scenario allows the member to select one performance for each production by the date that the single tickets go on sale to the general public. This allows the member to pick any performance in the show’s run and plan much less in advance in order to customize and control the entertainment to suit their own schedule and lifestyle.

Another iteration of the membership program is a flex-pass program (this is a solution that the New York Theater Workshop employs).<sup>27</sup> The flex-pass member can purchase four tickets at a reduced rate and use those tickets in any way the member sees fit throughout the season. This means the flex-pass user could use all four seats for a major hit or else use one seat for each of the four productions throughout the season. Either way, the flex-pass users are able

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<sup>26</sup> Newman, Danny. *Subscribe Now!* 244.

<sup>27</sup> Russo, William. Personal interview. 7 June 2013.

to decide for themselves. And yet, the not for profit theater still wants to “push people more into the [traditional] subscription, ...away from the flex-pass...[because] there’s more of a commitment, a buy-in to the organization.”<sup>28</sup> While that is understandable from the theater’s viewpoint, the audience experience is moving swiftly into the anywhere and anytime sphere, as it makes for a better, more convenient user and audience experience.

While membership and flex-pass programs allow the audience member much more freedom and provide the institution with up-front financial support and guaranteed audiences, they still do not go far enough to adapt to the modern viewing habits and flexibility of programming found in other forms of entertainment. This harkens back to the main problem and saving grace of theater: it is a live art form. You must be there in the theater to experience it. This means that on a practical level, there is a limitation on the number of seats in a theater and thus seats for that show’s run. If the show is deemed a hit, there are usually fewer seats available as the demand increases. This can be great for an institution as it creates buzz, scarcity of seats, and a special aura around the show for those lucky enough to get in. However, the flipside to this is the fact that there are a finite number of people who can experience each production. There are whole hosts of other people who for whatever reason (whether it be the constraints of where they live, the economic barrier, or a pure scheduling nightmare) cannot attend the production. As such, the theater industry’s saving grace and the element that keeps the entertainment form unique, i.e. its liveness, is also its greatest challenge: how to keep theater’s liveness from being its greatest downfall? This is the question the industry must focus on answering over the next few years. As the Digital Age has already crept into our culture, theater must forge ahead and attempt to find a solution.

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<sup>28</sup> Russo, William. Personal interview. 7 June 2013.

## Chapter 2: A Brief History of Subscription Television

“*Broadcasting & Cable* editor P.J. Bednarsky smartly replied to broadcast networks’ whining about their inability to compete with *The Sopranos* by opining that it is not the violence and language that separate HBO’s approach, but that if the series aired on a broadcast network, the basic premise of a ‘a dramatic series about a guy’s family business, his eccentric partners, his unrelenting mother, his wise children and his long-suffering wife in suburbia’ would be altered so that:

*‘Tony would be handsome and in his late 30s. His wife would be gorgeous and working (Architect? Pediatrician?), the kids would be wisecrackers (and the daughter would be a sexpot), and Tony’s mom would be annoying mainly by doting on him, not by psychologically torturing him... Homes would be stylish. Clothes would be current. Weight would be perfect. And what you’d have, more or less is a typical television show.’*<sup>29</sup>

-P.J. Bednarsky, quoted in “If It’s Not TV, What Is It?”

Prior to the current landscape with numerous premium television options, the television industry was a very self-contained business despite its national prominence. “TV in the United States grew from a local to a regional medium during the 1940s and 1950s, finally becoming the centerpiece of national culture at the start of the 1960s.”<sup>30</sup> In the early days of television, there were only three networks to choose from: NBC, CBS, and ABC.<sup>31</sup> These networks had to cater to the mass appeal for their programming for two reasons: first, because there were so few viewing options and such a wide variety of people tuned into those three channels, and second, because they were (and are) advertiser-supported networks. Regarding the first reason, since so many different households were watching those three channels, the networks had to learn to cater to the broadest possible audience. This meant finding programming that was suitable for all ages

<sup>29</sup> Lotz, Amanda D. “If It’s Not TV, What Is It? The Case of U.S. Subscription Television.” *Cable Visions: Television Beyond Broadcasting*. Ed. Sarah Banet-Weiser, Cynthia Chris, and Anthony Freitas. New York: New York University Press, 2007. 94. Print.

<sup>30</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” *The Essential HBO Reader*. Ed. Gary R. Edgerton and Jeffrey P. Jones. 2009 ed. Lexington: The University Press of Kentucky, 2008. 2. Print.

<sup>31</sup> As Jack Lechner explains, “There were four [networks]. The Dumont network was a perennial #4 [network], but introduced many innovations (and stars) that were later co-opted by the other three [networks].” Lechner, Jack. Personal interview. 15 June 2013.

of a family and to all socio-economic levels of homes across America. This is how, for instance, The Beatles' appearance on "The Ed Sullivan Show" could garner 74 million viewers (about 34% of the U.S. population) – it was television made for all.<sup>32</sup> This was a great business model for those three networks: less competition, more audience shares. However, artistically, this proved to be safe, vanilla programming that was the least objectionable to the country as a whole, and was hardly individualized entertainment. Then, the second reason for the mass appeal programming was the fact that the advertisers constantly weighed into the conversation on what programming should appear where. As Amanda D. Lotz, television and media scholar, says in "If It's Not TV, What Is It?"

Advertiser-network relationships were established in an era of industrial operation in which only three networks competed for the audience's attention. This competitive situation led networks to develop programming likely to reach a broad and heterogeneous audience, a strategy often pursued by creating programming least likely to offend any segment of the audience. The massive expansion in the number of broadcast and cable networks since the early 1980s has significantly altered any network's ability to provide a broad audience, yet advertisers remain wary of content that too narrowly circumscribes its target audience, and some withdraw from advertising in programs with content deemed controversial.<sup>33</sup>

Because advertisers and their clients did not want their products to be associated with risky or controversial programming, the networks had an incentive to remain safe and not provocative with the television they were airing. This is the era of television catering to the masses, not the

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<sup>32</sup> Gould, Jonathan. *Can't Buy Me Love: The Beatles, Britain, and America*. New York: Three Rivers Press, 2007. Print.

<sup>33</sup> Lotz, Amanda D. "If It's Not TV, What Is It?" 90.

niches. “The three-network oligopoly that rule[d] the television industry in the United States during the network era (1948-75) was slowly withering away by the 1980s.”<sup>34</sup>

Fast forwarding through television history, the next major development was the cable channel boom:

An estimated 70.5 million households, or 96.4 percent of the nation, owned TV sets in 1976; by 1994, these figures had grown to 94.2 million, or 98.3 percent of all residences (five percentage points higher than the number of American homes that had telephones). ... The typical TV household in the United States received on average only 7.2 channels in 1970; this climbed slightly to 10.2 in 1980, before rising dramatically to 27.2 in 1990.<sup>35</sup>

Now, instead of only watching one of three channels, a viewer could choose from dozens of options during primetime. And with this shift to cable channels, the main three broadcast networks continued to attempt to reach a mass-appeal audience, while their cable channel counterparts started to target niche groups with narrowcasting models of entertainment.<sup>36</sup> “Niche channels of all sorts emerged during the late 1970s and early 1980s.”<sup>37</sup> The prime example of this is the 1981 birth of MTV.<sup>38</sup> MTV focused on reaching urban teenagers and young twenty-somethings by showing the somewhat new art form of music videos of various bands and singers. MTV (and other cable channels) targeted very narrowly into a group of consumers and made a cable channel just for them. Similar to broadcast networks, most cable channels use advertisements as a revenue stream, but with cable, the advertisers could more specifically target

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<sup>34</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 2.

<sup>35</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 3.

<sup>36</sup> Narrowcasting means segmenting audiences by special interest or other specific criteria to create a smaller audience with similar qualities.

<sup>37</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 4.

<sup>38</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 4.

and market to a portion of the consumer population. Now, vitamins, evaporated milk and other products that middle-aged viewers typically purchase were no longer reaching the wrong audiences. With cable television, advertisers knew the key demographics of who was watching what and could tailor ads for those audiences. In the case of MTV, it was teenagers, who were not likely to buy vitamins or evaporated milk, but who were likely to go see the new thriller at the movie theater or buy the latest Gap jeans. “During the early 1990s, the ascent of cable television and the descent of the traditional broadcast networks was an unmistakable and irreversible foregone conclusion.”<sup>39</sup> The cable channels ushered in the niche programming and narrowcasting rather than broadcasting.

The rise of premium television came about as an alternative to the usual programming options. “The subscription [premium] cable networks common today originated in the 1970s and historically primarily provided a venue for screening theatrical films in an uninterrupted and unedited form – often well in advance of broadcast or basic cable release.”<sup>40</sup> The creation of modern-day premium television really started with Home Box Office (HBO). “Cable entrepreneur Charles Dolan first conceived of the network in 1971 as the Green channel...Dolan and his associates renamed their channel Home Box Office, reflecting their theater like conception of a subscription television service.”<sup>41</sup> Its name and original conception was based on the idea that a viewer at home could access feature films instead of waiting for the cut down network television version. Because it is an additional cost, premium television has been seen as a luxury brand. “HBO debuted on November 8, 1972, telecasting *Sometimes a Great Notion* (1971) starring Paul Newman, and a National Hockey League game to a mere 365 cable-

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<sup>39</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 5.

<sup>40</sup> Lotz, Amanda D. “If It’s Not TV, What Is It?” 85.

<sup>41</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 1.

subscriber households in Wilkes-Barre, Pennsylvania.”<sup>42</sup> But the real turning point for HBO was the “Thrilla in Manila” heavyweight boxing match of Joe Frazer and Muhammad Ali because HBO presented the fight live, despite its overseas location.<sup>43</sup> “Like America itself, television has always existed in a state of transformation, being continually reshaped and occasionally reinvented by a wide assortment of technological, commercial and social factors.”<sup>44</sup> The creation of HBO was a pivotal point in television’s history.

Beyond the creation of HBO, another turning point was when HBO began what is common in premium television today, but was seen as radical at the time: developing original programming. “Michael Fuchs, who was HBO’s CEO at the time, has said, ‘if there had been a debate at HBO about how much we had to spend on original programming, that debate ended with the VCR,’” as HBO’s identity as the movie channel became obsolete.<sup>45</sup> Original programming is key to any television subscription-based economic system as it creates brand identity and exclusivity of content. “HBO led the way in this regard by producing its first original series, *Not Necessarily the News*, and its first made-for-pay-tv movie, *The Terry Fox Story*, in 1983, followed by its first miniseries, *All the Rivers Run*.”<sup>46</sup> While today we consider HBO and original programming hand-in-hand, this was a revolutionary concept at the time. Michael Fuchs (head of HBO during this crucial shift) says:

The company decided that this would give us leverage over the motion picture companies and we wouldn’t be dependent on them. I, in turn, decided that number one, it was hard to believe that we could maintain this monopoly, particularly with hostile suppliers. And

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<sup>42</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 2.

<sup>43</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.”

<sup>44</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 2.

<sup>45</sup> qtd in Anderson, Christopher. “Overview: Producing an Aristocracy of Culture in American Television.” 31.

<sup>46</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 6.



[number two,] to build a service based on secondary and tertiary use of other people's product, I didn't think was very secure... Now today cable is all original programming.

You never even hear about [the other content].<sup>47</sup>

Soon enough, the executives realized they needed to be in the "content-development, not the [movie and sports] transmission business."<sup>48</sup> This was a key distinction and led the company to subscription television's true programming tent pole: original programming.

"In the last decade [or two], however, HBO and, increasingly, Showtime have developed original series programming that has irreversibly changed audiences' perceptions of these networks, program norms, and the industrial practices of television programming."<sup>49</sup> One of the ways the luxury brand of premium television stands apart from the broadcast and cable television fare is the higher production values and creative talent.<sup>50</sup> Subscription networks allocate "greater funding to a few programs, rather than spreading that same program budget over the diverse and multiple needs of a broadcast network."<sup>51</sup> Because the premium television network is turning out fewer original programs, the production values can be higher than the broadcast and cable shows. "HBO invested its considerable cache of subscription dollars into hiring the best available talent, reaching deeply into the creative community."<sup>52</sup>

To encourage the best of the creative community to work for premium television, HBO offered those artists something the other television networks could not: freedom from censorship. Broadcast and the cable networks, though to a lesser extent, must follow the Federal Communications Commission (FCC) codes of conduct rules for what is appropriate on

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<sup>47</sup> Fuchs, Michael. Personal interview. 18 June 2013.

<sup>48</sup> Edgerton, Gary R. "Introduction: A Brief History of HBO." 7.

<sup>49</sup> Lotz, Amanda D. "If It's Not TV, What Is It?" 85.

<sup>50</sup> Edgerton, Gary R. "Introduction: A Brief History of HBO."

<sup>51</sup> Lotz, Amanda D. "If It's Not TV, What Is It?" 93.

<sup>52</sup> Edgerton, Gary R. "Introduction: A Brief History of HBO." 13.

television. However, because premium television is an add-on and exclusively opt-in content, those rules do not apply. This is why Showtime's "Weeds" and HBO's "Sex and the City" could only be presented on premium television – the controversial content (pot selling suburban mom and four single women having and talking about sex) could never be produced on network or even cable channels. It is this innovative and risk-taking content that is a compelling reason premium television is so successful. Likewise, the "Two and a Half Men" sort of shows (bland, low-brow humor) would never be found on premium television – that content is made for the mass appeal, not for niche, narrowcasting found in luxury brands. There is a "perspective that commercial broadcast television had catered [and still does cater] to the low tastes of a mass audience with a barrage of sitcoms, soap operas, westerns, and variety and quiz shows."<sup>53</sup> But even beyond controversial and sophisticated content, premium television bases its business model on content that cannot be found anywhere else. Beyond the sex, drugs, and violence on premium television's original series, the boxing, documentaries, original feature films, and unedited and uninterrupted theatrical feature films bring content to the premium channel that network and cable channels simply do not have access to. It is the content alone that pushes a consumer to subscribe to a premium television channel.

With the subscription model as the business form, premium television networks do not need to include advertisers as part of their business model. "Eliminating advertisers reduces institutional gatekeepers and passes increased importance to the preferences of the audience."<sup>54</sup> Consequently, this is an added benefit to the customer: no commercial breaks. Movies are uninterrupted and unedited, original series are not timed to fit in commercials, and sporting

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<sup>53</sup> McCurria, John. "A Taste of Class: Pay-TV and the Commodification of Television in Postwar America." *Cable Visions: Television Beyond Broadcasting*. Ed. Sarah Banet-Weiser, Cynthia Chris, and Anthony Freitas. New York: New York University Press, 2007. 45. Print.

<sup>54</sup> Lotz, Amanda D. "If It's Not TV, What Is It?" 90.

events play out as if you were in the stands. This also means that advertising agencies are not determining or shaping any content on premium television. There is no corporate entity that may pull the plug on funds due to racy television shows, controversial documentaries, or expletive-filled feature films. The premium television network alone determines what airs.

Another consequence to an advertising free television network is the fact that ratings mean a great deal less to premium television networks. In broadcast and cable networks, ratings are king. The Nielsen Company (the standard in ratings for the television industry) assesses the number of people watching the content. This number, depending on how high it is and what demographic it reaches, determines how much the thirty second and one minute commercials cost for that programming hour. Thus, half time at the Super Bowl costs significantly more than a later episode of “Smash” on Saturday night right before it was cancelled. “How many of what types of viewers watch specific content takes on decreased importance for subscription networks; a willingness to subscribe affords viewers their value rather than possession of particular demographic features important to advertisers.”<sup>55</sup> For premium television networks, with no advertisers paying close attention to their ratings, the ratings matter a great deal less. While the ratings are still important in terms of listening to what their subscribers want, and artistically what works and what does not work, from a strictly financial standpoint, the ratings are insignificant. The commercial-free model of subscription television at first glance appears to be beneficial only to the consumer, but the network gains a great amount of freedom to pursue the most desirable content, free from advertisers’ concerns and the ratings race.

While at the not for profit theater there is a guaranteed audience, this is not possible for premium television. The reason for this is that just because a viewer subscribes to HBO does not

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<sup>55</sup> Lotz, Amanda D. “If It’s Not TV, What Is It?” 90.

mean that the same viewer will watch “True Blood.” With the numerous programming options on premium television at any given time, there is no guarantee of an audience for specific programming. This means that ratings for premium television are usually much lower than that of network television. This is partially because there are fewer homes that subscribe to premium television than there are homes that receive the broadcast networks. It is also because there is content on the premium television networks that does not interest all of the subscribers.

“Subscription networks are not exceptionally concerned with how often or what the individual subscriber views, but rather that each subscriber finds enough value in some aspect of the programming to continue the subscription.”<sup>56</sup> Jack Lechner, television producer and former Vice President of Original Programming at HBO, makes a very astute comment regarding premium television: every premium television network needs every show on their channels to be *someone’s* favorite show.<sup>57</sup> However, “as you get narrower in interest, you tend to have more intensity of interest: the person is more likely to pay the extra money.”<sup>58</sup> So, while not every subscriber will tune into every show, every subscriber needs to tune into some show and be so dedicated to the show that the subscription charge is worth it. This is an important distinction between premium television and broadcast television. Both of those models determine success differently, one by subscription churn rate – “the number of subscribers who cancel the service – a figure cited at 60 percent annually for HBO” and one by ratings.<sup>59</sup> A subscriber tuning into the new episode of “Dexter” on Showtime is irrelevant, as long as the subscription is renewed.

In the premium television model, the viewer is paying a higher cable bill to receive the premium content. Many believe that television viewers feel that cable companies charge

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<sup>56</sup> Lotz, Amanda D. “If It’s Not TV, What Is It?” 91.

<sup>57</sup> Lechner, Jack. Personal interview. 15 June 2013.

<sup>58</sup> qtd in Lotz, Amanda D. “If It’s Not TV, What Is It?” 91.

<sup>59</sup> Lotz, Amanda D. “If It’s Not TV, What Is It?” 95-6.

exorbitant fees for cable each month, let alone the additional costs of a premium television subscription. This further perpetuates the luxury brand concept around premium television: it's only for those who can afford it. Similar to the theatergoers in the not for profit theater example, the high ticket prices mean that the audience will continue to be higher socio-economic individuals, usually with a lot of education. This indicates that socio-economic diversity is not a byproduct of these subscription models.

Premium television does have a very important factor at its disposal: the cool factor. Because of the subscription requirement to view the content, the higher production values, and the controversial topics in the content, premium television is easily seen as a luxury brand with a lot of caché. It's seen as the equivalent of flying first class in that only certain people have access to it. That moment when you enter a plane and must walk through the first class cabin with the already seated passengers in order to get to the economy section is analogous to how the non-subscribers feel when seeing award shows christening premium television's content with awards for excellence or watching the trailers for a new series. The non-subscribers get a glimpse of what the premium television world must be like, but never get to experience it. This feeds the luxury brand the premium television networks are peddling.

This mystery and quality surrounding the brand, combined with HBO's revolutionary ad campaign in the late 1990s, "It's Not TV. It's HBO," catapulted premium television as a luxury item.<sup>60</sup> Amanda D. Lotz in, "If It's Not TV, What Is It?" explains this monumental advertising campaign:

The simple, yet complex slogan is loaded with both obvious and obscure comment about U.S. television at the dawn of the twenty-first century. As others have noted, it primarily

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<sup>60</sup> Lotz, Amanda D. "If It's Not TV, What Is It?"

marks the network's attempt to differentiate itself by distancing HBO from stereotypic notions of television as a "low art" form providing the "least objectionable programming" – assumptions that are heavily weighted with cultural capital and that allocate assessments of higher quality to forms with less accessibility. The slogan affirms that HBO isn't really like other television – the much derided "boob tube" or "idiot box;" its programming is sophisticated and smart – as its promotions suggest, "ground-breaking, critically-acclaimed, smash-hits."...The slogan "It's Not TV, It's HBO" means something quite different if "It" is the network's economic structure rather than its programs. In this reading, the slogan acknowledges the very different industrial practices and capabilities of subscription networks relative to those of advertiser-supported broadcast and basic cable.<sup>61</sup>

With such a simple phrase, HBO told the world that this was something different – and worth paying for.

While premium television networks would prefer viewers to receive their content via a subscription (because subscriptions bring in the most income), the networks also encourage ancillary markets as well. These markets include DVD sales, iTunes downloads, etc. For those who do not subscribe to the actual channel, these ancillary markets can give them access to the content. From the network's point of view, these windows for distribution need to be timed so that a non-subscribing viewer could either buy the DVDs or download the season of a television show in time to watch it and perhaps then subscribe to the network for the following season. The hope is that these ancillary markets will be stepping-stones to new subscribers. "By March of 2004, 20 percent of HBO's revenues were drawn from ancillary markets such as DVD and video

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<sup>61</sup> Lotz, Amanda D. "If It's Not TV, What Is It?" 86.

sale of its series and films. Such shifts in the basic economic model of subscription networks further distinguish them from advertiser-supported networks.”<sup>62</sup> The same applies for the further windowed distribution method of syndication. For instance, HBO’s “Sex and the City” was syndicated to TBS and is still showing on the E! network. “By 2004, HBO had earned another \$350 million from the domestic sale of *Sex and the City* during its first syndication cycle on TBS and local broadcast stations.”<sup>63</sup> While the content is adjusted to fit with the FCC’s regulations (mostly the cursing and the nudity is curtailed), it encourages viewers who are not subscribers to watch the premium television content.

These ancillary markets and syndication opportunities have two effects: the first is that the syndicated version will hopefully encourage the viewer to subscribe to the premium television channel. The second effect is the further exposure of not only the show itself, but also the brand as a whole. It was the syndicated version and the release of the DVDs of “Sex and the City” that took the show from a hit with a certain demographic of educated, wealthy, young women who subscribed to HBO to a show that is a major milestone culturally to the greater television viewing audience. While the show was very successful on HBO, it was not widely known to non-subscribers until the syndicated version and the DVDs were released. For instance, the existence of the “Sex and the City” tour bus that takes passengers to all the famous haunts of Carrie, Charlotte, Miranda, and Samantha is not simply because the show was successful on a premium television channel, but because it grew into a cultural phenomenon well beyond its six seasons and two feature films. The key for premium television is to expand beyond the core subscribers into other markets:

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<sup>62</sup> Lotz, Amanda D. “If It’s Not TV, What Is It?” 97.

<sup>63</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 17.

The opportunity to recoup costs and expand programming budgets reinforces the mandate of the networks to create programming offering such value and distinction that audiences are willing to pay for it – either through monthly subscription fees or in the sell-through [DVD, iTunes, etc.] market. These new developments reinforce the ways in which subscription networks operate under a different competitive logic than that which governs their advertiser-supported ‘competitors.’<sup>64</sup>

So while premium television industry does not reach a broader audience as readily as network television, with smart windowing and high quality content, the ancillary markets allow for a greater audience to be reached with more caché from the luxury brand.

And while the content is seen as a luxury item with high production values, because of its exclusivity, premium television is often pirated.<sup>65</sup> This has been a challenge since the inception of HBO. “HBO was the first pay cable channel to scramble its signal to combat piracy.”<sup>66</sup> HBO’s “Girls” is one the most pirated shows of the year due to a combination of factors.<sup>67</sup> The first major factor is that the show’s premiere season was highly controversial. This is common with HBO shows, but “Girls” took on a whole new level with creator and star Lena Dunham’s provocative characters, nudity, and realism. Beyond the highly talked about nature of the show, it also catered to a younger demographic. Piracy is most common in teens and young adults because they have the tech-savvy skills to be able to successfully pirate the content. “Girls” is an example of premium television that has piqued the interest of so many by the controversial and

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<sup>64</sup> Lotz, Amanda D. “If It’s Not TV, What Is It?” 98.

<sup>65</sup> Joshua Green and Henry Jenkins in the essay “The Moral Economy of Web 2.0” in *Media Industries: History, Theory, and Method* define piracy as consumers “whose acts of repurposing and recirculation [of content] constitute theft” (page 220). This means a pirate consumer receives content without paying and thus costs the producer or studio loss in revenue.

<sup>66</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 10.

<sup>67</sup> Rupp, Shannon. “TV’s Turning Point: Piracy Good for Business.” *The Tyee*. N.p., 12 Apr. 2013. Web. 28 July 2013. <<http://thetyee.ca/Mediacheck/2013/04/12/TV-Piracy-Biz/>>.



exclusive nature of the content to force many to pirate the show. This, of course, is a problem for the network as piracy can represent millions of dollars in lost income. Premium television's challenge in the coming years will be to determine the best way to curtail piracy for as much of the population as possible.

Throughout these shifts in the television industry, the consumer's technology itself has mostly remained the same. Even as the three network broadcasting era shifted to cable's niche narrowcasting and then to premium television's luxury brand, the technology itself did not change. But, with the Internet's vast reach and new opportunities, the status quo for a 50-year-old industry (young in the eyes of other sectors of the economy) must begin to address and adapt to the coming challenges and future prospects the Digital Age brings.

### Chapter 3: Similarities Between Not for Profit Theaters and Premium Television

“When did it become permissible to view a drama series produced for American television and think of it as a work of art?”<sup>68</sup>

-Christopher Anderson, “Producing an Aristocracy of Culture in American Television.”

While at first glance there would appear to be very few similarities between not for profit theaters and premium television, there are clear parallels in how these models took shape initially and how they endure today. The initial similarity between these two models is the way they were formed in the first place. Both not for profit theaters and premium television networks were trying to find an alternative to the broad culture, respectively Broadway and broadcast. For the theater industry, Broadway was the mecca for all things theater. However, increasingly, the Broadway stages were not keeping pace with cultural change. Soon enough, the Great White Way’s stages were not in line with the risk-taking work artists were pouring out. Broadway had become stale – focusing on traditional musical theater and classic plays. Broadway was not the right location for the new experimental work of Ellen Stewart of La MaMa Experimental Theater Club and the like, nor was it the place for diverse audiences. Broadway had started its descent to the current incarnation of Broadway – a place for those who can afford to go and see something fitting for a broad audience, many of whom are tourists. Most tourists want to see a well-known, successful show while visiting New York. This includes familiar screen to stage adaptations, well-known musical canons (i.e. the jukebox musical), and revivals of already-famous productions. For instance, the iconic Gershwin musical *Porgy and Bess* has been on Broadway

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<sup>68</sup> Anderson, Christopher. “Overview: Producing an Aristocracy of Culture in American Television.” *The Essential HBO Reader*. Ed. Gary R. Edgerton and Jeffrey P. Jones. 2009 ed. Lexington: The University Press of Kentucky, 2008. 23. Print.

every decade since its 1935 opening with the exception of the 1960s, 1990s and the 2000's.<sup>69</sup> Its most recent appearance was in 2012. But interestingly, it appeared on Broadway three separate times in the 1940s.<sup>70</sup> This is proof that musicals with a classic style beloved by tourists and New Yorkers alike were common not only to play on Broadway originally, but to be revived numerous times as well.<sup>71</sup> And with this, the not for profit theaters wanted something different – something where economics allowed for risk and chances. Similarly, the premium television networks broke away from the broadcast mold to form their own model because the broadcast model catered to the broadest audiences. Just like the not for profit theaters, the premium television networks saw that television was not adapting to the changing times. Premium television networks knew that there were audiences who wanted to consume riskier and more sophisticated entertainment.

Both Broadway and network television needed to turn a profit and, in line with their particular business models (commercial theater and ad-based television), chose work that would accomplish this result. Broadway chose fare that would be safe and appeal to many. Network television did the same to appeal to advertisers who wanted to appeal to many. In response to Broadway's safe fare, not for profit theaters determined that art should exist as a form of exploration and be free of financial concerns and artists should be given the ability to fail. Despite the fact that it was created to show first run movies and boxing, premium television, though an emphasis is still on profits, eventually remodeled the form so as to create a membership base that wanted risky, controversial, and more complex entertainment. Both not for profit theaters and premium television chose to go against the broad – Broadway and

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<sup>69</sup> "Porgy and Bess." *Internet Broadway Database*. N.p., n.d. Web. 2 Oct. 2013. <<http://www.ibdb.com/show.php?id=7190>>.

<sup>70</sup> "Porgy and Bess." *Internet Broadway Database*.

<sup>71</sup> "Porgy and Bess." *Internet Broadway Database*.

broadcast – to find niche artists, styles, and audiences and build a model for work that would cater to that niche and sustain a healthy relationship with artists.<sup>72, 73</sup>

The other important similarity is the fact that both use the subscription model. With this model, the up-front money from the subscribers allows for further programming and can help alleviate a cash flow problem. And while the economic model (though one not for profit and one for profit) is the same, the problems that come with a subscription model follow as well. While subscriptions do mean up-front money, a guaranteed audience or interest in programming, and a community of members, they also tend to be members of the same demographic. Since there is an up-front cost for product that the potential subscriber may not even know about, or even enjoy or want to see, the subscribers tend to be individuals who are able to spend these discretionary funds up-front without fully understanding what they will receive. This is because many times not for profit theaters don't completely know the next year's season when a subscription appeal is made. And, similarly, at the time a subscriber signs up for service, the premium television networks may not know exactly what programming will air in the future. This uncertainty is because premium television networks are constantly in negotiations for the rights to air theatrical films, renew original series, or finalize the rights to a made for a premium television special or documentary. So, the subscribers are usually of the socio-economic level that not only can afford it, but also are willing to purchase the subscription without fully knowing what they are receiving. That means this purchase for many people is more about buying into the brand as a whole for both the not for profit theater and the premium television network. Subscribers also tend to be highly educated, urban professionals.<sup>74</sup> While the premium television industry may

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<sup>72</sup> Conte, David M., and Stephen Langley. *Theatre Management*.

<sup>73</sup> Edgerton, Gary R. "Introduction: A Brief History of HBO."

<sup>74</sup> Edgerton, Gary R. "Introduction: A Brief History of HBO."

not find this to be a problem, the not for profit theaters almost always want to diversify their audiences and subscriptions often times stand in the way of that. For not for profit theaters, with the added benefit of charitable tax status comes the added challenge of making the economics work for a more varied audience. The subscription model is not set up to accommodate this easily. And while both not for profit theaters and premium television networks began by narrowing their audience and offering content specifically not made for the masses, the niche audiences they both reach tend to be very similar to each other and consistent from season to season and year to year.<sup>75, 76</sup>

A significant similarity between the two mediums is the fact that both focus on the artist. In not for profit theaters, the artist is meant to be at the center of the organization as the not for profit theater nurtures the artists and their work. While this may seem to be true for all theater, many would claim that the commercial side of theater (Broadway) has been focused on money making shows (many of which are derived from film works, or are revivals, or are not from new works by unknown or new artists) that will appeal to the tourist crowds, as opposed to the more artist-driven content produced by not for profit theaters. For premium television, HBO stands as the example of this, particularly when compared to the broadcast networks that are devoted to reaching the widest audiences for their advertisers sometimes at the cost of storytelling and/or the artists. Chris Albrecht, former chairman and CEO of HBO, “explains that HBO is ‘a place where creative people can come and do their best work. We are the patrons of these terrifically talented people.’”<sup>77</sup> While a television executive made this statement, it could be a statement any not for profit theater would want to aspire to.

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<sup>75</sup> Newman, Danny. *Subscribe Now!*

<sup>76</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 10.

<sup>77</sup> qtd in Edgerton, Gary R. and Jeffrey P. Jones. “HBO’s Ongoing Legacy.” 321.

While there are some clear similarities between not for profit theater subscriptions and subscriptions in premium television, there are, of course, differences. The first is how you experience the art form. For theater, the audience is present, live in the room. The audience is an active participant in the event. This is theater's greatest asset and greatest challenge. Its greatest asset is the fact that it can be a more visceral, complex, and emotional experience to see something live, as opposed to on a screen. It is also an event. You must go to the theater, sit in the dark with your fellow audience members, and take in what is on the stage. The challenge in this is the fact that it limits the distribution of the work to those in the theater and those who have geographic access to the theater itself and the means to attend. Its liveness makes the experience unique, but limits the number of individuals who can experience it.

For subscription television, the viewer experiences the content all on a screen. This could be a communal experience with family or friends, or it can be a solitary experience. And, with the advent of the Digital Age, the fact that one could view the content on a laptop, mobile phone, or tablet means that the content that was previously seen only on a larger screen can be seen on screens of all sizes now. The key distinction in this is the fact that the content has not changed at all. It doesn't matter if a viewer watches HBO's "Entourage" on television or an iPad. It is still the same content and more or less the same experience (some argue that the smaller screen gives it less weight, but at some point this argument is just mincing words). This, by far, becomes the definitively greatest difference between subscriptions in not for profit theaters and premium television because, even with the advent of theater streaming all around the globe, the inherent experience of theater (its liveness) is changed when streamed. The premium television industry does not need to confront this problem, as the actual content has not changed – just how the viewer accesses it.

Another major difference between the two is the location. Theater is a local experience. It is community-based in its nature as you must attend in person in order to experience it at all. Like any charity, not for profit theaters feed off of the help of volunteers, donors, patrons, and local funding organizations. At its core, theater is about community. The theater gives back to the community through programs, initiatives, and productions. The community gives back to the theater by way of funding and volunteer efforts. The success or failure of a new theater is often borne on the backs of the community members. If there is community-driven interest and need for the theater, the theater can hopefully harness the community's strengths and encourage the community to rally behind the theater. Without the community support though, the theater would not be able to sustain itself.<sup>78</sup>

While the theater is a local, community experience, the premium television network is a global phenomenon. The invention of satellites allowed content to be beamed all around the world. With the advent of the Internet, programming options are only constrained by the user's ability to tap into Wi-Fi. In a sense, this means that premium television is not bound by any community. Premium television can be accessed anywhere and anytime all around the globe. And while the globalism of premium television means no reliance on a group of local community members to support the network, there is a community in place: the subscribers themselves. Even though these subscribers may be in 100 countries and speak numerous different languages, the community of subscribers is still a powerful piece of the puzzle.<sup>79</sup> Just like the not for profit theater that manages to survive thanks to the support of its local community, it is the support of a global community of viewers that is a prerequisite for the

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<sup>78</sup> Newman, Danny. *Subscribe Now!*

<sup>79</sup> As HBO's European website explains, "Currently, HBO International has interests in HBO services in Latin America, Asia and Europe. HBO programming is sold into over 150 countries and video products are distributed in over 70 countries worldwide." *HBO Europe*. N.p., n.d. Web. 7 Oct. 2013. <<http://www.hbo-europe.com>>.

success of premium television. This is not only true when the network considers programming as success or failures, but also when potential subscribers consider subscribing. A potential subscriber wants to be a part of the exclusive club of subscribers. Almost like country club-access, potential subscribers have just as much power as subscribers to affect the premium television network. The network needs those potential subscribers to be interested in subscribing to account for the churn rate and for the general regard and feeling towards the network's brand and image. "Churn rates are to subscription networks what Nielsen ratings are to broadcast networks; the network's profitability depends on reducing churn in order to spend less on promotions to entice new and additional subscribers."<sup>80</sup> However, both theater and television must prove their cultural relevance to their subscribers. In television (which also applies to theater), "in order to ensure HBO's continuing *economic* value for subscribers, the network must establish a unique *cultural* value among television networks."<sup>81</sup> Regardless of how the community factor plays into these two entertainment models, the local or global community can make or break the future of the theater or the premium television network through its cultural capital.

A final major difference between the not for profit theaters and the premium television networks surrounds the question of ownership. The not for profit theaters, by definition, have no owner, but belong to the public. Not for profit theaters are not owned by corporations or wealthy businessmen; they are organized under section 501(c)3 of the tax code, which means these companies are public charities and thus belong to the public. While this not for profit status provides tax incentives for donors and often results in tax exemption for the company, it also comes with responsibility. As stated previously, the not for profit theater needs the support of

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<sup>80</sup> Lotz, Amanda D. "If It's Not TV, What Is It?" 96.

<sup>81</sup> Anderson, Christopher. "Overview: Producing an Aristocracy of Culture in American Television." 30.



the community in order to survive. And similarly, the not for profit theater must support the community and make fiscally responsible decisions to maintain good standing in the community. The taxpayer has every right to see the company's 990 tax form, know how the finances are maintained, and how the company spends its income. The question of who owns the company is a key factor in differentiating the two entertainment business models.<sup>82</sup>

While the not for profit theaters belong to the public, it is usually large corporations that own the premium television networks. For instance, Time Warner owns HBO. Time Warner also owns Time Warner Cable (a distributor of HBO and HBO Go via Internet connections), Warner Bros Studios (a content provider to HBO), Turner Broadcasting Systems (an ancillary market distributor for HBO). One would think there would be corporate "synergy" between these entities, but in reality, as former HBO executive Jack Lechner states, synergy "rarely happens at HBO."<sup>83</sup> However, this can be an advantage. For any premium television network, the corporate "synergy" model can possibly create conflicts of interest. While this can be a very lucrative and successful business plan, the key is to diversify these holdings and keep them very separate. While deals are possible between all of these entities of the Time Warner family, keeping them separate allows for each entity to remain competitive in the larger market. So, in HBO's case, potentially a deal can be made to program content from Warner Bros Studios. This would be a successful in-house partnership, but keeping HBO and Warner Bros. separate means HBO is able to entertain other deals from non-Time Warner entities. This is important not just to avoid conflict of interests, but also to maintain HBO's clout of having great programming of all kinds – not just programming from the same family of corporations. Regardless of where the programming comes from, with HBO standing alone amongst the Time Warner entities, it has

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<sup>82</sup> Conte, David M., and Stephen Langley. *Theatre Management*.

<sup>83</sup> Lechner, Jack. Personal interview. 15 June 2013.

the freedom to choose content regardless of who owns the network, thereby acquiring programming that is the best fit for the brand and for its members.<sup>84</sup>

Interestingly, both theater and TV are considered art – under the right circumstances. There is little challenge to this statement: theater is art. But, when television is swapped with ‘theater’ in that statement, some may disagree.

While HBO viewers were measuring *The Sopranos* for a pedestal in the pantheon of modern culture, millions of Americans (including more than a few *Sopranos* fans) watched contentedly while contestants on NBC’s *Fear Factor* (2001-6) munched insect larvae in a competition whose stakes and outcomes have been lost to the passage of time. ...The ability to think of one television series as a work of art exists alongside a belief that others are nothing more than noisy diversions clattering along the conveyor belt of commercial culture.<sup>85</sup>

Television for decades was considered lowbrow entertainment, but with the dominance of original programming on premium television networks, the acceptance of television as artful storytelling has proliferated. Criteria for categorizing certain television as art are when it includes complex narratives, excellent writing and acting, and thoughtful mise en scene that yield an artistic statement. Such an example is the industry changing HBO show “The Sopranos.” This show and others “bring to television the cultivated expectation that watching certain television series requires and rewards the temperament, knowledge, and protocols normally considered appropriate for encounters with museum-worthy works of art.”<sup>86</sup> As just one more similarity between not for profit theater and premium television, determining television

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<sup>84</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.”

<sup>85</sup> Anderson, Christopher. “Overview: Producing an Aristocracy of Culture in American Television.” 28-9.

<sup>86</sup> Anderson, Christopher. “Overview: Producing an Aristocracy of Culture in American Television.” 24.

and theater as both separate but similar art forms elevates their resemblance to one another and dictates a parallel path in how both industries may address the challenges of the future. While “what is art?” is a large, complicated question, both theater and television convey artistic qualities and characteristics that make them similar and yet distinct in how we view them and how we consume entertainment in the future.

### Chapter 4: Met HD Live and NT Live Programs

“I always joke about it, but I think we should market ourselves by saying: We are the most inconvenient art form. *You* must come here when *we* tell you, sit in a room with *other* people, at a designated time, and isn’t that wonderful?”

-William Russo, Managing Director of American Repertory Theater<sup>87</sup>

In this Digital Age, society as a whole has become more Internet literate, and consumer behavior has adapted; consumers now expect numerous digital options and unfettered access to products and experiences. “The ways in which people pay, access, go, learn . . .are radically changing.”<sup>88</sup> Not for profit theaters have begun slowly to answer the challenge of the digital revolution by creating initiatives for live streaming their work around the globe. Gigi Bolt, not for profit theater consultant and former Director of Theater and Musical Theater at the National Endowment for the Arts, states that while “there’s been an evolution of what we would use taping or streaming for . . . at every juncture . . .there’s been resistance” from industry leaders.<sup>89</sup> The two biggest and most consistent examples of this streaming evolution is The National Theatre of Great Britain (founded in 2009 and subsidized by government funding) and New York’s Metropolitan Opera (founded in 2006).<sup>90, 91</sup> Through these programs the theaters are working to discover and use technology to expand their missions.<sup>92</sup> The initiatives were created in hopes of spreading not only the work of the individual not for profit theater, but also

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<sup>87</sup> Russo, William. Personal interview. 7 June 2013.

<sup>88</sup> Bailey, Victoria. Personal interview. 6 June 2013.

<sup>89</sup> Bolt, Gigi. Personal interview. 7 June 2013.

<sup>90</sup> Maloney, Jennifer. “Theater’s Newest Act is HD.” *The Wall Street Journal*. N.p., 13 Feb. 2012. Web. 2 Oct. 2013. <<http://online.wsj.com/article/SB10001424052970203824904577215360641985778.html>>.

<sup>91</sup> Park, Elena. Personal interview. 12 June 2013.

<sup>92</sup> These two programs were the pioneers in this arena by being the first and only major companies to instigate regular live streaming initiatives. The high costs, the complex union and contractual issues, the lack of expertise and concerns over how to craft a quality product held and continue to hold many other theater companies back from founding their own live streaming programs. However, with the success of these two programs, many are now reconsidering live streaming options.

theatergoing in general. “Streamed theater is still an underdeveloped (for some, unknown) tool and most producers are yet to grasp its full potential. But at a time when it can be difficult to fill venues, it represents a new way of helping the box office pull in additional revenue.”<sup>93</sup> And even beyond the actual content of the play or the opera, there is the opportunity for backstage access that, for instance, the Met HD Live program highlights. Elena Park, supervising producer of the Met HD Live program, says:

All of a sudden there were other ways of consuming the Met for opera fans...[General Manager Peter Gelb] had been brainstorming on how to use media and connect to a global audience, have more immediacy, and lift the veil of formality. He used to say that enveloping opera houses you see behind the scenes, you see the rehearsals, you see the artists and all this.<sup>94</sup>

One of the most exciting aspects of these programs is the fact that those who live outside of the London and New York metropolitan areas can access their work. This spreads the brand name of the theaters further than was possible before. It has also been proven that if an audience member attends the in-movie theater streaming of a production, they are much more likely to attend the theater in person when visiting that city.<sup>95</sup> As noted previously in the introduction, survey results have shown that participants were very likely to attend not only another HD streaming, but a live opera as well, and that the majority of participants had no preference.<sup>96</sup> This is a very tangible and important effect of the streaming programs.

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<sup>93</sup> Mellor, Chris. “Live Streaming: See the Potential in Putting Your Performances Online.” *The Guardian*. N.p., 16 Dec. 2011. Web. 2 Oct. 2013. <<http://www.theguardian.com/culture-professionals-network/culture-professionals-blog/2011/dec/16/live-streamed-theatre>>.

<sup>94</sup> Park, Elena. Personal interview. 12 June 2013.

<sup>95</sup> “Metropolitan Opera Live in HD Survey.”

<sup>96</sup> “Metropolitan Opera Live in HD Survey.”

Another upside to the live streaming programs is the fact that they lower the economic barrier to attending the arts. These programs “are offering economic access” to those who cannot afford to attend the live event in New York or London.<sup>97</sup> Since a movie ticket could cost an audience member between ten dollars and twenty dollars, this is a much more economical choice than attending the theater or opera in person which may cost an audience member from forty-five dollars to one hundred and fifty dollars or more. This is not only an added benefit to an audience member, but is one for the theater as well. Theater has always had the stigma of a highbrow art (and opera fights this battle even more so), with the general perception being that attending the theater is an activity that many potential audience members believe is “not for me.” The Met HD Live has “the goal of furthering the popularity, and reach, and importance of opera in contemporary society, which is a tough proposition.”<sup>98</sup> So, with the additional option of seeing the productions in the movie theater, the not for profit theater gains access to many other socio-economic groups and to the public who may not have thought to attend before. This is also seen in the Met HD Live survey: 65% considered the ticket “very reasonable” to attend the Met HD Live streamings.<sup>99</sup> And 96% of non-traditional attenders claimed the ticket price was “very reasonable” or “somewhat reasonable.”<sup>100</sup> Since most theaters have a mission to reach as many and as diverse audiences as possible, the live streaming initiatives are a great way to reach those audiences.

This is also beneficial on the exhibition (the actual movie theaters) side, too. “The exhibitor business is really suffering – less motion pictures [are being] made.” That, coupled with the existence of digital alternatives for receiving content, means that “theaters have to be

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<sup>97</sup> Bailey, Victoria. Personal interview. 6 June 2013.

<sup>98</sup> Park, Elena. Personal interview. 12 June 2013.

<sup>99</sup> “Metropolitan Opera Live in HD Survey.” 44.

<sup>100</sup> “Metropolitan Opera Live in HD Survey.” 45.

operated more like real estate [in the future]. There is a 16% occupancy factor in [movie] theaters on a 24/7 [basis] during the week. Those [movie] theaters should be used for other things.”<sup>101</sup> Exhibitors used to be able to expect large audiences for weekend evenings, holidays, and other peak movie going times. However, with the proliferation of Netflix, on-demand services, iTunes movies, etc. savvy consumers know that soon enough the movie currently in theaters will soon be available at a cheaper price point and in the comfort of one’s own home. This means that exhibitors need to fill the theaters in any way possible, including offering “event” type programming and alternative content like the live streamings. So, the exhibitors benefit from added content for slow periods during the week, allowing them to make some income on otherwise dead times at the cinema.

In addition to the Metropolitan Opera’s survey of audience members of their live streaming, England’s National Theater also did a survey, conducted by the National Endowment for Science, Technology, and the Arts (NESTA), to learn about the success of the NT Live program. Participants include both live streaming goers and live theatergoers. The study proved a few important statements. Of those who attended the live streaming, 41.3% had “been to the National Theatre last year” and 25.8% had “been to the National Theatre between 1 and 5 years ago.”<sup>102</sup> The main reason given to attend “the cinema screening instead of the theatrical performance” was “geographical distance to the National Theater” with 31.8% of the participants.<sup>103</sup> Even beyond the physical ease of getting to the movie theater or the fact that infrequent theatergoers gain familiarity with the National Theatre, the main take away was that those who watched the performance in the movie theatre reported a more intrinsic satisfaction

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<sup>101</sup> Fuchs, Michael. Personal interview. 18 June 2013.

<sup>102</sup> “Beyond Live: Digital Innovation in the Performing Arts.” Table 1.

<sup>103</sup> “Beyond Live: Digital Innovation in the Performing Arts.” Table 3.

with the experience. 60.6% of those in the cinema during the live streaming claimed to “strongly agree” with the statement, “I was totally absorbed” and 46.1% “strongly agree” with the statement, “I felt an emotional response to the play.”<sup>104</sup> This response can be attributed to numerous factors, including streaming the performances live, the high quality production values, the ease and convenience of a movie theater and its accommodations while still seeing the performance from an ideal vantage point.

The first of these factors, is the fact that the National Theatre (and the Metropolitan Opera) films the performance live. There is a certain satisfaction and excitement that comes from the fact that even though the audience is sitting in a movie theater, they are experiencing the production in real time tied to those audience members sitting in the theaters in London or New York. Along with that comes the fact that the National Theatre (and the Metropolitan Opera) takes great pains to produce the best live streaming experience possible. This means hiring experts in the fields who come from live television and live events to produce a high quality production in high definition. The second major reason why live streaming is so satisfying to the audience is the fact that they are sitting comfortably in a movie theater, *and* have the best seat in the house at the Oliver Theatre or at Lincoln Center. Since the cameras are set up in ideal locations, the live streaming audience always sees the performance as though they were in center orchestra seats. “You are not sitting upstairs at the Olivier [at the National Theater]. I mean, the impact of watching something at the Olivier in the tenth row is different then the impact of watching something at the Olivier in the last row. And when you see it [via NT Live]

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<sup>104</sup> “Beyond Live: Digital Innovation in the Performing Arts.” Table 5.



you are right there. You are in that tenth row.”<sup>105</sup> The live streaming allows for everyone in the movie theater to see the production in the best possible way.

The other major discovery that the Metropolitan Opera made through its survey, is the fact that audience members who saw the production via the live streaming were more likely to attend a live performance when and if they visit that city. In other words, an audience member who saw a Met performance in Los Angeles in a movie theater is more likely to attend a live performance at Lincoln Center when he or she visits New York. A total of 78% of respondents were “very likely” or “somewhat likely” to “attend a live Metropolitan Opera performance if in NYC.”<sup>106</sup> This is very important to the not for profit theaters, as the goal of these initiatives is to create new audiences. But even more telling is the fact that those who were considered non-traditional operagoers were more likely to return either via a live streaming or in-person. In fact, 75% of those non-traditional theatergoers who went to the live streaming would be “very likely to attend a professional live opera performance in the future.”<sup>107</sup> This means that non-theatergoers are potentially becoming theatergoers. This portion of the survey illustrates that the overarching goal of creating more theatergoers and making theatergoing accessible and a cultural habit may be succeeding. This survey proves that not only is live streaming a good thing for the individual not for profit theater, but also for the theater industry in general.

The theater industry, and for this purpose as examples the Metropolitan Opera and the National Theatre, should pay close attention to the new cultural trend of becoming a convergence culture. This is best described by Henry Jenkins, University of Southern California media and film professor, who states:

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<sup>105</sup> Bailey, Victoria. Personal interview. 6 June 2013.

<sup>106</sup> “Metropolitan Opera Live in HD Survey.” 50.

<sup>107</sup> “Metropolitan Opera Live in HD Survey.” 49.

Convergence is both a top-down corporate-driven process and a bottom-up consumer-driven process. Media companies are learning how to accelerate the flow of media content across delivery channels to expand revenue opportunities [like apps, for instance], broaden markets [reaching theatergoers around the world] and reinforce viewer commitments [building loyalty and ultimately subscribers]. Consumers are learning how to use these different media technologies to bring the flow of media more fully under their control [when and where they want] and to interact with other users [via social media]. They are fighting for the right to participate more fully in their culture, to control the flow of media in their lives and to talk back to mass market content. Sometimes, these two forces reinforce each other, creating closer, more rewarding, relations between media producers and consumers.<sup>108</sup>

Theater, like many other industries, is testing the water with how to hone in on these new cultural tendencies. Addressing the shift from consumers being passive to creating a meaningful dialogue between producers and consumers of content is a complicated issue. And while the Metropolitan Opera and the National Theatre are admirably beginning this journey, there are still many more hurdles to overcome to reach the harmony Jenkins explains above.

The Metropolitan Opera is a leader in pursuing digital options for the arts not only through the live streaming programs, but also through its Met Opera On Demand App for iPad. The app allows users access to watch not only the live streaming programming, but also the archival telecast performances, and radio broadcasts. There are more than sixty Metropolitan Opera performances available to the user. The way the app is set up, a user can become an annual digital subscriber or a monthly digital subscriber for a small fee for access to the content

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<sup>108</sup> qtd in Deuze, Mark. "Convergence Culture and Media Work." *Media Industries: History, Theory, And Method*. Ed. Jennifer Holt and Alisa Perren. West Sussex: Wiley-Blackwell, 2009. 149. Print.

both online and on the iPad app. Users can also rent operas à la carte. There is a 7-Day free trial offer that allows users to test the app out before committing to a subscription. Although the app allows users all around the world access to the opera content all on demand, whenever and wherever the user wishes, it could go further to engage the user.

“Producers [and institutions] need to learn how to engage better with audiences online to get the full benefits of the medium.”<sup>109</sup> While the annual and monthly subscriptions for the digital access of the app is a good start, there should be tiered levels of entry for the app in addition to the current iteration. For instance, a single ticket buyer should be allowed access to corresponding content for the production they are about to see or have just seen. This could take the form of backstage interviews, games about the composer, or a virtual tour of the costume collection to be used in the production. This content can help orient the single ticket buyer and allow him or her a better understanding about what they are about to see or give them closure on the experience by answering questions with additional information about what they have just witnessed on stage. The app could require the ticket buyer to enter a barcode number on the ticket or the order number to gain entry and then have access to the content the week before and the week after the performance date. Or, for those who have bought tickets in previous seasons, but have yet to buy for this season, this could be a way to announce a season to those occasional buyers. “For people who don’t want be [traditional theater] subscribers, who don’t want to do a fixed night, fixed seat subscription, they do some sort of digital subscription that allows them access to x, y, z stuff and early ordering [of tickets] to see it live.”<sup>110</sup> This would allow single ticket buyers a closer look not just at the opera, but what the not for profit organization as a brand stands for.

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<sup>109</sup> Mellor, Chris. “Live Streaming: See the Potential in Putting Your Performances Online.”

<sup>110</sup> Bailey, Victoria. Personal interview. 6 June 2013.

The digital subscriptions (annually or monthly) are very compelling, however one step further would allow the traditional theater subscribers (those who subscribe to the theater's live performances) additional content. This could be, like the single ticket buyer experience above, content that can prepare and orient the traditional subscriber for the season ahead. "I think the backstage information and content – the artists involved are much more open to letting it happen, in the beginning everyone was very nervous about bringing a camera into the rehearsal room."<sup>111</sup> To reward the traditional theater subscribers, even more additional content could be unlocked with their subscriber number or login information. Ideally, this content would be above and beyond what a single ticket buyer would have access to. This is an additional bonus for the traditional theater subscriber and can be marketed as getting an even closer look at the Metropolitan Opera.

Similarly, the app can also serve as a perk for patrons of the opera. As an added bonus, the patron tiers of the Metropolitan Opera could have access to the content that the single ticket buyers and the traditional theater subscribers have access to. "You know how you get the DVD and you get the special features, what if you were a subscriber [or patron] and you got sent the special features like the added bonus tracks on a DVD."<sup>112</sup> Even beyond this special features content, the Met Opera could use this platform to keep patrons updated and informed on the Met's news and season. For instance, a welcome message from General Manager Peter Gelb, thanking the patrons for their continued support or a famous tenor giving a shout-out to the patrons while he tells them how excited he is for the upcoming production of *Carmen*, etc. The patrons will gain the inclusive feeling of really being a part of the Metropolitan Opera, and the institution will gain the loyalty of the patrons for seasons to come.

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<sup>111</sup> Russo, William. Personal interview. 7 June 2013.

<sup>112</sup> Russo, William. Personal interview. 7 June 2013.

Beyond the tiered levels of entry, interactive elements should be built into the app. Right now, the Metropolitan Opera's app allows users to share via Facebook, Twitter, and email. The sharing capabilities of apps mean that when one person watches the 1985 version of *Aida*, he or she can elect to share that information with his or her Facebook friends and Twitter followers or email address book. This not only shares the app itself with a friends-of-friends circle, but also encourages the original user to keep their friends updated on specific interesting content he or she has found. This deeper relationship with the Met's content allows for a conversation to begin. While the current iteration of the app allows these sharing outlets, there should be even more interactions between different users and then between the Met and the user. This could take the form of audience reviews of the content and message boards, or discussions that would encourage users to speak to each other and the institution about questions, praises, and criticisms of the app content and experience. Even beyond these capabilities, the app should link what the institution is doing as a whole with the content on the app. For instance, there should be a button on the app labeled "Donate Now" that can quickly and easily take the user to an online donation page so, in as few of steps as possible, the user can donate funds to the Metropolitan Opera. This can then encourage users to upgrade their membership (i.e. a single ticket buyer becoming a subscriber or a patron etc.).

In addition, any special event or new Metropolitan Opera news should also be integrated into the app. For example, when the Metropolitan Opera has their annual gala, the app users should be notified not only that the event is occurring soon, but also how they could get involved. Or, when the Metropolitan Opera hosts a special education outreach, the app users should have access to what the event is and how the user could help. Including "some sort of online content that increased engagement, made them feel like they were a part of an

organization, and increase the likelihood that they would attend a live performance, that's a good thing."<sup>113</sup> Many claim that having the not for profit's news and updates on their website is sufficient to inform their audience members. However, considering there are likely many users who subscribe to the app but never go to the website, there is a lot of traffic that never receives those updates, despite having enjoyed the content and the performances. The goal of digital engagement is to make the information sticky with the least amount of effort involved for the user, so in the case of a user who has just seen the *Ring Cycle* online and is positioned to become a huge fan of all things Metropolitan Opera, why make that user leave the app, open a browser, type in [www.metopera.com](http://www.metopera.com), go to the donation page, and finally pledge a donation? Why not just offer buttons with some form of the copy:

*You just watched the Ring Cycle why don't you:*

- *Share it with your friends!*
- *Become a yearly subscriber!*
- *Donate Now to continue the kind of work you just enjoyed.*

Or the not for profit theater could email viewers saying, "I know you watched Aida [on our app], we've got another one of those great old chestnuts this week [in the theater], come see it...[This is] how you create a conversation with those people about what they've seen and what they've accessed and where they are going and what you're doing."<sup>114</sup> Making that transition as easy as possible to become a donor, buy a ticket, and other ways to engage directly with the institution, means a much higher conversion rate from watchers to donors and ticket buyers (either for live performances or live streamings). Currently, the app is an achievement of itself,

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<sup>113</sup> Bailey, Victoria. Personal interview. 6 June 2013.

<sup>114</sup> Bailey, Victoria. Personal interview. 6 June 2013.

but it can go so much further to involve the user in a conversation with the institution and encourage a deeper relationship.

Even beyond the app itself, the Met can extend its reach into the movie theaters where the live streaming audiences watch the institution's content. The Met could team up with the various exhibitors (the movie theaters) and create a Met Live Pass. This pass could allow live streaming audiences to pre-pay for the live streaming seats. Since the initiative is still relatively new to some markets, many movie theaters are determining if they should continue to offer the Met series at all. For instance, the movie theater in my hometown of Wausau, Wisconsin asked patrons of the live streamings of the Met HD Live to go online and vote whether or not that movie theater should continue to offer the live streamings. My parents quickly went online to fill out the form in support of the live streamings. Interestingly, they not only saw it as something they enjoyed, but almost as a civic duty to encourage the live streamings and access to opera not just for themselves, but also for the community which has limited access to opera of any kind. If the movie theaters and the Met HD Live teams create a pass system that could pre-sell tickets to the live streaming, the movie theaters could determine the up-front interest by audiences to attend the live streamings. Not to mention, with the names, addresses and email addresses of the live streaming pass members, the Met could keep in constant contact with those who have an interest in the Met programming, but don't live in New York. For both geography and economics, "I think it has to be the great equalizer. The only reason to do this really, is the long tail."<sup>115, 116</sup> By fully taking advantage of that long tail, niche audiences around the globe

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<sup>115</sup> Bailey, Victoria. Personal interview. 6 June 2013.

<sup>116</sup> As Chris Anderson explains, "The theory of the Long Tail is that our culture and economy is increasingly shifting away from a focus on a relatively small number of "hits" (mainstream products and markets) at the head of the demand curve and toward a huge number of niches in the tail." "Long Tail 101." *The Long Tail (Blog)*. Wired Blog Network, 8 Sept. 2005. Web. 7 Oct. 2013. <[http://www.longtail.com/the\\_long\\_tail/2005/09/long\\_tail\\_101.html](http://www.longtail.com/the_long_tail/2005/09/long_tail_101.html)>.

could unite to become a viable aspect of large not for profit organizations. This could include reminders to attend the live streamings, appeals for donations, and general newsletter updates for these opera fans who often are left off the lists for these campaigns due to their far-reaching proximity to New York. This could be a major development for how both the movie theaters and the institutions extend their reach and continue to have a consistent presence in the live streaming arena. In a way, this model would harken back to the traditional subscription model where a set day and time forces the audience to adhere to the older model, but it would allow for subscribers to be stationed all around the world activating a global reach of subscribers instead of just local audience members.



## Chapter 5: HBO Go and Netflix

“Let’s make some *streaming media*, people!’ he declares.  
‘Let’s make something for some *people’s phones!*’<sup>117</sup>

-Mitch Hurwitz, creator of “Arrested Development”

Premium television used to be solely defined as television that a subscriber pays for above and beyond the traditional cable package. This has been traditionally HBO, Showtime, and Starz, etc. With the explosion of the Internet and video streaming, Netflix, Hulu Plus, and Amazon Prime are also being considered premium television, as they are an additional subscription charge above normal television packages. “HBO was redefining what was possible in terms of both quality innovations on a small screen and how much money could be made by pursuing alternative business models for TV.”<sup>118</sup> Now, Netflix, Hulu Plus and the like are the innovators and are redefining both content and business models for even smaller screens. This current iteration of premium television allows viewers to watch content anywhere and anytime through the mobility of multiple platforms. For instance, through a PS3 or a Wii viewers can watch Netflix or Hulu Plus. This goes even beyond the traditional app or website streaming, to allow access to content via a viewer’s television. Thus, the argument that these subscriptions only allow small-screen viewing (like phones) is completely irrelevant. “Netflix, the onetime movies-by-mail service[, is] bidding to become the HBO of on-demand streaming video.”<sup>119</sup> With the creation of Netflix, Hulu Plus and Amazon Prime, traditional premium television networks (HBO and Showtime) must learn how to adapt to the burgeoning streaming markets.

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<sup>117</sup> qtd in Poniewozik, James. “It’s Not TV. It’s Arrested Development.” *Time* 20 May 2013: 38. Print.

<sup>118</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 12.

<sup>119</sup> Poniewozik, James. “It’s Not TV. It’s Arrested Development.” 38.

“HBO epitomized ‘appointment TV’ (programming that viewers build into their daily schedules)” so the shift to anytime and anywhere viewing is a major challenge for this Sunday night TV destination.<sup>120</sup> As of right now, HBO and Showtime (and their smaller competitors) only offer online streaming of their content to their current cable subscribers. This means that a viewer must already subscribe to the television channel in order to access the app and the website to stream the programming. David Baldwin, Executive Vice President of Program Planning of Starz and former HBO executive, states:

People really in the past year or two, I think the industry has seen, certainly the broadcasters have their eyes wide open, they used to have their eyes wide shut, and have their head in the sand. But people want to watch what they want to watch, when they want to watch it and increasingly where they want to watch it. With that, it really changed the whole paradigm. ...You have to be in [that digital] space.<sup>121</sup>

This is considered an added benefit to subscribers and still keeps non-subscribers away from the content. From the premium television network’s point of view, this is necessary. For instance, HBO said the company is considering allowing non-subscribers of HBO to become digital-only subscribers of HBO Go (their online-only platform). David Baldwin counters that rumor with:

Is it the time to offer it independently? And economically? What you heard in the remarks, not from Richard Plepler [President of HBO] who teased his audience and said, “Of course we are looking into it”...cause he gets everyone excited. And then you have the COO, Eric Kessler, coming in saying, “Not so fast, we are still going to invest in our base business, we are friendly with our distributors.” The economics particularly of premium, and to a large extent ad-supported cable channels, are highly dependent on

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<sup>120</sup> Edgerton, Gary R. “Introduction: A Brief History of HBO.” 11.

<sup>121</sup> Baldwin, David. Personal interview. 7 June 2013.

these big distributors packaging into cable, broadband, premium and selling it all together. As soon as you have the thought that you are going to turn your back on those distributors, go over the top, on their lines, without giving them a split – as Netflix is doing, as Hulu is doing, as Amazon is doing – they are basically taking a free ride. Premium, unlike Netflix, Amazon, and Hulu, really doesn't have that opportunity because of their base business.<sup>122</sup>

If HBO Go were to be available to non-subscribers, it would offset the balance between HBO and the cable providers who carry HBO's channels. Cable subscribers who decide to drop the traditional service in favor of the digital-only subscription means a loss of income for both cable companies and HBO. Many cable HBO subscribers would drop the cable subscription in favor of the online version at a cheaper price point. HBO would have to take a huge leap of faith to do this, while stabbing the cable companies in the back. However, since most cable companies are also the ISP (Internet Service Providers), one must remember that while the cable companies would suffer from loss of revenue from lower cable subscriptions numbers, those same companies would counterbalance that loss through their Internet services. So, the question becomes: when this shift happens, which won't happen "until HBO does, cause they are the big guy," how will the cable companies be cut into the deal?<sup>123</sup> If the cable companies can receive a premium for each HBO Go stand alone subscription (i.e. with no cable subscription), then perhaps the cable companies will more readily agree to the shift. "When they see things starting to reach a tipping point...they will have talked to Time Warner and Comcast and Cox and Dish

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<sup>122</sup> Baldwin, David. Personal interview. 7 June 2013.

<sup>123</sup> Baldwin, David. Personal interview. 7 June 2013.

and Direct and cut them in at an equal or better rate than they are getting now. It's going to be migration of the premium revenues with a bit of stasis and growth."<sup>124</sup>

Another alternative, either on its own or in concert with the above suggestion, is to window the programming on HBO Go. Hulu often shows primetime broadcast programming for only a week after it airs before requiring a paid Hulu Plus subscription. This forces viewers to tune in within that week in order to watch that content. For HBO Go, if a paid digital-only subscriber could access a new "True Blood" episode for only one week, the paid digital-only subscriber would actively tune in via their online platform of choice, while HBO would not fully lose assets to the digital-only crowd. And, if a user is a cable subscriber to HBO, then the corresponding HBO Go account would not have the one-week windowing affect, but would remain available at all times. Even if this is not the solution, moving to a streaming dominated industry is inevitable; "it will happen – everyone knows it will happen."<sup>125</sup>

Regardless of how HBO solves this problem and if /when the rest of the traditional premium television networks follow suit, there is the concern that these companies are risking not being competitive by remaining tethered to the "old medium" of traditional television watching. While HBO Go and the other networks' equivalent platforms help current subscribers to watch anywhere and anytime, the exclusivity of the luxury item remains ever present. It used to be that "television offered convenience of experiencing entertainment in the comfort of your home; however, you were forced to watch programs on the network's terms, not your own. If you wanted to catch an episode of your favorite show, you needed to do so when the network dictated. If you missed it, you would have to wait for a repeat."<sup>126</sup> With the Digital Age quickly

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<sup>124</sup> Baldwin, David. Personal interview. 7 June 2013.

<sup>125</sup> Baldwin, David. Personal interview. 7 June 2013.

<sup>126</sup> Levin, Jordan. "An Industry Perspective" 258.

changing consumer habits, waiting for a repeat is no longer feasible for the consumer and thus is no longer feasible for the content provider. At some point, the anywhere and anytime generation is going to demand the flexibility that online streaming allows and these companies are going to have to address the issue with a much more permanent solution. “The relative penetration and adoption rate of advanced tools for consumption such as DVRs, iPods, and high-speed Internet access is largely immediate compared to the rollout of VCRs, analog cable systems and color television.”<sup>127</sup> Soon enough, the cable subscription will be less and less relevant and more and more viewers will cut the cable cord and only subscribe to those programming options that allow for more flexibility and individualism.

To reference the author Malcolm Gladwell (2000), we have reached what he identified as the proverbial “tipping point,” or the point at which a little change has a big effect. As he observed in his book of the same name, behavior is contagious. Change is driven by the social connectivity of a small, but powerful group of influencers, or “exceptional people,” whose early adoptive behavior catalyzes a movement. The resultant change does not happen gradually or incrementally, as many would expect, but rather at one critical moment, thereby tipping behavior from niche to mainstream. In regard to media, the digital revolution is making the present that moment.<sup>128</sup>

A major change in the premium television landscape came in 2013 with Netflix. While the service had provided streaming of movies and television programs for years, it was with the advent of its own original programming that Netflix took the online premium television outlet to a whole new level. First, Netflix changed how being an exclusively online subscription model

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<sup>127</sup> Levin, Jordan. “An Industry Perspective” 259.

<sup>128</sup> Levin, Jordan. “An Industry Perspective” 259.

can access television. However, the biggest change Netflix brought to the industry was the introduction of online-only television.

Think of it like HBO, which also makes its money off subscriptions, no ads, and which was also primarily in the old-movie business. Series like *Sex and the City* and *The Sopranos* gave HBO an identity and made pop-culture junkies feel it was necessary to them. Likewise, *House of Cards* and *Arrested Development* give Netflix a cachet that streaming *The Karate Kid* doesn't, ...There's a kind of brand affinity if it's your own content vs. a rerun.<sup>129</sup>

Now, the Netflix produced programming feels like television and for all intents and purposes is television, without the actual television.

It was with Kevin Spacey and David Fincher's "House of Cards" that Netflix introduced its major in-house programming. The key distinction is the fact that the first season of episodes was released in one fell swoop. For the first time ever, a big budget complete television season was released in its entirety without any regard to a weekly schedule, windowing opportunities or any other scheduling model from the last half-century of television. This allowed for what many have deemed the "binge-watching" phenomenon. Netflix gathered its research from years of streaming and realized viewers were very satisfied to binge watch television series. This means that when a network or cable television season was released on Netflix streaming, viewers would watch episode after episode in large doses to complete the season or series. So, taking this into consideration, Netflix released the full season of "House of Cards" all at once. As a result, the water-cooler moment, which many claim to be the reason to keep the weekly television schedule alive, was still prevalent, only this time it was a discussion of the season as whole. Viewers

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<sup>129</sup> Poniewozik, James. "It's Not TV. It's Arrested Development." 42.

would either watch the season in its entirety that weekend, or else hear about how much they needed to go home and watch it from their peers.

So many of the things we think of as inherent to TV – commercial breaks, standardized episode lengths, weekly schedules – are simply artifacts of the old delivery system.

Online, they're not necessary, and if you can deliver a TV season as a single eight- or 13-hour work, you can literally build a story differently. So Hurwitz [creator of "Arrested Development"] is constructing a TV season [for Netflix] like a set of linked Web pages, with interconnections and multiple entry points. With *House of Cards*, director David Fincher avoided the sort of episode-ending cliffhangers that network-TV series use to bring viewers back a week later. He knew fans could simply press PLAY on another episode.<sup>130</sup>

Netflix tapped into the satisfaction viewers get from finishing an entire season of television and produced accordingly.

Similarly, Netflix produced the new season of "Arrested Development." While it was released in the same fashion as "House of Cards," all in one swift motion, "Arrested Development" is a major shift not just for Netflix, but also for the industry as a whole. This is because "Arrested Development" had already aired on broadcast television years before. In other words, Netflix took the broadcast network's leftovers and gave it a second life. With a dedicated cult group of fans, rumors of a new season or a feature film had been heard for years, but it took Netflix to actually pull the trigger. The reason "Arrested Development" failed on broadcast, despite critical praise, is because broadcast television is concerned with reaching the widest audience to generate the highest ratings and thus the highest ad revenue. When the show

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<sup>130</sup> Poniewozik, James. "It's Not TV. It's Arrested Development." 42.

did not meet those expectations, despite the accolades it received, it had to be cancelled as it was no longer economically feasible. “The bulk of the industry’s revenue traditionally comes from a very small number of artists. But the Internet’s reach and the precision of its search technologies make it economical to produce and distribute very large numbers of cultural goods that individually appeal to niche audiences, a phenomenon Chris Anderson [author and editor of *Wired Magazine*] calls the ‘long tail.’”<sup>131</sup> Since Netflix is an online subscription service and can cater to the long tail niche audiences, there was an opportunity to give “*Arrested Development*” a new season. “In a real way, it’s not just *Arrested Development* that’s being rebooted here; it’s the entire TV business.”<sup>132</sup> This could become a new model for other broadcast or basic cable television shows that are highly supported by a strong and vocal fan base but can’t maintain the broadcast requirements of high audience ratings. The only caution for this new possibility is the fact that it must be a very special kind of show to make this model work. The fan base must be strong, the cast and creative teams must be willing, and the television landscape must be ready for the return of the show. “*Arrested Development*” is proof that despite an unceremonious demise on broadcast, there are possibilities for other ways to create television.

Before Netflix was creating its own original content, the company was flying under the radar and not in direct competition with premium television. In many ways, it was the answer to the dying breed of DVD rental shops like Blockbuster or even a competitor to basic cable channels that bought packages of movies like USA or TNT. However, with the original programming quickly taking off for Netflix, the company has positioned itself to be a direct competitor to premium television. Netflix’s “*House of Cards*” and “*Arrested Development*” can

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<sup>131</sup> Bar, Francois and Jonathan Taplin. “Cable’s Digital Future.” *Cable Visions: Television Beyond Broadcasting*. Ed. Sarah Banet-Weiser, Cynthia Chris, and Anthony Freitas. New York: New York University Press, 2007. 78. Print.

<sup>132</sup> Poniewozik, James. “It’s Not TV. It’s *Arrested Development*.” 38.



only be seen on Netflix, just like HBO's "True Blood" or "Boardwalk Empire" can only be viewed with a HBO subscription. The audiences who are willing to subscribe to another channel for original programming is a small percentage, and Netflix is elbowing into those consumers' homes. Netflix "is betting big on a future in which original TV comes through the Internet, via computers, set-top boxes or itthingies. When *Arrested* was cancelled it was a blip in network-TV history. But the revived version could be the biggest thing in whatever TV is about to become."<sup>133</sup> With the shift to original programming, Netflix has opened the door to be a direct competitor to the likes of HBO and Showtime, but offering the added benefit of being completely online with the flexibility for on-television set platforms while maintaining the anywhere and anytime functionality of mobile platforms.

The major take away from the advent of HBO Go, Hulu Plus, Netflix and all the rest of the online platforms to consume content, is the fact that television itself is changing. Television is changing to where viewers can access and watch television without even owning a television at all. The television set (the physical set box of the TV) is becoming less and less important. It is becoming merely one of many vehicles for content as opposed to being the exclusive delivery system with a set schedule. The ease of watching content on a big screen in your living room will still be important but it will not be at a set time with a cable box that delivers the content. "Already, 'cord cutters' are dropping cable or satellite to watch TV through iPads or game consoles" on televisions.<sup>134</sup> Instead, like so many cable cord cutters are finding out, it is possible to use the television set as a platform to watch television, but really watch the content on the Internet. For instance, through my Wii console, I can access primetime broadcast shows anytime I want through my Hulu Plus subscription. Or I can watch "House of Cards" or any number of

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<sup>133</sup> Poniewozik, James. "It's Not TV. It's Arrested Development." 38.

<sup>134</sup> Poniewozik, James. "It's Not TV. It's Arrested Development." 40.

movies through the Wii console's Netflix channel all on my television set. David Baldwin discusses cord cutters by explaining:

The cord cutters will have to face this decision in a few years: how many do you want? It's like the old decision...before there was cable TV and color TV people bought magazine subscriptions. They would get *Life* and *Time* and sometimes *Time* and *Newsweek*, and two to three ladies magazines and *Sports Illustrated*, every house would have multiple subscriptions and self-selected those. But the economic pressure on all those guys who sold magazines, the downward pricing pressures, look what happened to magazines! The downward pricing and more competition. On the Netflix end, everyone knows the \$7.99 [subscription price] is just a starting point...the long-range plan – they don't have \$7.99 four years from now.<sup>135</sup>

Beginning now, and continuing through the Digital Age, consumers will have more options to curate and self-select their own programming needs as opposed to subscribing to a cable provider's array of options. And the role of the television set itself is changing. Before, television was the sole delivery mechanism for the content, now it can be used merely as a vehicle to watch the content via the Internet. The television set is still prevalent in my generation, but only as the delivery system for Internet streamed content, content that used to be delivered through cable wires and broadcast schedules. Consumers and industry executives should take note: The future of television is not on a television at all.

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<sup>135</sup> Baldwin, David. Personal interview. 7 June 2013.

## Conclusion

“It is likely that in order for storytelling to resonate with the children of the digital age it will have to initially reach and engage them where they share their personal stories [online]... Traditional storytelling and social media will begin to intersect.”<sup>136</sup>

-Jordan Levin, “An Industry Perspective.”

If digital and entertainment executive Jordan Levin is correct, soon enough traditional storytelling (and what’s more traditional than theater?) will need to cross with social media and digital means. Instead of seeing this as the great downfall to traditional storytelling, the test is to see it as an opportunity that could shed light on decades-long industry-wide problems. Regardless of what industry is being considered, storytelling is at the root of it. Acknowledging the shift to digital capabilities, and accepting the challenge of addressing them thoughtfully and with care, may lead to surprising and unexpected outcomes.

Moving forward for premium television means focusing on multiple platforms and schedule flexibility. For subscription services like HBO, the online distribution (like HBO Go) will remain an add-on bonus for subscribers as opposed to the main way to access the content. This is because a seismic shift would need to (and it eventually will) occur for the subscription companies to turn their back on cable providers in exchange for Internet driven streaming of content. When traditional television (i.e. gaining access to content through a predetermined schedule through a cable box to your television) becomes obsolete in favor of online anywhere and anytime content, subscription services will join the Internet streaming bandwagon.

“However this transition to IPTV [Internet Provided Television] would be graduate, and the ‘event’ type of programming, such as sports or award shows which demand a specific mass audience to be present at a specific time, would continue to be a staple of the broadcasting

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<sup>136</sup> Levin, Jordan. “An Industry Perspective” 262.

universe for a long time.”<sup>137</sup> Even though event programming may slow down the shift, the change to Internet television is fast approaching. An analogous example is when the CD industry shifted to the single mp3 download business with the creation of iTunes and broadband Internet capable of downloading large files. “Amazon, Netflix and their rivals are betting on a future in which the network is, if not dead, less essential. Should you bet against them? Go ask you local bookstore or video-rental joint, if you can find one.”<sup>138</sup>

What is possible is that, instead of subscribing to cable and receiving a cable box and access to various channels with set times, a new revolution in television may bring a subscription to a series of apps that contain all of the content you previously watched via the cable box. This change would mean that the broadcast networks would be app-driven and choosing to access an app would allow a viewer to see ABC’s content or E!’s content at anytime and on any platform, big or small. Michael Fuchs says definitively, “Ultimately, all of television will probably be delivered by the Internet.”<sup>139</sup> Particularly if smart TVs become more widespread, Internet television will likely be the way of the future. Reed Hastings, founder of Netflix, predicted that “apps will replace channels, remote controls will disappear and [multiple viewing] screens will proliferate.”<sup>140</sup> In that scenario, a “cable” subscriber receives access to an array of apps to use for a monthly cable fee. It’s a different way of receiving what was a cable subscription without cutting out the cable providers completely.

In an Internet Television world the broadband carriers would make their money by providing metered service much like your cellular or utility service. Heavy users of streaming media would pay more than light users. Distributors of content could then sell

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<sup>137</sup> Bar, Francois and Jonathan Taplin. “Cable’s Digital Future.” 81.

<sup>138</sup> Poniewozik, James. “It’s Not TV. It’s Arrested Development.” 42.

<sup>139</sup> Fuchs, Michael. Personal interview. 18 June 2013.

<sup>140</sup> Poniewozik, James. “It’s Not TV. It’s Arrested Development.” 40.

to the carrier's customer base on an open-access basis and use the three basic models for payment: monthly subscription, pay-per-view, or ad-supported content... With the transition to Internet Television, TV is entering the third phase of its evolution. Each of these three phases [broadcast, cable, and Internet] corresponds to a distinct architecture of the medium, leading to a specific allocation of roles between content providers and consumers and resulting in a unique control structure. This is why Internet Television holds so much excitement. It promises to transform the current structure of control over the most important mass medium and thus revolutionize the patterns of communications, which have been articulated around it. The implications for the social, cultural, political, and economical activities organized around the corresponding communication activities are equally far reaching.<sup>141</sup>

Shifts in technology are best illustrated by how the culture and the youth generation at the time reacts to the change. And, "when the Great Unbundling [of cable services] comes, Netflix wants to be one of your must-have conduits for fun."<sup>142</sup> The companies that are on the forefront of this are trying to expand in this direction to remain relevant.

On the purely digital side of the divide, Netflix (and the like) will continue to move towards creating original content. And with this, they are challenging the perceptions and definitions of what television is. Interestingly, Netflix's "House of Cards" is undoubtedly television while never appearing on television. It is television because it is episodic in nature by creating a long form story, divided into seasons. However, unlike traditional serialized television, each episode does not include a "Previously on 'House of Cards'" montage that reminds the viewer of last week's episode. This is, of course, because the "last week's episode"

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<sup>141</sup> Bar, Francois and Jonathan Taplin. "Cable's Digital Future." 81.

<sup>142</sup> Poniewozik, James. "It's Not TV. It's Arrested Development." 42.

schedule does not apply to Netflix's dumping of the complete season all at once model. But even more interesting is how the viewer doesn't miss the montage because the viewer is binge watching the season, just as Netflix hoped. "The new digital era of 'on-demand entertainment' [when and where the viewer wants] is signaling the beginning of 'the end of TV' as most people knew it before 1995."<sup>143</sup> While the medium of television is unchanged, the vehicle that delivers the content has changed. With this change, alterations have been made to television's form, which instructs users how to consume it.

While viewing television on various platforms doesn't change the content, the same cannot be said for theater. The key distinction between television and theater is the fact that one is pre-recorded content and one is live. And even if we change how we see theater by recording it or streaming it, the result is more like television than theater. Victoria Bailey says, "I continue to want people to go to the live experience. I think that's what makes it different. I love NT Live when it allows me to see something I wouldn't be able to see otherwise."<sup>144</sup> Theater then is able to have two separate products: a live one and a recorded one. Yet, with television, only one product is made: a recorded one – no matter how one accesses it. This means that watching it on a television, watching it on a tablet, or a laptop makes no difference; it is the same product. Whereas watching *Hamlet* at the National Theater at the Olivier Theatre live is a very different experience than watching *Hamlet* in a movie theater in the West Village (or on a TV or computer in your home). Or, as Victoria Bailey describes the theatrical experience:

I saw *Othello* at the National, a fabulous production of *Othello*...for sure the best I've ever seen. Part of the magic of that performance was sitting in the Olivier, looking at a thousand people, not moving, watching a play that you knew 700 people watched 300

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<sup>143</sup> Edgerton, Gary R. "Introduction: A Brief History of HBO." 14.

<sup>144</sup> Bailey, Victoria. Personal interview. 6 June 2013.

years ago, and 200 years ago and 100 years ago and you don't get that when you watch it at home. I don't see the live performance going away ever.<sup>145</sup>

Because theater will always exist, digital means are never going to replace the live experience. This indicates that digital means are uniquely able to help promote and encourage the habit of theatergoing and the arts experience as a whole. But, for television, the culture is beginning to outgrow the traditional model.

We are in a transition mode now where some companies (Netflix, Hulu Plus) are starting to experiment with the next phase (purely digital television), while the old boys (broadcast television and premium channels tied to cable company subscriptions) are trying to find ways to place a Band-Aid on the problem rather than starting an overhaul of the system. This Band-Aid is the HBO Go and ABC's app for iPad and the like. While theater's progression will ultimately be cyclical where the digital means (like live streaming) feed back into the live experience, premium television (and eventually all television) will have a progression that is linear where the medium (television content) will still exist but the technology and the vehicle (television sets themselves) will no longer be as relevant. Of course, through Internet savvy televisions, television sets will still exist, but not in the way that they were synonymous with content before when the television was exclusively tied to the television set as the sole delivery system of the content. They will become more like an iPad or other tablet: a platform to watch content. (See Appendix II and III).

While many may think this is radical and too futuristic, I would argue that the proof of what is to come is in how shifts from previous technology occurred. For radio, the family used to gather around the living room set to hear FDR's fireside chats or the stories of Little Orphan

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<sup>145</sup> Bailey, Victoria. Personal interview. 6 June 2013.

Annie, and that was the entertainment. While the medium (radio) still exists today, the technology and the vehicle have changed. Now, instead of gathering around your living room, you hear the radio in your car. Even more prevalent are the changes in the music industry. For example the medium (recorded music) has not changed, but the vehicle has. As soon as 8-tracks and cassettes came into play, vinyl was out of the mainstream. And then CD's beat out cassettes. Then mp3s and iTunes succeeded the CDs. The content of recorded music has not changed, but the technology and how the user receives the content has. Soon, television sets with their signals and cable boxes will be replaced with Internet-connected devices that stream the content anywhere, anytime, on any Wi-Fi connected device (television set or not). This, of course, has already begun, but soon it will be so widespread that the shifts in technology will be impossible for the television executives to ignore. Soon, I believe that television content will be exclusively accessed via the Internet.

Moving forward for the not for profit theaters, the focus needs to be two-fold: the first should be on the local audience (what the theaters already focus on), the second should be on the global audience. The Met HD Live and NT Live programs have already begun this:

Bringing opera to a much wider audience, and being able to connect in real time, or near-real time to a global audience, who either already loves the Met or has an interest [in it], ...and [bringing] accessibility and reach, ...If you are doing something interesting artistically...you want to capture it and share it and preserve it. ...It's marketing, its fundraising, it's artistic, its for all of those reasons.<sup>146</sup>

It should be noted that live streaming is a suggestion for large not for profit theaters – small theaters should remain focused on growing their local audience through digital means before

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<sup>146</sup> Park, Elena. Personal interview. 12 June 2013.



starting to consider growing a global audience. The large not for profit theaters need to further the reach of their particular brand to global audiences through digital means. For the local audience of a not for profit theater community, the subscriptions are necessary evils. They provide the up-front money the organization needs and the dedicated audiences that allow theaters to survive. Even if the subscriptions tend to encourage “typical” theatergoers, they are not going away any time soon. This means that the theatres must also focus on making those subscriptions more appealing to atypical theatergoers in order to develop a more diverse audience. This goes hand-in-hand with thinking globally as a not for profit theater. No matter the level of the size of the institution, not for profit theaters need to enter the digital sphere with confidence and gusto. Absolutely any content that is created on and/or for the digital sphere will improve the company’s overall health. The content that theaters create and push on digital means will feed interest, attendance, and ultimately, dollars back into the theater itself. (See Appendix I and III).

Not only for the sake of creating a global audience for a not for profit theater, but also for the sake of local subscribers: create and curate digital content. This is beyond just being present on and maintaining social media channels (Facebook, Twitter, Pinterest, Tumblr, and Instagram). It’s about allocating the funds and making the effort to develop additional platforms and income streams. Creating an app that allows potential ticket buyers, potential subscribers, and potential donors to be a part of your community – even in Morocco or other places your theater is not located – is key. One of the great joys of the Internet age is the fact that we are all connected. Theater, and the arts in general, need to harness this power of the Internet to not only turn a profit, but also connect the lives of theater-lovers or would-be theater-lovers around the globe. Lowering the bar of entry to those with less currency in their pockets and those who cannot walk

to the theater means creating a greater community for not just an individual institution, but also for theater in general.

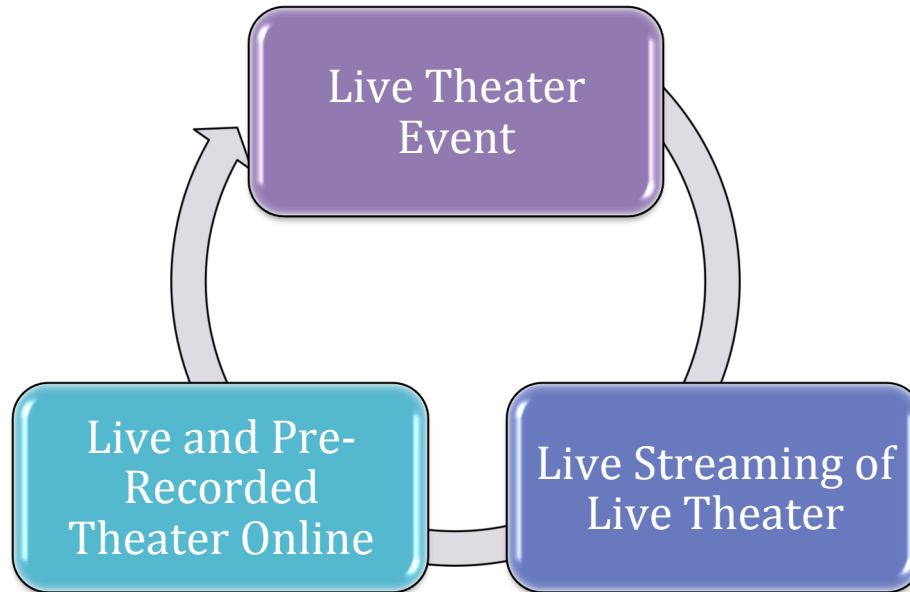
Simple solutions, even beyond the complicated elements of live streaming and archiving the work for digital consumption, should be employed; there are so many options for digital content. The digital content can be as simple as an iPhone video to be posted on social media that updates users about the institution to as complex as live streaming and online games. The key is to have content – no matter what it is. Many have asked – well, what if this is all on our website? Shouldn't that be enough? The answer is no. It's not enough. Unless you are willing to hold the user's hand and guide them through the website, it's not enough. It's not just about relaying content about the institution – though it is about keeping them informed – it's about giving the user a place to see meaningful content. Meaningful content is not about the annual gala or other events or news – that's informational content. While informational content should be present in the meaningful content, it shouldn't be the main focus of the content. Meaningful content is content that is entertaining and stands alone. This can be in the form of interviews with key players, backstage tours, opening night videos, a tour of the set designer's workspace, a flash mob the office orchestrated, a trivia game of the playwright's history, and so many others. The meaningful content is the main reason the user is visiting the website, social media channels, or app; and the informational content about how to buy a ticket, how to become a subscriber, and how to donate is what solidifies the monetary relationship with the institution. But, the relationship has already been formed by the meaningful content. That relationship, despite the user's proximity to the institution's city, is important for growing a global presence and a global community.

Television has transformed itself over the last half century. To think that this new technology in the 1950s and 1960s with only three channels shifted to cable packages of hundreds of channels in a short forty or so years is impressive. But to consider where the television landscape is heading (delivered via the Internet) means boundless options, total customization, and completely consumer-driven results. What once meant accepting whatever was on that night is now being replaced with the freedom and choice that comes with the Digital Age.

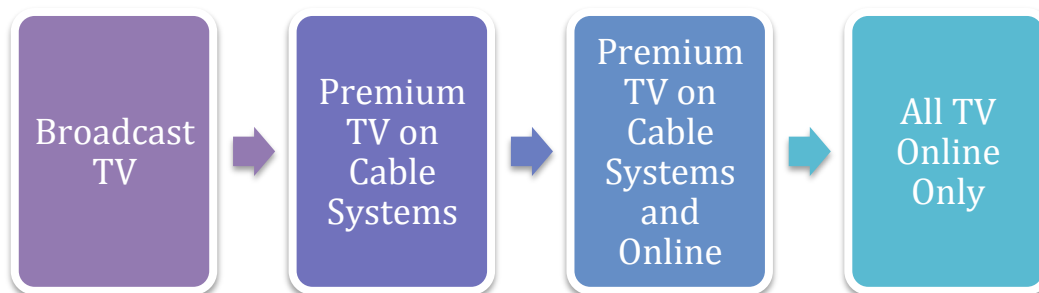
In great juxtaposition is the old art form of the theater. This centuries-old craft of storytelling will always exist due to the human nature to want to be heard and to tell stories. Theater can be filled with technology, or be a person quietly telling another a great tale. In this sense, theater will never cease to exist. But just as the television industry must determine how to adapt to the changing landscape of habits and behavior, theater too must consider various outcomes. While television will have no choice but to change and eventually offer all content on an anywhere, anytime, and any platform basis, theater has a choice to participate in the Digital Age. Television is on a path of linear change. The change will continue to occur step by step, even beyond what we can see as the future now. Soon enough, that future will become another generation's past, and television (or the idea of television) will forever continue to adapt to meet new generations' expectations. But theater, with its cyclical motion of every change in technology – whether it is fly systems, television commercials, e-blasts, etc. – feeds back into the core business of storytelling on a stage with strangers in the dark. Theater has no real loss in trying these digital initiatives, as they will all loop back into the appreciation, experience, and magic that is live theater. Television's future is not a television at all, but theater's future is exactly where it's always been – on the stage.

### Appendices

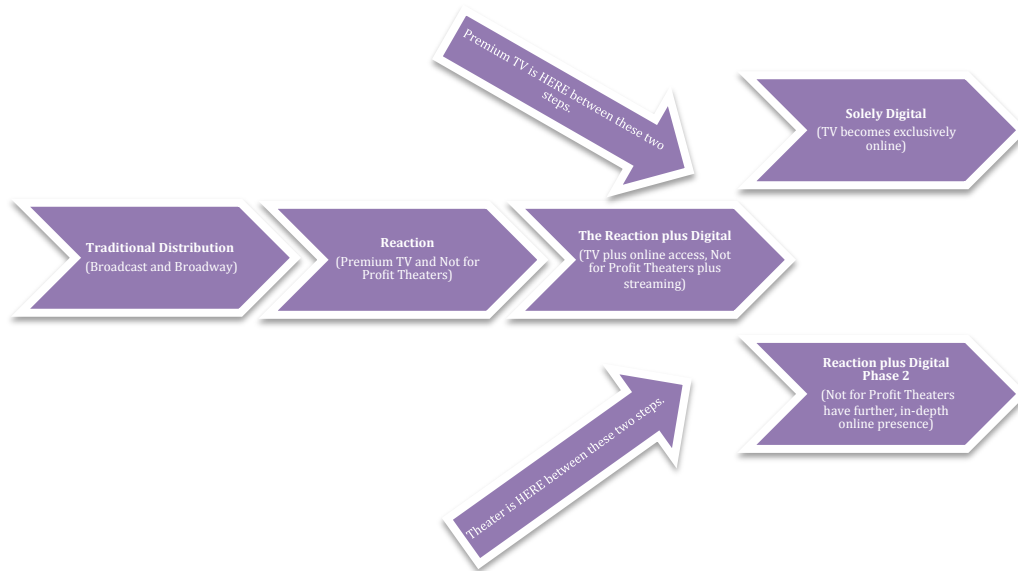
#### Appendix I: Not for Profit Theater: Cyclical Process



#### Appendix II: Premium Television: Linear Process



### Appendix III: Television and Not for Profit Theater's History Flow Chart



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