

# Over the Top: Retransmission Fees and New Commodities in the U.S. Television Industry

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*This essay provides a brief institutional and structural account of the history and context of retransmission fees and the revenues they generate in the television industry. We argue that commodity formations within the television industry are broader, and more nuanced, than the sale of audiences (power, data, ratings, etc.) to advertisers. Despite widespread technological and economic shifts, the notion of the commodity audience still possesses a great deal of explanatory power in relation to contemporary media industries. The audience commodity has been, and will continue to be, a powerful force in the decision making and revenue streams of television, but new technologies such as streaming, IPTV, and direct subscription models have expanded the economic avenues available to capital within the television markets. Retransmission fees have figured prominently in shaping and constraining the contemporary television industry, granting programmers greater control over distribution and providing a profitable path forward for capital looking at new monetization strategies of television content.*

**Keywords:** U.S. television, retransmission fees, audience commodity, political economy

IN July of 2019 Nexstar Media Group blacked out 120 stations in 97 markets from DirecTV. The cause for the blackout, which left millions of subscribers without access to network content and cut-off networks from access to commodity audiences, was a dispute over retransmission fees. These fees are payments from multichannel video programming distributors (MVPD), such as Comcast, Time Warner, AT&T, etc., to television programmers (e.g. CBS, ESPN, TNT) for the rights to distribute that programmer's content on a cable system. In the event that a rights fee is not agreed between the parties, a blackout occurs and the network is unavailable on a MVPD network. Blackouts have become increasingly common – there were 8 in 2010 and there have thus far been 230 in 2019 – as retransmission fees have become a powerful economic force in the television industry (Farrell 2019). Networks, MVPD, and capital markets have all taken notice of the lucrative retransmission market and reconfigured business models to take advantage of this new revenue source. From a critical perspective, retransmission fees have reshaped the television industry and emerged as another mechanism of capital accumulation alongside the commodity audience. Taking account of these fees is necessary to make the structural and institutional trends of the contemporary television industry legible.

Since its inception in the United States, the television industry has been driven by advertiser support. Whether from the programmatic sponsorship of the 1940s and 1950s or the shift to standard commercial breaks during programming of the 1960s and onward, television networks have financed content by selling *something* to advertisers. Whether this something is airtime, exposure, mindshare, watching power, or attention largely depends on the theoretical and professional preference of the observer (Fuchs 2012). Nonetheless, throughout the early history of television advertising has been at the forefront of the capitalization of the medium. The emergence of cable and satellite technologies expanded the means by which individuals could access television content, which in turn spawned markets in 1) the distribution of both television signals (subscriptions to multichannel video programming distribution (MVPD) and 2) cable network infrastructure.

Cable technologies also opened up new avenues for capital accumulation in a two-layered broadcaster market. The audience-commodity thesis, as articulated by Smythe, remained in place as cable audiences were sold to cable advertisers (Smythe 1951, 2006a; Jhally & Livant 1986a). The other side of the newly emerging cable television market, established following the Cable Television Consumer Protection and Television Act of 1992 (CTCPTA), is the sale of retransmission rights from broadcasters to cable operators and other MVPDs. The market for television content is complicated, multi-layered, and subject to both legal and technological shifts. As Evens (2013) illustrated, television market dyads can be grouped as follows:

- Infrastructure (MVPD purchase wire access from Carriers)
- Subscription (Subscribers purchase access rights from MVPD)
- Programming (Broadcaster purchases exhibition rights from TV Production Companies)
- Advertising (Advertisers purchase access to audiences from Broadcasters)
- Rights Fees (MVPD purchase retransmission/carriage rights from Content Networks)

Traditionally, political economic analysis of the television commodity has focused on the advertising market and the sale of audiences/ratings data (Smythe 1977, 2006b; Meehan 2005; McChesney 2008; Caraway 2011; Fuchs 2012; McGuigan & Manzerolle 2014). However, the

growing importance of the rights fees market, both in terms of industry structure and capital flows, situate these fees as an immensely profitable commodity for content distributors within the television market. Retransmission revenues across broadcast and cable topped \$45 billion in 2017, while in the local television markets retransmission fees contributed \$8.44 billion dollars to industry revenue in 2018 versus the \$19.3 billion generated by advertising (Jacobson 2018).<sup>1</sup> As of 2017, these fees have also constituted more than half of total revenue for a number of cable networks, notably news networks such CNN, Fox, and MSNBC (Matsa 2017). Although the audience is still *a* commodity with the television industry, it is not the only televisual commodity warranting critical attention. Failing to take account of new strategies of accumulation, specifically retransmission fees within the television industry will further distance a political economic account of mass media from its day-to-day functioning as a tool of capital accumulation.

This essay will focus primarily on three industrial sectors of the television market – programming networks (NBC, ESPN, Weather Channel), cable distributors/MVPD (Time Warner, Comcast, DirecTV) and local broadcast stations or station groups (KTLA, KIVI-ABC, Sinclair Broadcasting) – although the majority of the attention will be paid to programmers and MVPD.

### **Approach and Data**

There are two goals in the following essay. First, to provide a brief institutional and structural account of the history and context of retransmission fees and the revenues they generate in the television industry. The second, more speculative, goal is to argue that commodity formations within the television industry are broader and more nuanced than the sale of audiences (power, data, ratings, etc.) to advertisers. Despite widespread technological and economic shifts, the notion of the commodity audience still possesses a great deal of explanatory power in relation to contemporary media industries. From specific arguments about what constitutes “audience labor” (Jhally & Livant 1986b; Shimpach 2005; Caraway 2011; Nixon 2016) to the importance of 3<sup>rd</sup> party ratings agencies (Meehan 1984; Kosterich & Napoli 2016) to the alternative formulations and technologies by which audience labor can be commodified (Fuchs 2010; Lee 2011; Manzerolle 2014) the audience has long been seen as the engine that drives capital accumulation in the television industry. The audience commodity has been, and will continue to be, a powerful force in the decision making and revenue streams of television, but newer technologies such as streaming, IPTV and direct subscription models have expanded the economic avenues available to capital within the television markets. Retransmission fees have figured prominently in shaping and constraining the contemporary television industry, granting programmers greater control over distribution and providing a profitable path forward for capital looking at new monetization strategies of television content.

Although the audience as a generator of revenue is no doubt important, retransmission fees have become a critical part of the television industry – both in terms of capital accumulation and the institutional logic of programmers and television distributors. The two approaches – retransmission fees as a logic for changes in the television industry and retransmission fees as a mechanism to further the accumulation of capital – correspond to institutional and structural levels of analysis, respectively. Meehan (1986), in encouraging multi-layered approaches, writes

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<sup>1</sup> See Appendix for channel-by-channel breakdown and overall figures

that “[i]nstitutionalists analyze the invention, innovation, and commercialization of technologies, services, and products as attempts to extend control over more of old territory, to retrench when control is threatened, or to invade new territory,” whereas structuralist analysis “locate[s] explanations in the meshing and grinding together of organizations, systems, sectors, and domains [ideology, politics, economy]” (1986, 398, 401). In this case, situating political economic analyses of retransmission fees between institutional and structural accounts “builds a special depth and texture as individuals, corporations, and governmental agencies are systematically and structurally contextualized in retrospect” (Meehan 1986, 407). The following essay begins by considering the historical emergence of retransmission fees and the motivations of corporate institutions behind their rise. It proceeds to analyze how media entities have changed their corporate structure and behavior to best utilize the revenue streams retransmission fees offer. Finally, the role of retransmission fees as a commodity and means of capital accumulation will be briefly considered. The hope is that there will be more critical attention paid to retransmission fees moving forward.

### *Data Collection*

Because the retransmission consent process is conducted between private parties and behind closed doors, access to conversations, decision-making and even the amount of the fees themselves are all opaque. Data on the fees are collected by TV research firms such as SNL Kagan, but the full reports are behind a paywall and are prohibitively expensive – costing over \$5000 at the time of this writing. Instead, I used both academic and popular search engines to find third party references to the fees paid by specific channels, which were in the form of cost per subscriber per month (e.g. “How Much More Does ESPN Make in Affiliate Revenue than the Other Sports Networks?” 2016; Munson 2017). I then found the total number of subscribers per channel and multiplied the monthly retransmission fee by the total number of channel subscribers to reach a monthly retransmission revenue estimate for the top 50 channels in the US (Nielsen data from: Bucholtz 2018; “Net Worth” 2017).<sup>2</sup> Multiplying the monthly numbers by 12 yielded an annual estimate of the total retransmission fee revenue across all channels in the U.S. television industry.<sup>3</sup>

Assessing the role retransmission fees played on television programming and cable company structures was done through accessing trade press articles, newspaper interviews with corporate decision makers and investor reports.<sup>4</sup> Such sources are, by definition, limited as what key figures *say* in public and *mean* in private may diverge substantially. Nonetheless, they do provide a point of historical data and the public-facing side of corporate decisions and insight into the motivations and expectations of investors/capital (Corrigan 2018).

### *A Note on Terms and Entities*

There are three overlapping terms that describe rights payments from distributors (cable and satellite companies) to programmers (TV networks) in the television industry: retransmission

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<sup>2</sup> Variety’s “Net Worth Infographic” information was compiled from SNL Kagan, Nomura, MoffettNathanson, Nielsen, and Sportstvratings.com.

<sup>3</sup> See Appendix for 2017 figures

<sup>4</sup> Variety.com and Broadcastingandcable.com were used regularly, with a Citi report (Bazinet, Singlehurst, Rollins, May & O’Neill 2015) useful for further investor/market research data.

fees, carriage fees and affiliate fees. In the trade press and some investor reports these terms are used interchangeably and at other times they are not. When they are treated separately, retransmission fees apply to the major broadcast networks, carriage fees apply to cable networks and affiliate fees are paid by local broadcast affiliates to their affiliated broadcast network (for instance, WCTV, a CBS-affiliated network in Tallahassee, Florida, would send payments to the CBS network for the rights to air CBS content). In the interest of simplicity, we re-categorized each of the above as *retransmission* fees – fees paid to a programmer for the right to retransmit a broadcast signal, “independent of the copyright in the underlying content” (Balganesh 2007, 1308).

### **Must Carry, Retransmission Consent, and the Construction of the U.S. Television Market**

The roots of retransmission consent can be traced back to the Radio Act of 1927, although the language was codified in the Communication Act of 1934 (P. Parsons 2008). Section 325(a) of the act not only forbade the broadcast of fraudulent distress signals, but also stated that no broadcast station may “rebroadcast the program or any part thereof of another broadcasting station without the express authority of the originating station” [47 U.S.C. 325]. This rule forbidding retransmission was complicated as, by the late 1950’s, community access antennas and cable television grew in popularity. These community antennas were not seen as either a broadcast or a performance, so cable operators were not required to pay royalties nor obtain retransmission consent before distributing the television signals of major networks. Pressure from broadcasters – leery of losing market power and control to cable operators - encouraged the FCC to consider regulating the fledgling cable industry (Bettig 1996, 122–24). By 1974, the FCC passed must-carry rules which stated that cable operators “must carry” local and public television stations within the service area of a cable provider – the fear being that the national content distributed by cable providers would crowd out local stations and broadcasts (P. Parsons 2008, 353). By 1987, however, must-carry was ruled in violation of cable operators First Amendment protections (*Century Communications Corporation v. FCC* 1987). Pressure from broadcasters (specifically the National Association of Broadcasters) sought a Congressional response to the changing television industry; specifically aiming for the establishment of must-carry rules to protect the interests of broadcasters against those of cable operators. A late attempt by the broadcast industry/lobby to re-establish must-carry was killed by the cable industry/lobby in 1990 (Goodman 2017). A key point here is that the “television industry” was constituted by sets of competing corporate interests – specifically between broadcasters and cable operators - and different revenue streams beyond that of merely selling audiences to advertisers.

By 1992, after a series of false starts and an overridden presidential veto, Congress passed the Cable Television Consumer Protection and Television Act (Cable Act). The Cable Act, among other provisions, gave local broadcast stations the option to either a) guarantee carriage by multichannel video programming distributors (MVPD) or b) negotiate “retransmission consent” fees with MVPD for the right of television distributors to carry the station’s signal (*Cable Television Consumer Protection and Competition Act* 1992, 1482). Every three years stations could choose between either a must-carry provision (which meant MVPD were mandated to carry locally licensed stations) or opt for retransmission consent negotiations. This arrangement satisfied the interests of broadcasters and the NAB, but even at its outset the cable industry was concerned that giving broadcasters the right to refuse retransmission rights would give stations undue leverage in the negotiation process (Parsons 2008, 393–94). For example, major cable

networks like CNN or ESPN could threaten to withhold retransmission rights to force MVPD to settle on terms most favorable to major networks. These terms could include either a per-subscriber fee to be paid by the MVPD to the network, or (as was often the case in the 1990s) an agreement by the MVPD to carry additional channels owned by the network. Thus, in lieu of fee payments to ESPN or CNN, a MVPD may agree to carry the signals of ESPN 2 and CNN International. Throughout the 1990s and into the early 2000, MVPD were reluctant to pay any fees to networks, fearing that it would turn a profit-center (as many small cable TV networks were willing to *pay money to* MVPD in exchange for carriage) into a cost center (MVPD would have to pay “broadcast rents” to national networks).

ESPN is a salient case study here, as the network has often functioned as a weathervane regarding the changing conditions of the cable television industry. In the network’s infancy, for example, ESPN was paying MVPD to incentivize the carriage of ESPN content (Vogan 2015a, 23). This payment structure was common in the 1980s and 1990s and new cable networks were seeking to increase both the overall carriage by cable operators as well as carriage in the basic/most widely available cable packages. By 1983, however, ESPN “inverted” this commodity relationship by demanding \$0.10 per subscriber per month from MVPD for the right to carry ESPN (ibid., 26). The immense popularity of live sports placed MVPD in a difficult position of wanting to broadcast highly demanded content without having to pay for the rights to it. Without much sought-after live sports, MVPD ran the risk of losing subscribers. A price of \$0.10/subscriber seems modest, but this fee set a trend in the television industry as many other cable outlets subsequently looked to gather retransmission fees from MVPD. For instance, in 1987 Discovery Channel charged MVPD \$0.02 - \$0.05 per subscriber per month – with MVPD affiliated/vertically integrated with Discovery paying the lower fee (Chris 2007). Food Network, struggling for carriage the early 1990s, initially its content for free to MVPD in exchange for airing the network to 80% of its subscribers (Ketchum 2007).<sup>5</sup> By 2017 the network was charging \$0.22/subscriber/month for its 92 million subscribers (“Net Worth” 2017). Thus, cable networks like ESPN (and eventually Food Network) saw the emergence of a dual-revenue stream in terms of television content; not only did they garner revenue from the sale of audiences to advertisers, they also began to receive retransmission fees paid by MVPD – or, “they got to have their cake and eat it too” (Vogan 2015b). These fees were particularly desirable as they were associated with virtually zero additional expenditures and were immune from fluctuations in the advertising/up-front market. Although the emergence of retransmission fees was a boon for major cable networks, both broadcasters and cable system operators (MVPD) pushed back. Cable providers saw increased expenses to purchase retransmission rights, while broadcast networks saw the dual revenue stream of cable networks and wondered why they were forced to give their television content away for free. As MVPD were increasingly leveraged into paying retransmission fees, their options were to either a) reduce their profit margins (and anger investors), or b) increase the cost of cable subscriptions (and risk angering consumers). Befitting an ethos of shareholder primacy, cable and satellite companies began to pass on the additional costs of programming to consumers.

However, the negotiation of retransmission fees did not always proceed smoothly. MVPD (including cable operators, direct broadcast satellite providers, and telecommunication services), broadcast networks and cable networks frequently disagreed on fees. Keeping in mind that

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<sup>5</sup> As of 2017 Food Network charged MVPD \$0.22 per subscriber (“Net Worth” 2017)

retransmission terms are renegotiated every three years, television networks and MVPD had very different ideas about increases in fees. In the early years of retransmission fees disputes were generally resolved behind closed doors, but as MVPD became increasingly frustrated with network demands, battles between content providers and distributors were taken public (Russo 2011). When negotiations broke down, each side would seek to blame the other - MVPD would blame networks for rising subscription costs while networks would blame MVPD for the failure to distribute the network's signal. For instance, in 2012 a public dispute arose between Dish Network and cable network AMC. After a lengthy negotiation battle with Dish, AMC created a Youtube video contest titled: "Hey DISH, Where's My AMC" in an effort to use Dish's own customers (and the popularity of AMC's tentpole *Walking Dead* franchise) as leverage at the retransmission bargaining table (Silverman 2012). Dish Network senior vice president Dave Shull responded in a news release that "AMC Networks requires us to carry low-rated channels like IFC and WE tv to access a few popular AMC shows. The math is simple: it's not a good value for our customers" (Stelter 2012). The AMC blackout was resolved after two parties finally settled on a fee three months after the initial negotiation broke down. The private nature of the negotiations make totals difficult, but in 2017 there were an estimated 213 blackouts stemming from failed retransmission fee negotiations (Schwindt 2016; "Broadcasters Shatter TV Blackout Record in 2017" 2018). These blackouts pitted MVPD against cable networks in fierce competition not over commodity *audiences*, but over commodity *broadcast property rights*. Television networks were looking to leverage popular content to extract higher fees from MVPD, whereas MVPD were faced with the prospect of either paying escalating retransmission fees or losing content and/or subscriber revenue (either via cord-cutters or competition in the MVPD space from satellite, or more recently, online providers).

Thus far, the analysis of retransmission fees has focused on two entities within the television industry – multichannel video programming distributors and cable networks. As retransmission revenue continued to grow (particularly after 2005), two new figures emerged in the market – broadcast networks and local television stations. As noted above, major broadcast networks lusted after the dual revenue stream of their cable counterparts. Rising fees saw broadcast executives and shareholders questioning why they seemed to be operating under a different set of market conditions from their cable counterparts (Gerbrandt 2010). Additionally, it is worth noting here that broadcast networks generally do not own the equipment and hardware necessary to send their signals to MVPD – for that they turn to local television stations that are licensed to carry that networks' signal. These licensed stations are referred to as affiliates (if owned by a company other than the TV network) or owned-and-operated stations (if owned by the TV network). Both the broadcaster's desire for retransmission revenue, and the emerging profitability of broadcast networking affiliates, played a key role in the development of retransmission fees as a substantial *non-advertising* revenue source in the television industry (Edwards & Lowry 2010; Gessner 2013). By the mid 2000s, major broadcast networks (ABC, CBS, NBC, Fox) were willing to forego "must-carry," in favor of entering into negotiations with MVPD – largely motivated by obtaining a piece of the steadily rising retransmission fees collected by cable TV networks.

However, unlike their cable counterparts, broadcasters had a problem – their content was available for free over the public airwaves via local affiliated TV stations. How could the major TV networks convince MVPD to pay for rights to carry a broadcast signal when that signal was

non-exclusive? The major networks took two paths. The first, if the local stations were owned by the broadcast network (owned-and-operated, or O&O), was to let the major broadcast networks negotiate with MVPD regarding retransmission consent fees. This was a more lucrative option, but most of the O&O stations existed in large metropolitan areas. In smaller markets, broadcast networks relied on affiliated (independently owned) stations to distribute network content. Historically, broadcast networks paid local TV stations for carriage – with broadcast networks essentially trading prime-time programming to local affiliates in exchange for network advertising time (Flint 2012; Stelter 2011). Starting in the late 2000’s, however, broadcast networks began to demand “reverse-comp” from their local station affiliates – money paid from the affiliate *to* the broadcast network, reversing (thus, “reverse”-comp) the historical flow of payment (Pomerantz 2009). Broadcast networks eyed more consistent revenue streams (particularly following the 2008 financial crisis) and sought to capitalize on the popularity of prime-time programming to extract additional revenue from the larger television markets. CBS president Les Moonves stated that: “If a station is looking at what’s really bringing in the money, it’s the N.F.L., it’s ‘American Idol,’ it’s ‘CSI,’ it’s the prime-time strength . . . It’s not the local news or, you know, ‘Regis and Kelly’ at 9 a.m., you know, that’s bringing in the big bucks” (qtd. in Stelter, 2011). Broadcast networks have consistently sought a 50-50 split with their affiliated stations regarding collected retransmission fees (Napoli 2011; Farrell 2018). Since 2012, the broadcast networks have also pushed for the right to negotiate retransmission fees on behalf of their affiliated stations – in an effort to both justify their “take” of the fees and to leverage economies of scale to extract more concessions/revenue from MVPD.

The point here is not to recount the entirety of the relationship between broadcast networks and TV stations, but rather to introduce the idea that broadcast stations (and their cable counterparts) no longer need to rely on selling audiences to advertisers as a means of capital accumulation. Broadcasters have three primary revenue streams – selling audiences, collecting retransmission fees from O&O local stations directly, and collecting reverse-comp revenue from affiliated stations. For a sense of scale regarding the growth of broadcaster’s retransmission fees, in 2006 the major broadcast networks collected approximately \$215 million in retransmission revenue. By 2016 that figure reached \$7.7 billion, whereas in that same time span prime-time viewership of broadcast networks had dropped by 52% (Fernandez 2016). Rising fees then were not driven by overall viewership, but rather by a few “tentpole” shows/licenses on each network and the leverage that content gave broadcast networks in the retransmission negotiations (what cable company would risk losing rights to NFL games, *This Is Us*, or *The Voice*?). Retransmission fees across the television industry, including both broadcast and cable networks, totaled approximately \$45 billion in 2017, while total TV advertising spending in the U.S was approximately \$71 billion (Friedman 2017). In aggregate, retransmission fees made up approximately one-third of the total revenue in the U.S. television market, although for many individual cable channels the ratio was substantially higher.<sup>6</sup> CNN, MSNBC and Fox News, for example, brought in more revenue through retransmission fees than through the sale of audiences to advertisers - \$2,686,300,000 in fees vs \$1,947,700,000 in advertising, collectively (Matsa 2017).

Before moving on to a discussion of the larger television market in the U.S., it is worth restating that retransmission fees were “created” by an act of Congress; it is nowhere written that they will

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<sup>6</sup> A more complete set of revenue figures is provided in the appendix



exist in perpetuity. Recent lobbying efforts have pitted the NAB against pay TV operators and MVPD as numerous attempts have been made to introduce legislation that would upend the retransmission consent process and resulting fees (Johnson 2013; Eggerton 2018). The stakes of the analysis and the purpose of providing a brief history of retransmission fees is to revisit the specific structure of the television industry and the commodities that circulate through it. Attention to the commodity audience has long dominated discussions of capital accumulation in the television industries to the exclusion of more specific and contextual mechanisms.

### **The New Monetization Engine**

Beyond being a revenue stream, retransmission fees also help explain organizational strategies in the contemporary US television industry. As Tom Evens argues: “changing economic conditions have urged broadcasters to look at alternative and more stable income sources. The golden years of free-to-air television and detergent commercials may have come to an end so broadcasters have to look for diversification of activities and alternative revenue streams” (2013, 183). Diversification, in this case, has included not merely the absorption of retransmission fees as a “free” revenue stream, but in some ways a reshaping of the larger television industry in an effort to capitalize on this emergent source of revenue. The growth of niche cable networks and “blockbuster” content, the push toward vertical and horizontal integration in the industry, as well as MVPD responses to revenue squeezes are all clarified when seen through the lens of retransmission fees.

#### *Niche Networks and Blockbuster TV*

One of the more straightforward responses to the steady increase in retransmission fees was the growth of niche cable networks; narrowly programmed networks that emerged as an efficient way to deliver audiences with specific demographic/psychographic profiles to advertisers. Prior to the emergence of retransmission revenue, the fundamental economic question of any new network was whether advertising revenue (income) would be sufficient to pay for content acquisition, production, and staffing (expenses). Retransmission fees not only added a second revenue source for cable networks, but also help explain why many niche networks developed between roughly 2005 and 2017. Niche networks could capitalize on ever-growing channel options and demand for variety among MVPD to extract valuable retransmission revenue from cable and satellite operators. For historical context, in 1994 the average number of cable networks available to subscribers was 40. By 2005 that number had increased to 70 and by 2015 it had increased again to 180 (Bazinet, Singlehurst, Rollins, May & O’Neill 2015). The growth in the number of cable networks did not correspond with a growth in the number of networks watched, however. Television viewers have consistently watched between 17 and 20 channels since the 1990s (Bazinet, Singlehurst, Rollins, May & O’Neil 2015; Snider 2016). If the growth in the number of cable networks is not attributable to new viewing patterns (audience demand), it stands to reason that it is a supply-side consideration. More specifically, the double-sided revenue streams made cable networks immensely profitable. As Bazinet et al point out, “in the last seven years – from 2007–2014 – cable networks accounted for 81% of revenue growth and 73% EBITDA growth within the entire US media sector” (2015, 9).

While some of this earnings growth was driven by advertising, we should not dismiss the role that retransmission fees played. Bazinet et al, in a Citi report on investment opportunities in the U.S. television market, contended the following:

What makes cable network content valuable isn't the content, per se. Rather, it's what a smart client of ours calls the 'monetization engine' supporting the cable network business model. That is, [retransmission] fees – sold in bundles – roll in even if a show isn't very good. That's hard to beat (2015, 18).

Retransmission fees, as a monetization engine, encouraged the creation of new cable networks and programming – from college athletic conference channels like Big 10 and SEC networks to Oprah Winfrey's OWN channel. Each network could expect consistent revenue in the form of fees regardless of the success of any individual program. The bundled structure of cable content also meant that networks included as part of a bundle could rely on retransmission revenue so long as demand remained high for the most watched channel(s) in the bundle. Oprah Winfrey, for instance, converted her profitable daytime talk show into the Oprah Winfrey Network (OWN). The OWN network, a 50-50 partnership between Winfrey and Discovery Communication, would take the place of the flagging Discovery Health Channel in cable channel lineups. This move allowed Oprah to transmute her one-hour show into a 24-hour network, including editorial control and stable retransmission income. The partnership also allowed Discovery to leverage its lifestyle television holdings (Discovery networks, Scripps networks, and OWN) in retransmission negotiations.

The case of the OWN network is also instructive in that "must have" television programming can drive retransmission fees for an entire channel, network of channels, or MVPD bundle. For instance, *The Walking Dead* on AMC or Oprah's content on the OWN network spurs demand for that network – the other programming the network carries is of little consequence in terms of retransmission negotiation. In the context of retransmission fees, it may be better to have one prestigious show in high demand than a catalog full of moderately successful (in terms of audience commodity sales) television programming. A 2017 estimate suggests that high end cable dramas may have a budget of \$5 – 7 million dollars per episode, a figure that would be nearly impossible to recoup in advertising revenue alone (Ryan & Littleton 2017). However, considered in the context of retransmission fees this outlay makes sense as it positions television networks with hit programming as a necessity for cable providers and offers a great deal of leverage at the RTC negotiating table. For cable networks (such as OWN), the growing importance of retransmission consent revenue began to decouple the financial health of a network from the advertising revenue it garnered. To be sure, advertising was still a major consideration, but it was not the only, or even primary, consideration as some cable networks saw retransmission revenue surpass advertising sales (Matsa 2017; "Retrans Revenue Share Expands In Latest U.S. TV Station Industry Forecast" 2016). Prestige TV could function as something of a loss leader, driving up demand for the network and accompanying retransmission fees – even if the cost of producing a show was not recouped in advertising sales.

Niche networks emerged as cable network conglomerates were looking to expand channel portfolios and cash in on the leverage of their most popular programming. MVPD, leery of rising costs and eroding subscribers/cord-cutting, began to push back in the mid-2010s by dropping some of the flagging networks while other underperforming networks have been swept up in waves of mergers (Kang 2015; Littleton & Holloway 2017; Niemann 2017). Of course, not all niche networks have struggled. One of the primary drivers of rising retransmission fees has been

the costs of live sports programming – the “most valuable content on the planet,” according to Adam Ware, head a digital media at Tennis Channel (James 2016). As television viewing habits change – both for generational and technological reasons – live sports viewing has remained one of the most reliable mechanisms of live TV audience agglomeration at a time when cable subscribers have been moving away from expensive cable bundles. During a 2018 earnings call, Lachlan Murdoch trumpeted Fox’s focus on live sports as a key driver of growth: “We see great potential to increase our retransmission revenue quite aggressively . . . Obviously, there’s the focus and investment in sports with the new NFL Thursday night packages, but also being a more focused company with fewer channels in our bundle [we] will be able to drive our retrans for the stations quite aggressively” (Frankel 2018).

Capitalizing on the draw of live sports, there has been a steady push over the previous decade for sports leagues, and individual teams, to join the retransmission fee revenue train. Notable among these are the major US sports leagues (NBA TV, NFL Network, NHL Network, MLB Network), college athletic conferences (SEC, Big 10, PAC 12) and popular teams or regions (YES Network, Lakers TV, LA Dodgers Network, Fox Sports [regional networks]).

<i>Network</i>	<i>Year Founded</i>	<i>Ownership Structure</i>
NFL Network	2003	Wholly owned NFL
NBA TV	(1999) rebranded 2003	Owned by NBA, operations turned over the Turner Broadcasting, subsidiary of Time Warner, in 2008
NHL Network	2007	Split between NHL and Comcast Cable System (owner of NBC Sports Network)
MLB Network	2008	Split between MLB and DirecTV, Comcast, Charter Communications, and Cox Communications
SEC Network	2013	Wholly owned by ESPN
Big 10	2007	Split between Fox Entertainment Group (Fox Sports) and the Big 10 conference
PAC 12 Network	2012	Wholly owned by PAC 12 Conference
YES Network (NY Yankees)	2002	Split between 20 <sup>th</sup> Century Fox and Yankee Global Enterprises.

Two notable elements of the above table are 1) that all of the networks were created with a 11-year period, and 2) that the ownership of these networks often includes MVPD corporations or subsidiaries. MVPD, seeing the writing on the wall with regard to retransmission negotiations and leverage, considered ownership stakes in sports networks as a convenient hedge against both rising retransmission fees and shrinking subscriber numbers. Regarding the former, controlling both production and distribution helped ensure there would be no blackouts of telecasts and that

retransmission negotiations proceeded smoothly. Regarding the latter, if, as television analysts contend, live sports is the future of cable television, control over live sports broadcasts can help slow the melt as younger generations turn away from traditional television distribution models. “Control,” in this context means either the payment of fees for exclusive distribution rights to highly coveted live sports programming, and/or an ownership stake in the sports leagues themselves to prevent being “crowded out” of the live sports programming market.

Niche networks had an obvious appeal in the delivery of audiences to advertisers, but that alone doesn’t explain the proliferation of networks since 2000. If examined within the context of retransmission fees, however, both media conglomerates’ enthusiasm in creating new networks, and MVPD’s recent reluctance to continue carrying them, becomes far easier to understand. The squeeze that is being put on MVPD is coming from two sides – on one is the rising costs of programming (including retransmission fees) and on the other is the emergence of virtual multichannel video programming distribution, which are peeling off subscribers and providing downward pressure on profit margins. Virtual multichannel video programming distributors include Sling TV, Youtube TV, and Hulu Live, provide multiple channels of television content over the internet (i.e. without providing their own infrastructure to transmit signals).

What network executives called a “monetization engine” was for MVPD and content distributors a substantial, and growing, expense (Bazinet, Singlehurst, Rollins, May & O’Neill 2015, 18). For an MVPD not carrying networks that contain highly sought-after programming threatens either the ire of customers, or, more seriously, subscription melt as users flee to streaming or competitors’ services. At the 2017-2018 rate, retransmission fees have been increasing by approximately 8% per year, while MVPD average revenue per unit lagging at 3% (Bazinet, Singlehurst, Rollins, May & O’Neill 2015, 45). In other words, retransmission fee increases have been outracing rising cable subscription costs and cutting into the gross margins of MVPD. This downwards pressure has encouraged further waves of consolidation in TV distribution, both at the national and local level (Matsa & Potter 2014; Fischer 2018).

#### *Retransmission, Integration, and MVPD Responses*

Integration has long been a feature of the media industries with high fixed costs and the sale of risky creative goods making economies of scale and scope particularly appealing. However, the specific rationales that drove mergers have changed over time. Parsons (2003) argued that in the 1960s consolidation was driven by the high fixed costs of cable infrastructure in major markets, whereas by the 1990s consolidation was motivated by the perceived synergies of new digital technologies.

Emerging technologies, especially digital communication, were seen as leading the world’s electronic media systems toward a set of seamless businesses that would provide cable, telephone, and other key communication services.

Competition between previously disparate industries, especially cable and telephone, each providing such integrated systems and services, would in theory encourage development of the bundled consumer products and keep costs low. Within this view, the conventional wisdom was that only companies of size would survive (2003, 36).

The logic for consolidation is inherently linked to challenges of capital accumulation in the industry – even if these specific characteristics of those challenges change alongside economic, legal and political shifts. As the retransmission revenue began to flow to programmers in the early 2000s, MVPD began to consider the purchase of “upstream” organizations as a strategy to control both costs and content. Ji (2015), for example, argued that “[MVPD] with ownership ties to cable program networks [have] a tendency to favor its own affiliated networks . . . and exclude unaffiliated rival networks” (p. 186). The promotion/restriction of content in this case not only allows MVPD to ward off competition (from traditional cable or newer streaming services), but also to manage their programming expenses – no retransmission negotiations need take place if both the programmer and the MVPD are within the same conglomerate.

The purchase of NBCUniversal by Comcast and the 2018 purchase of Time Warner by AT&T provide specific sites at which to examine the how retransmission fees have motivated vertical integration within the television industry. In the case of the much-publicized buyout of NBCUniversal by cable giant Comcast, the move was motivated not just by Comcast’s desire to capitalize on new distribution technologies (streaming, digital purchasing), but also by a desire to house programming and distribution under the same corporate tent. For Comcast,

[m]ost of NBC’s value is in its lucrative cable channels — USA, Bravo, SyFy, CNBC and MSNBC. These networks, along with the channels that Comcast will contribute to the joint venture, will compose 82 percent of the company’s cash flow . . . NBC has been mired in fourth place among the major broadcast networks, and the economics of the broadcast television business has deteriorated in recent years amid declining overall ratings and a decline in advertising. By contrast, cable channels have continued to thrive because they rely on a steady stream of subscriber [retransmission] fees from cable companies like Comcast (Arango 2009).

When news of the proposed buyout was publicized a number of Comcasts’ rivals and public interest organizations appealed the FCC to impose conditions on the deal (Gardner 2012; Flint 2010). Beside concern over program access rule and net neutrality, many comments submitted to the FCC in opposition to the merger centered on issues of monopoly control over content and the leverage that would give Comcast in the retransmission negotiation process (Nagesh 2011; Schatz & Schechner 2010). Independently owned local NBC stations, satellite TV providers, and the U.S. Telecomm Association (representing Verizon and AT&T) urged restriction on retransmission leverage, arbitration mechanisms for retransmission disputes and FCC interventions “that would curb Comcast's ability to use NBC stations' negotiations to thwart competing TV distributors” (Schatz and Schechner 2010). Such concerns were far from outlandish, and Comcast’s control of both upstream and downstream content has given them substantial power in both the programming and distribution markets – with both sides seeing marked upticks in revenue and stock price since the merger (Fraser 2013).

More recently, AT&T, parent company of MVPD DirecTV, purchased Time Warner and its extensive holdings in the television programming space for \$85 billion (Kang, Lee, and Cochrane 2018). The deal gave AT&T/DirecTV controlling access to HBO, CNN, TBS, and

TNT, some of the most valuable properties in cable television. “Owning valuable programming . . . gives AT&T more influence over what the ‘future of media’ looks like . . . means [o]ther companies will have to negotiate with AT&T to gain long-term licenses for channels like TNT and Cartoon Network” (Stelter 2016). Leverage over the “cash cow” that is cable television means not just access to commodity audiences or control over distribution platforms, but also over the rights to content and the associated retransmission fees (Bartz 2018). Justice Department lawyer Craig Conrath argued that “AT&T also would be able to use the leverage to hinder the growth of online competitors, such as Google Inc.’s YouTube TV and Dish Network’s Sling TV” (Puzzanghera 2018). By purchasing such cable programming, not only was AT&T able to eliminate retransmission payments for said content, but they could also threaten to withhold their own networks from competitors, or charge rates in excess of value to force out competition. Of course, retransmission payments are not the only motivating factor here, as AT&T has argued that their data-gathering at the MVPD level can help programming in terms of both ad sales and more accurately predicting audience demand (Womack 2018). Nonetheless, both advertising and retransmission control/revenue played a major role in the purchase and continued pushes for vertical integration between distributors and programmers.

As vertically-integrated firms and international conglomerates have brought their considerable size to bear at the negotiation table, smaller programming networks and stations groups have also seen horizontal integration as a strategy to avoid being bought up or crowded/priced out of the television marketplace. When Discovery Communication, for example, moved to buy the Scripps family of cable networks, analysts and Discovery leaders noted that this would grant Discovery increased leverage in ongoing retransmission fee negotiations (Hayes 2018). On the local broadcast side of the industry, conglomerate station groups like Nexstar and Sinclair have been buying up local broadcast stations in an effort to resist programmers’ demands for steadily increasing fees (Depp 2017; Ember and Merced 2017; Littleton 2017). Both local broadcast stations and MVPD found themselves being squeezed by rising retransmission rates and falling subscription rates. Consolidation, though endemic to the media industries, was here driven by the process and revenue of retransmission consent as much as corporate synergies and co-branding opportunities. As Gomes-Caseres argued, “all of these cable company mergers have given them more power in dealing with the programming companies . . . now it makes sense for the programming companies to realign. Everybody is looking at everyone else and going around the dance chairs before the music stops” (ctd. in James 2017).

*The Drive to Consolidation and Integration has Furthered the Move Toward Gigantism Within the Television Industry*

While programmers may see retransmission fees as a profit center, MVPD see the fees, at least nominally, as a substantial operating cost. Aside from vertical and horizontal integration, cable companies have adopted three general approaches to dealing with the pressures put on them in the retransmission consent process: dropping channels, offering skinny bundles, and lobbying efforts.

Consider Cloo, for instance, an NBCUniversal-affiliated network that aired reruns of other NBC programming with no original program of its own. Cloo began as “something of a placeholder in 2006, when cable and satellite subscriptions were still on the rise,” but after Spectrum cable

system dropped the channel in late 2016, Cloo only reached a little over 8 million homes (Crupi 2017). NBCUniversal, looking to trim their cable offerings in anticipation of a tighter cable marketplace, were not willing to leverage their other cable properties to encourage MVPD to carry the network. Crupi, writing about the demise of Cloo, on the decline of niche networks:

Simply put, the networks that lag on the distribution front and regularly scratch in the Nielsen ratings have almost zero in the way of leverage with their distributors. Barring the negotiation of a drastically reduced carriage fee, these disadvantaged nets pose little threat to an operator looking to muscle them out of its channel lineup. And as cord-cutting/-shaving continues to erode the traditional distribution model, only the must-carry nets will be invited to board the virtual life rafts that are the so-called ‘skinny bundles’ (2017).

The dropping of channels like Cloo seems to work against the argument raised above regarding the rise of niche networks. Two key points on this seeming contradiction. First, if NBCUniversal was invested in the survival of the network that could have used the rest of their cable network catalog as leverage to “encourage” MVPD to continue carrying the network. The second point is that even if the cable programmers wanted to expand their cable offerings into perpetuity, the corporate heft of MVPD giants like Comcast and AT&T mean they can push back against cable networks’ demands for both more fees and carriage of affiliated channels. In the case of Cloo, its initial carriage is explained by consolidation in the TV programming industry, as NBCUniversal was able to leverage its control over content to encourage MVPD to carry the network. At the other end of Cloo’s lifespan, it is consolidation in the MVPD market that gives distributors power to resist the efforts of programmers to leverage more content into television bundles.

As Crupi noted above, the emergence of “skinny bundles” allow MVPD to trim un(der)wanted networks from their cable offerings in the name of consumer demand. These “skinny bundles” give consumers a choice in what specific television works they will receive – usually including local broadcast networks and 10-20 networks that the user chooses. These plans offer a pricing discount for consumers *and* MVPD (keeping in mind the language of the retransmission fee transaction: \$ per subscriber per month). If a portion of the MVPD subscriber base does not choose a network to be included in their skinny bundle, the MVPD need not pay the programmers for the rights to that content for that subscriber. Skinny bundles, as a quasi-a la carte TV subscription package – may be as much a response to managing rights fees as a response to consumer demand for cheaper cable packages.

Retransmission fees were, from the beginning, a legislative response to a market problem; both the National Association of Broadcasters (NAB) and the National Cable and Telecommunications Association (NCTA) have been lobbying for FCC intervention in the retransmission consent process (Hearn 2007; Jacobson 2019). In response to FCC calls for comment, the MVPD backed lobbies (like the American Cable Association) has come up against the NAB in complaints, and counter-complaints, about good-faith negotiations, market competition and government intervention on behalf of MVPD (American Cable Association 2017; Lieberman 2016). Bettig (1996) offers a compelling instrumentalist/institutional account of the history of retransmission consent as the result of corporate lobbying. The specific details

of the lobbying efforts are beyond the scope of this project – and are indeed ongoing - but do suggest that legislative appeals will continue to be a popular tactic to address falling rates of profit and/or shifting capital flows in the television industry.

### **New TV Commodities?**

When speaking of the television commodity it is most often associated with the audience commodity thesis stemming from the work of Smythe (Smythe 1951, 1977, 2006a). Smythe’s work, and the intellectual fire it lit within the political economy of communication, shaped critical analysis of television for a generation. Smythe, as well as those who responded to his *Blindspot* piece, began their analysis of the television industry by focusing on the commodity; an object of analysis that clarifies the buyer/seller relationship (including what, exactly, is being purchased) and offers a starting point for a consideration of surplus value (Meehan 1984; Jhally & Livant 1986b; Caraway 2011; McGuigan & Manzerolle 2014).

New technologies, TV industry norms, and legal frameworks have changed since Smythe’s work was originally published, however. Although industrial and technological changes have not fundamentally altered the applicability of the commodity audience concept, they have introduced new commodity forms and mechanisms for capital valorization.<sup>7</sup> As Amanda Lotz argued:

Television criticism in era of such multifaceted norms for the medium requires attention to more than its programs and distribution form; it must also consider the specific economic model that undergirds distinctions among broadcast networks, basic cable, and subscription channels – as each circumscribes a particular nexus of art and commerce. Such criticism must interrogate how institutional characteristics contribute to programming possibilities because the type of programming provider and specified institutional context yield particular constraints and abilities (2007, 89).

As outlined above, the audience commodity may be a primary source of revenue today for broadcast networks like NBC, but advertising rates constitute less than half of net revenue for a number of cable networks, and virtually none of the revenue for subscription channels (HBO, Cinemax) and streaming services (Netflix, Hulu “no-commercials” plan). To state that the audience is *the* commodity, or even the *primary* commodity, sold by television pays insufficient attention to, in the words of Lotz, the institutional characteristics and contexts of television today.<sup>8</sup> Even if we remain within the context of “advertiser-supported” television, it is inaccurate to say that audiences are the primary commodity sold by cable news networks, for instance, when the majority of those stations revenues comes instead of retransmission fees. Commodity audiences are still a major driver of network decisions within the television industry, but an empirical analysis of the contemporary TV industry must take into account the role of these fees in new strategies of capital accumulation.

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<sup>7</sup> Retransmission revenue in 2017, across both broadcast and cable, totaled approximately \$45 billion dollars vs an estimate total advertising revenue of \$70 billion. See appendix for details

<sup>8</sup> A similar situation holds true today in the “radio” industry as well, with both Sirius/XM and Spotify offering plans that allow users to access advertising-free audio content in exchange for a monthly subscription fee.



The current era of retransmission fees finds *signal distribution rights* as a commodity of growing importance in the television industry (see Balganesch 2007). Radia argued that “the FCC noted in its first cable rulemaking following the 1992 Cable Act’s enactment that ‘Congress created a new communications right in the broadcaster’s signal, completely separate from the programming’” (2015, 255). Retransmission consent, Radia continued, “exists in addition to, not in lieu of, the exclusive rights in audiovisual works recognized by the Copyright Act” (2015, 255). The Cable Act of 1992, alongside new technologies, created a new commodity, and new market, for negotiation between TV networks and MVPD for the acquisition of signal property rights (Streeter 1996; Balganesch 2007). The sellers of this commodity are television networks (e.g. ESPN, NBC), and the purchasers are multichannel video programming distributors (e.g. Comcast, Spectrum, DirecTV).<sup>9</sup> The commodity structure of retransmission fees is obscured, however, in that the fees function as commodified access to ostensibly public goods – products not diminished by the use of another (see Baker 2002, 15). Indeed, in the case of NBC, the television signal is both a public good (non-exclusive and free to receive over-the-air) and *at the same time* a privatized commodity that generates billions of dollars per year for the network. Owen (2011) contended:

“Retransmission” in effect created yet another new property right, and assigned ownership of the right to TV network affiliates, the largest and most important of which are owned by the broadcast networks themselves . . . Unlike program producers and networks, TV stations do nothing to “earn” this right, and the benefits to them are not rewards for innovation or production of valuable services. The economic value of a retransmission right comes solely from the ability of its owner to extract cash (or carriage) from cables systems and other multi-channel video program distributors (MVPDs) (3).

To help clarify the issue of the retransmission commodity it may be useful to consider two examples using 2017 data; ESPN (charged distributors \$7.21 per subscriber) and NBC (charged distributors approximately \$1.50 per subscriber).

ESPN, the long-time leader in the retransmission fee market, paid approximately \$8 billion dollars in 2017 for rights fee regarding the broadcast of live sporting events (Thompson 2017). The popularity of live sports and the “digital enclosure” of live-sports broadcasts have rapidly escalated the costs of exhibition rights. For ESPN the \$8 billion dollars was recouped through a double revenue stream – the selling of “demogenic” (McAllister 1996) audiences which live sports aggregate (audience commodity) and the selling of exhibition rights to MVPD such as Comcast and DirecTV. ESPN, via cable carriers, reaches approximately 90 million households, and charges those carriers \$7.21/subscriber/month. The exhibition rights revenue stream thus earned ESPN approximately \$7.8 billion dollars per year; and because these fees are negotiated over three-year terms, these fees are not subject to periodic fluctuations in the advertising markets or crises in the larger economy – thus providing a relatively low-risk, high-reward home for capital accumulation.

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<sup>9</sup> Although MVPD also reach agreements with cable and broadcast networks for the “carving out” of local advertising time slots (the revenue of which goes to the MVPD), this revenue contribution “has been a drop in the bucket compared with subscriber revenues” (qtd. in Poggi 2014).

On the other side of the simplified ESPN transaction are MVPD ranging from global conglomerates like Spectrum/Time Warner to small local or independent cable carriers. These MVPD pay ESPN \$7.21/subscriber/month for the right to carry/transmit ESPN content to subscribing households. MVPD, with a keen eye on profits and shareholder value, pass through the costs to consumers (irrespective of if subscribers actually watch ESPN or any other network) in the form of increased monthly cable bills. Not only does this suggest that the “free lunch” of TV programming isn’t free, it also indicates that the dynamic of revenue generation via viewership is changing. As another example, consider the case of the *Weather Channel*, which in 2014 asked for a \$.01 increase in retransmission fees despite a 20% drop in ratings (Sahagian 2014). Viewers may demand access to the channel in case of weather emergencies but may only tune in to the channel a handful of times per year. Nonetheless, the demand for access to channels drive up retransmission revenue even if the day-to-day or week-to-week ratings are weak.

Returning to our commodity examples, NBC shares many of the same structural elements as ESPN— NBC charged MVPD approximately \$1.50 per subscriber per month in 2017 for the rights to retransmit NBC content. Recalling Lotz comments’ above, the institutional characteristics of NBC, as a broadcast network, lead to a number of important differences between the broadcast network and the ESPN example. First, the NBC retransmission fee appears as a unique commodity in that the broadcast network still transmits its signal over-the-air for free. MVPD are thus, through the retransmission consent process, “forced” to pay for something that is available for free to consumers/citizens. Second, major broadcast networks like NBC include both affiliated stations (often in smaller markets) and owned-and-operated stations (often in larger markets). Prior to the year 2000, broadcast networks paid local stations – KXAS in Dallas, Texas or KUSA in Denver, Colorado, for example – in exchange for the airtime/audience commodity the broadcast network sold to advertisers. Since the early 2000’s, however, “reverse comp” has seen local broadcaster-affiliated stations pay the broadcast networks a per-subscriber fee for the rights to air network content – often ranging between \$0.25 and \$1.00 per subscriber/month (McCord 2014). Instead of the broadcast network paying local TV stations for airtime/access to audiences, we now have a television market where broadcast networks like NBC can extract “programming rent” from their affiliated television stations and station groups. This shift in revenue flows strongly suggests that the articulation of the television commodity, as a means of capital accumulation, goes beyond the purchasing of audiences and ratings and that new tools and attention is required to fully grasp the relationship of the television industry to capital investment, allocation, and accumulation.

In the retransmission consent transaction both television networks and MVPD retransmission fees provide an opportunity for the valorization of capital. For television networks, the creation and/or distribution of cultural goods places them at the nexus of a multi-billion dollar global entertainment marketplace. At these distributional bottlenecks, opportunities to extract surplus value out of cultural goods have multiplied; whereas the commodity audience was the primary means of capitalizing on broadcast television in the 1970s, today that commodity is either supplemented or supplanted by retransmission fees as well as a growing drive for direct subscription to networks by consumers (HBO Now, Netflix, Hulu Plus, ESPN+). Increasing competition in the production space (via Youtube and user-generated and low-cost productions)

and the exhibition space (via cord-cutting, Sling TV, Amazon Video, Netflix, etc.) has situated the retransmission of signals as a commodity whose returns are growing in a television market that is seeing capital returns shrink as users, and advertising revenue, move online (Bazinet, Singlehurst, Rollins, May & O'Neill 2015).

The emergence and steady increase in retransmission fees has created incentives for change on both side of the retransmission consent transaction. To be clear, these changes do not exist in a vacuum and the audience commodity remains a major factor in media industry decision making. However, retransmission fees, as a monetization engine of the contemporary television industry, hold a great deal of explanatory power regarding the structure of decision-making in and flow of capital through the television industry.

### Conclusion

Retransmission fees have and will continue to reshape the television industry. At an institutional level the fees have changed the logics and motivations of television programmers and broadcasters. At a structural level the fees, as a monetization engine, have opened up capital accumulation strategies within the television industry *beyond* the commodity audience. Retransmission fees are thus important objects of study in that they are part of the economic logic that drives decision-making processes *within* the industry and influences the overall profitability *of* the industry. Increased attention to new commodity formations in the television industry, retransmission fees among them, will offer valuable insights into the means through which capitalism continues to commodify creative work and leisure; specifically as new technologies and business models expand the reach of capital further into daily experiences. Retransmission fees are but one of a number of new revenue streams seized upon by capital amidst changing TV technologies and demographics. Taking account of these changes is necessary if the critical scholarship about the television industry is to keep up with the substantial changes within it. Otherwise, critical conversations about the television industry (or the media industries more broadly), become recitations of critical-correctness instead of theoretically informed and empirical analyses of the media industry as they exist today.

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## Appendix

Channel Name	Retrans Revenue 2017	Channel Name	Retrans. Revenue 2017
Lifetime	\$390,078,720	Fox Deportes	\$61,292,160
A&E	\$357,758,280	Fox Business Network	\$231,263,160
History	\$327,196,800	FXM	\$133,749,600
FYI	\$91,206,720	Nat Geo Wild	\$107,758,080
LMN	\$99,446,160	USA	\$1,173,948,360
Viceland	\$51,774,480	CNBC	\$443,252,880
Lifetime Real Women	\$36,162,240	Golf Channel	\$345,091,680
AMC	\$543,312,000	Syfy	\$376,916,400
IFC	\$188,345,520	NBCSN	\$321,753,600
WE tv	\$165,300,480	Bravo	\$324,432,360
SundanceTV	\$125,769,600	E!	\$322,156,800
BBC America	\$94,172,760	MSNBC	\$266,189,040
CBS Sports Network	\$211,680,000	Esquire Network	\$101,644,680
Smithsonian Channel	\$39,776,400	Oxygen Network	\$153,607,920
POP	\$26,215,200	Sprout	\$90,894,960
Discovery Channel	\$482,528,640	Chiller	\$47,106,840
TLC	\$269,292,000	NBC Universo	\$55,938,960
OWN	\$233,115,000	HGTV	\$251,019,240
Discovery Español	\$16,573,920	Food Network	\$245,184,720
Discovery Familia	\$13,897,800	Travel Channel	\$151,587,000
Discovery Family Channel	\$111,904,200	DIY Network	\$77,045,760
Velocity	\$128,584,800	Cooking Channel	\$76,507,200
Animal Planet	\$149,283,120	Great American Country	\$13,524,480
Investigation Discovery	\$111,846,240	TNT	\$2,265,526,560
Science	\$81,909,600	TBS	\$1,122,053,040
Destination America	\$63,224,400	CNN	\$857,067,120
Discovery Life	\$55,809,600	Cartoon Network	\$305,047,680
American Heroes Channel	\$64,668,000	TruTV	\$260,496,000
ESPN	\$8,247,057,840	Boomerang	\$56,212,200
Disney Channel	\$1,764,147,840	Nickelodeon/Nick at Nite	\$834,050,880
ESPN2	\$1,027,224,240	MTV	\$598,999,320
SEC Network	\$621,600,000	Spike TV	\$500,496,000
Freeform	\$363,597,360	BET	\$271,826,280
ESPNNews	\$250,521,720	Nick Jr.	\$233,105,040
ESPN Classic	\$76,548,000	VH1	\$283,720,320
ESPNU	\$205,722,000	Comedy Central	\$279,358,560
Disney Junior	\$206,199,600	TV Land	\$220,794,840
Disney XD	\$164,540,760	TeenNick	\$139,682,880

Fox News Channel	\$1,663,453,800	CMT	\$126,305,760
Fox Sports 1	\$1,312,880,400	Nicktoons	\$81,965,400
FX Network	\$745,696,800	Centric	\$60,428,400
BTN	\$309,600,000	MTV Classic	\$56,447,280
Fox Sports 2	\$198,649,440	MTV2	\$81,444,960
National Geographic Channel	\$300,209,280	Logo	\$23,169,600
FXX	\$266,987,760		
Cable Networks	\$36,285,533,520		
Broadcast Networks	\$9,300,000,000		
Total Retrans. Revenue	\$45,585,533,520		
Total Ad revenue	\$70,000,000,000		

Data estimates gathered from: (SNL Kagan; Nomura; MoffettNathanson; Nielsen; Sportstvratings.com; Baron 2015; "Net Worth" 2017; Munson 2017; Lafayette 2018)