Chapter 32
The Future of Television

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ABSTRACT

The TV industry grew exponentially after World War II. In 1962, the percentage of American homes with a TV set reached ninety percent. Today the television not only brings entertainment but also serves as a form of cultural transportation. Furthermore, viewers have turned to watching digital content on a personal computer rather than watching programs on television. We believe in the near future, television will integrate more elements of information technology rather than vanish in the history. We use the ADVISOR model to define the scope of future television. We also use it to find how television in the future may create value, seize value, and add value into the service and products they provide. Finally, we find TV has become more than just an appliance for viewing broadcast programmes. It has become an important and integral part of the interactive digital media industry.

INTRODUCTION

A picture is worth a thousand words. Moving images provides even more information. With video and audio, the television has come a long way since its development started in the nineteenth century (Wikipedia, 2010). In this report, we give the reader snippets of the television's early beginnings, current situation and future trends.

Next, we apply the ADVISOR framework to discover how the TV industry creates value in order to understand viewers' needs and pass better services to viewers.

The Early Days of the Television

The TV industry took off after World War II (Baughman, 2002). Supported by military research, companies strived to create devices that were capable of receiving clear image and sound

signals over the air. In the United States, although expensive for the average consumer, companies began to put up TV sets for sale. At the same time, broadcasting networks offered programming to TV stations.

Enabled by a strong economy after the war, coupled with an increase in marriages and child-bearing, young adults in the United States typically had their own homes. Hence, this made the television an affordable device for home entertainment. Factors such as having a generous income and later the size of the family became strong predictors of whether a home owned a TV set.

In 1962, the percentage of American homes with a TV set reached ninety percent (TV History, 2010). Outside of the United States, the television soon became a common household item. However, the ownership of TV sets spread slowly in less developed countries. This was because of reasons such as high costs, lack of infrastructure for electricity and lack of common standards for producing TV sets.

In the United States, advertisers held control over programs during the early days of the television. Because of demand for programs, advertisers were at an advantageous position over broadcasting networks and TV stations. Usually, programs were entirely sponsored and blended with the advertisers' products. Advertisers also targeted their programs at the largest audience possible by seeking popular program genres.

Over the years, power shifted from advertisers to broadcasting networks and TV stations as they started to produce their own programs. As a result, programming decisions were made not by advertisers but by broadcasting networks and TV stations. Together with an extensive increase in advertising demands, many programs began to have various different sponsors during the 1960s decade.

Americanized TV was largely rejected in other countries (Baughman, 2002). Because of political or religious reasons, the development and production of TV sets were tightly controlled in third world countries. Hence, the television could be used as a device for governmental control and propaganda. Country leaders only changed their minds due to market pressure from citizens who experienced choice.

Additionally, unlike the United States, Britain formed a broadcasting authority (i.e. BBC) that received television taxes instead of advertiser fees. This was adopted by by African and Asian countries in the Commonwealth right up to the 1980s. Commercial TV in the United Kingdom was also under the influence of many regulations in contrast to greater freedom in the United States and Japan (i.e. NHK). As a result, commercial TV companies had to pay large taxes.

During the 1980s, entertainment serials in the United States such as action and humor were tremendously popular. This was brought forth by having excellent production facilities as well as having actor and director talents. Successful serials were syndicated and distributed to national cable operators and overseas broadcasting networks. Katz and Wedell (1977) state that over half of all programs in the third world were imported from the United States.

Although entertainment serials were popular, news became the next most valuable source of revenue for broadcasting networks and TV stations in the United States. Initially, newscasts were unpopular with over half of all citizens not watching them during a fortnight period. However, in the 1970s, CBS's 60 Minutes, with its unique exposes and features, captured a large portion of news viewership.

With the success of 60 Minutes which is still continuing today, many similar imitations on other broadcasting networks began to surface. Evening and nightly newscasts ignited advertiser interest and generated more revenue than entertainment serials as they were less costly to produce. By creating a less serious atmosphere for news, a large portion of viewership could be captured, thus this blurred the difference between entertainment and news.

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