

SPECIAL REPORT

The State of Independent Media

It's no secret that the industry is going through rapid, unprecedented changes. In this time as OTT flourishes, direct-to-consumer options across multiple devices proliferate, and the bundle unravels, independent networks and niche players become more important than ever.

"We're watching technology emerge seemingly faster every day," **INSP** COO *Dale Ardizzone* said. "There are all kinds of new opportunities for viewing, a lot of it is going into OTT, some of it are these bundles, and all of those play an important part in the ecosystem. All of us are watching how this evolves."

The idea that technology is moving almost too rapidly for the industry to keep up with is echoed across platforms, even for those with a foot firmly planted in digital. *Kim Hurwitz*, CMO of the start-up **Karate Combat**, said the brand has put together an extensive streaming strategy aimed at delivering consumers choice, control and convenience. Launched in April, Karate Combat operates a professional full-contact karate league, sports equipment business, and a worldwide dojo network. The company hosts events which it streams live, and expects 65 -70% of its revenue to come from media. "Things are moving much faster than ever," Hurwitz said. "We're trying to do things differently. We're embracing this digital first, social strategy." The streams are free on Karate Combat's app and website, and the company recently partnered with UFC Fight Pass as well to stream live.

Other streamers are taking a different approach, striking deals with distributors. SVOD **CuriosityStream**, founded by **Discovery** creator *John Hendricks*, is available on Comcast and YouTube TV for \$3-\$6/month. Launched originally as a direct-to-consumer SVOD, though pres/CEO *Clint Stinchcomb* believes over time the bulk of subscriptions will be through third-party partners.

Indie voices are faced with unique challenges. They

don't have the influence of the broadcast networks or the financial benefits of the big programming companies. An **FCC** proceeding that would have prohibited most-favored nations clauses and unreasonable alternative distribution method provisions that impede independent programmers was scuttled when Republicans took control of the agency.

"It's really hard to be an independent network right now," **Reelz** CEO *Stan Hubbard* explained. "You have a very small handful of giants that control distribution and programming, and in some cases there's overlap. Trying to find your fit is difficult, but even when you can find your fit creatively it's difficult because the leverage in negotiation is stacked way up against you."

A lack of leverage for indie nets is one of the largest problems they face in the current climate. Most have abandoned hope for now of regulatory intervention. "Unfortunately, I fear that we will have to wait for a new administration for any real change," former FCC commissioner *Mignon Clyburn*, who led the indie programming initiative, told **Cablefax** earlier this year.

"As operators lose subscribers, they become more sensitive to cost," **Fuse** pres/CEO *Michael Schwimmer* said. "If you don't have leverage, you've really got to earn everything on your merit."

Despite a turbulent 2017, Fuse has found success. Linear ratings for the cable network increased 33% for viewers 18-34 from 2016 to 2017. Total view time increased 22% and non-linear views increased 50%. "I think the key thing for us is... we focus on a young, multicultural audience," Schwimmer said. "Cable skews well over the age of 50, and I think distributors recognize they ignore a youth audience at their peril. We have a history of creating really good content for a young audience that is both desirable by distributors and the new folks coming in."

A major way for indie nets to find success is through diversity of voices. By providing something different and unique, the networks are able to make themselves desirable and attractive to consumers. It's something INSP firmly embraces. "If you look back over the history of television, that has been what's driven it," Ardizzone said. "We're in an interesting time where there's a lot of consolidation, a lot of bundling of networks, from a consumer perspective, we provide the consumers what they want."

It's important the market not be allowed to consolidate to the point where there is no room for independents, he said, adding that "the reality is the consumer likes options. And that's what makes television one of the greatest entertainment outlets that we have. The delivery is somewhat secondary to the content being entertainment and it being diverse in nature." The survival of independent voices is why several indie nets, along with independent cable association **ACA**, joined forces last year to push back against the proposed **Sinclair-Tribune** broadcast merger. Independents including **Cinemoi**, **MavTV**, **One America News Network** and **Ride TV** teamed up on lobbying efforts, declaring the transaction would hurt local media across the country.

"The number of players delivering content in the homes on paid TV is becoming fewer. It's super important that audiences have the ability to see content coming from a different perspective that isn't designed to be seen through conglomerates," Schwimmer explained. "The state of independent voices isn't great, not everybody is going to make it, and ultimately I believe that audiences and distributors as well will realize that having diverse content coming from a diverse set of providers makes the environment richer, makes the viewing experience richer, it enriches the audience in a way that quite frankly, the mass produced, mass market content can't do."

Reelz aims to produce 100% of original content by the end of the year. Right now, the network is at 95% original programming, according to Hubbard. "That's almost unheard of for an independent network," he said. "You have a half a dozen big program companies, there's an awful lot of sameness. A lot of same networks carrying the same programs. The independents do bring something unique."

Another important factor for indie networks is the relationship with their consumers. Many streamers, networks and distributors are now engaging directly with their customers through social media or other platforms. "We have to reach [the audience] where they are," Schwimmer said. "Our relationship with our

audience is built on them getting to know us off platform, and then coming to find us on platform."

Streamers such as Karate Combat are also embracing social media, with CMO Hurwitz suggesting its platform could give it a leg up. "That's a pretty one-to-one relationship right there," she said. "That's one of the beauties of going digital first. Most of the distribution was funneled by someone else, and I think that's why you're starting to see some of the disruption. Everybody now has their own OTT. I think there's a desire for brands to have a one on one conversation with their consumers."

Independent operators also can contribute to the chorus of independent voices. **Buckeye Broadband**, a cable and telecommunications provider in Toledo, OH, produces regional sports network **BCSN**, which has 800 live events a year. The network focuses mostly on high school sports, with some college and local professional sporting events as well.

When it first started using social media as a serious tool two years ago, it had 40,000 impressions a week. Now, Buckeye Broadband's social media averages 2mln impressions a week. "We're getting into the social media conversation, and the kids are letting us know what's going on, and that level of engagement has reenergized the content," BCSN gm *Marc Jaromin* said.

The 15-year-old independent regional sports network recently premiered an arts programming strategy. "We also are expanding that content, we've started an arts network," Jaromin said. "The same energy and focus we spent on sports, we're expanding to the arts community."

These days, Jaromin thinks that the platform isn't as important as it once was. It's instead about engagement. "Whether I'm building my independent content for television or a social media platform, the idea is to get people to find your content and share your content," he said.

So where does the future of independent content and voices in media lead?

"At the end of the day people watch television, they watch programs to be entertained," Ardizzone said. "For us as an independent, it starts and stops with that. Are we entertaining our viewers? From there we build on a schedule that's complimentary to what they like. In terms of how do independents survive as we go forward, you've really got to start with entertainment. Are you providing an entertainment that the consumer wants?"

— Mollie Cahillane