

# Cultural Daily

Independent Voices, New Perspectives

## Surprise! CBS Beats YouTube

Catherine · Wednesday, February 26th, 2014

A new conference made its debut in Century City last week. As with most of the other conferences in this space, Digital Entertainment World 2014 touched all of the bases at the intersection of media and technology. They have set themselves apart by placing a clear focus on research findings, because when one looks at the numbers, patterns start to emerge. For example, everybody likes to point out the fact that more than 100 hours of content is uploaded to YouTube every minute. Yet, the numbers show that CBS has four times the hours viewed in the US than YouTube every month. Insights like that shed a new light on the direction in which we should really be looking for our future.

When the networks decided that they needed their content to migrate online, most opted for the comfort of Hulu Plus, which offered a business model that was comfortably similar to the networks. But CBS opted out of the herd mentality, keeping control of their content and the entire distribution system. By eliminating the middle man, they will retain 100% of their online advertising income. Given their standing as the #1 network in ratings performance and advertising revenue (excluding “event” ad pricing), this new layer of information suggests that CBS is the media company to watch.

The question that has to be answered is how well they are using and will continue to use their viewer data to create the next lineup of hit programming. One challenge that was repeatedly articulated is the fact that everybody is collecting so much user data that the opportunity to extract meaningful value from those numbers is increasingly elusive. The science of Big Data has finally made statisticians sexy because they are the only ones capable of mining the data in a way that can be interpreted. It’s also enabled the empowerment of graphic designers because if the data is not presented through visual storytelling (aka, infographics) nobody knows what they’re looking at. Thus far, Netflix has been the most successful at transforming their user data into content that will perform successfully once it is released. While they have had a few misses, the Netflix hits have been enormous.

Perhaps the most interesting presentation was made by Michael Simon, President/CEO of HFA – a manufacturing, licensing, collection and distribution agency for music publishers in the US. Simon pointed out that when technology disrupts the music industry, there is a 5-20 year cycle from the origin of a dislocating technology to the point where artists start making money again. While the reality is that dislocating technologies transform into the principal drivers of income to the industry, every 20 years the industry undergoes what Simon calls “a Chicken Little Moment.”

For example, ASCAP once warned that radio would kill the music industry. Then, conventional wisdom said cassettes and CDs would destroy the industry. When the Sony Walkman made these two technologies a popular way for consumers to buy their music, the next wave of doomsayers focused on unlicensed downloadable music. Simon explains that one way you can tell when we are coming out of a disruptive cycle is when people start to understand what the rights are in the distribution modes and can describe the rates that the industry agrees are balanced. HFA's model extends to all companies that are distributing any kind of digital entertainment – including films, books and games. The most logical plan to emerge involves three stages: understanding what the rights are, applying a structure built on rates, paying the artist for their services. Again, all of these stages are built on layers of collection and analysis of big data.

As technology offers better and easier methods of collecting data, content creators will continue to operate in a “business as usual” mode in the great big Petri dish of media. Data scientists will try to make sense of it all and the corporations that spend billions of dollars to reach you with their product will rest assured that their dollars are being effectively targeted to reach micro-targeted demographics. And while all this is going on, chances are the biggest hit series will still be on CBS.

*Top image: The cast of top-rated CBS show 'Big Bang Theory.' Photo courtesy CBS.*

This entry was posted on Wednesday, February 26th, 2014 at 7:55 am and is filed under [TV](#), [Technology](#)

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