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# The **ORION** Report

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## Death of a Network

AND WHAT YOU NEED TO KNOW TO PROTECT YOUR  
TV AND PRINT MARKETING INVESTMENTS

BY CHRIS DORSEY



Unexpected turbulence has hit the outdoor industry media marketing landscape and the forecast calls for more bumps on the horizon. The recent—and sudden—collapse of the Men's Outdoor Recreation (MOR) network has left media plans for dozens of outdoor manufacturers in shambles. The closure of MOR underscores the need for advertisers to understand key driving forces in the television business if they hope to avoid the loss of vital components of their media marketing plans in the future.

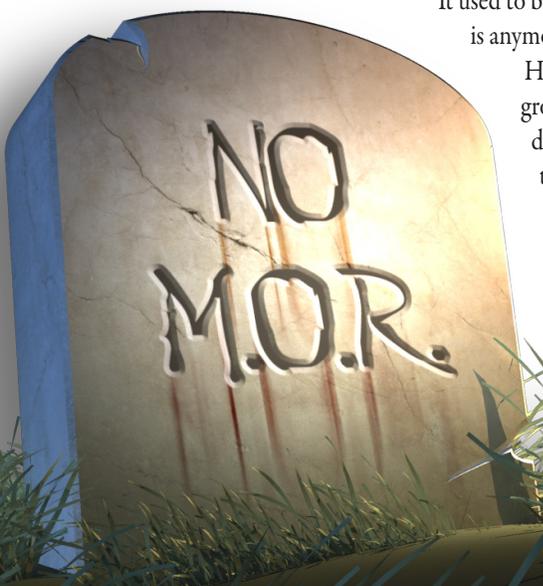
Chief among those forces is distribution. At a private breakfast two years ago with cable TV pioneer Ted Turner and a cable network executive, Turner lamented to us how much the television industry had changed since his creation of CNN.

"It used to be that all the distributors wanted your content," he said, "but that's not the way it is anymore."

His comments point to the challenges every network faces to either maintain or grow its distribution. When Denver-based EchoStar, parent company of Dish, dropped MOR from its satellite system and Direct TV followed suit shortly thereafter, MOR was reduced to static, for its distribution plummeted from a reported 34 million homes to roughly 4 million nearly overnight.

However, this wasn't the first time that Dish has had a dispute with a network airing significant amounts of outdoor programming. In 2006, Dish squared off with VERSUS in a dispute reportedly over fees for the network's newly acquired NHL telecasts.

The difference for



VERSUS, however, is that their parent company, Comcast Corporation (the largest media company in the world—even larger market capitalization than both Newscorp and Disney) brought VERSUS a great deal more bargaining clout than MOR possessed as a stand-alone independent network. The result was that the dispute was short-lived and Dish returned VERSUS to its menu of channels.

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## **DISTRIBUTION GATEKEEPERS**

As Ted Turner alluded, distributors are now in the enviable position of having a glut of networks and, as such, they can pick and choose which networks that they want to carry. Those that attract the largest number of viewers, naturally, stand the best chance of maintaining or growing distribution. Networks with giant parent companies (like Comcast-owned VERSUS and Disney-owned ESPN2) have the least risk of suffering significant distribution declines and, conversely, possess the best chances for distribution growth. VERSUS has seen rapid growth in recent years—up from just over 62 million homes four years ago to more than 74 million homes today. ESPN2, meanwhile, reaches roughly 93 million homes—total saturation of American households receiving cable TV.

One network without the support of a growing parent company, however, is Outdoor Channel. In a recent USA Today article ([http://www.usatoday.com/money/media/2007-09-10-cable-brands\\_N.htm?POE=click-refer](http://www.usatoday.com/money/media/2007-09-10-cable-brands_N.htm?POE=click-refer)), Outdoor Channel chief executive Roger Werner was asked about the recent decision by the Chicago Comcast systems to move Outdoor Channel to a more expensive programming tier (a move that could reduce the network’s distribution by as many as 400,000 subscribers in the coveted Chicago market). At question was whether Werner thought Comcast—America’s largest cable TV distributor—would follow suit nationwide, “I’ve heard rumors,” he said. His response raised questions for advertisers whose marketing success rests significantly with the distribution and performance of that network.

In today’s media marketing landscape, there is no certainty that any media outlet will exist or continue to serve hunting and fishing consumers indefinitely—whether TV networks or magazines—but it’s imperative that endemic marketing heads and outdoor media agencies be able to assess the viability and overall strength of a media outlet. Outdoor marketers capable of doing so provide their companies with a valuable form of marketing insurance. And in today’s ever-changing media landscape, that is an increasingly valuable commodity.

## **WHAT MEDIA OUTLETS DON’T WANT YOU TO KNOW**

As media marketing consultants, we continually direct advertisers away from any media outlet that cannot or will not guarantee its distribution. While there’s nothing revolutionary about this advice, there is a shocking amount of media in the outdoor industry purchased without verifiable distribution. Without this basic information, it’s simply impossible to assess the value of a media buy.

Some common examples of media spin that sometimes confuses media buyers who ignore the golden rule of only buying qualified consumers and verifiable distribution can be found in both the print and the television worlds. When a magazine tells you that its circulation is ‘X’ but does not have verifiable numbers from the Audit Bureau of Circulation (ABC) or another third-party source, the burden of proof of circulation should rest with the publication—not the media buyer. ‘Circulation’ also seems to be an ill-defined term for many as some publications count all copies that they print as circulation rather than using the more meaningful ‘paid circulation’ figure. For instance, just because a publication distributes 100,000 copies on the newsstand doesn’t mean that 100,000 copies were sold and, of course, no title sells all of its newsstand copies. Magazines sometimes do this, of course, to make their reach appear as large as possible so that they can charge more for advertising—even if there is no way to verify their math.

Another common approach to inflate circulation totals is to buy what are called ‘agency names.’ These are simply lists that are purchased from sources within the outdoor industry. These people then receive magazines

just because they appeared on a list that was purchased by a publisher. These agency names sometimes comprise a significant percentage of a magazine's circulation—even though they have made no purchase of a given title. For media buyers, then, the question is simple: Why should I pay for consumers who didn't even subscribe to a magazine or purchase it on the newsstand? Fortunately, the ABC is cracking down on this practice, which is one of the reasons why the circulation totals of many magazines are declining—in some cases precipitously.

'Number padding,' however, isn't a phenomenon exclusive to the print world. Beware of outdoor TV networks that use the terms 'available in' when describing the total number of homes where a viewer can channel surf and actually watch a given network. In reality, some networks use this term to count any household with the technology to receive the network's signal. Why is that misleading? Because while consumers could technically watch the network on their cable or satellite service, many would have to pay an extra fee to get it, and most do not opt to pay for upgraded programming tiers. Thus, the difference between 'available in' and 'in' when it comes to television distribution is, to quote Mark Twain, "...the difference between lightning and the lightning bug."

Thus, knowing how media outlets spin their numbers is vital to buying media cost effectively, for only then can you negotiate pricing from a position of strength.

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*Orion Multimedia produces 16 series for the VERSUS network along with numerous specials on a wide range of field sports and natural history subjects. Orion's team of producers, writers, editors, animators, and cinematographers have won 12 national Emmy awards -- more than the rest of the outdoor production industry combined. Orion's state-of-the-art HD broadcast division is complemented by full-service agency and sales solutions groups that offer the industry's only fully integrated, self-contained marketing solutions organization.*