

30 Years of Retrans— Where Do We Go from Here?



By Bruce Beard

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October 5, 2022 marks the 30th anniversary of the enactment of the Cable Television Consumer Protection and Competition Act of 1992, and the establishment of retransmission consent. What a difference 30 years make!

In 1992 the cable industry was one dimensional - delivering video programming to subscribers. Many operators provided service in a manner which begat the industry - providing service to areas which could not pick up an over-the-air broadcast signal. In 1992, while working in the federal regulatory group at Southwestern Bell Telephone Company, I chided a friend in the cable industry that their business would change now that they had to pay for the stations. He replied, “We aren’t paying, if they want our distribution then they can choose must carry, or a non-cash based deal.”



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The development of direct satellite broadcast systems and additional competition from new providers, however, created a new paradigm. Broadcasters demanded payment with the threat of withholding carriage which would place the operator at a competitive disadvantage over other providers. Retransmission fees grew and as did ownership consolidation, adding greater leverage for the broadcasters. Broadcasters claim increases are fueled by “reverse retransmission fees” that networks extract from them and the networks blame increased programming costs and sports rights fees. Regardless, retransmission rates soared far above the rate of inflation.

A Pew Research Center report notes that retransmission fee revenue was \$214.6 million in 2006, growing to \$11.887 billion by 2019, with projections it would grow to \$12.636 billion by the end of this year. Unfortunately, the consumer pays the increased rates and there is no end in sight.

So where do we go from here? Consumers have a limit to what they will pay and some may eventually drop subscription cable service. Many are discovering the wonders of an OTA antenna for broadcast signals. This is not “cord cutting” as consumers inevitably retain an Internet connection, often provided by their cable provider, for streaming services. Nielsen reported that, in July 2022 for the first time, streaming surpassed cable viewership. Keeping the customer as a broadband customer is paramount--if they want subscription cable service all the better.

Next year is another “cycle year” meaning many retransmission agreements will be up for renewal, or as the broadcasters say a “reset” in rates. Operators respond in various ways to unchecked retransmission fee increases. Some abandon video, concentrating on broadband. Those remaining will battle broadcasters, despite little leverage, and the cost will be passed to the consumer. Many are keeping their subscription cable offering but noting that their broadband speeds will support a multitude of streaming services if the customer would rather choose streaming services. Thus, they are embracing the streaming services rather than looking at them as competitors. Educate your base, note the value in the cable bundle as compared to multiple streaming services and promote broadband. Remember, your provision of robust broadband places you in a position far better than you previously were to handle the loss of a subscription cable subscriber due to rising retransmission costs. ■