

Hispanic TV at the Crossroads but IPTV Speeds Through

More choice, more youth, more programming aimed at new Americans, even by big broadcasters

By Michael A. Kashmer ■ *Broadband Properties*

You'd think the ride would be over. But Hispanic TV continues to attract more than its share of attention on the programming and advertising fronts.

This year saw new Latino networks enter the market, increased penetration and more viewers for both English- and Spanish-language channels. More choices for consumers also means more work for media buyers who need to look at the greater market fragmentation and come up with a winning combination.

Cable and satellite operators have had to change gears to accommodate this surge in Latino programming and advertising clout. Ops have tried to keep pace by tweaking their lineup and heavily promoting those changes. One cable operator (RCN) has been particularly skillful at fine-tuning its Spanish language offerings and in promoting them.

An interesting aside: Although Spanish speaking households tend to be more religious than Americans in general, there are actually few networks ready to serve these viewers. And the networks that are out there are struggling for distribution. Two nets, the Protestant TBN Enlace USA and the Roman Catholic EWTN en

Espanol serve this segment of the market that by all accounts should be growing at a faster pace. Besides competing with each other, these Latino religious nets compete with all the new channels for bandwidth.

Latinos are forcing change on the market more rapidly than networks can adapt. This is taking place in part due to the seismic shift from primarily Latin American immigrants to second- and third-generation American-born offspring. Hispanic consumer expectations are higher now and networks that want to succeed need to keep up with these changes and deliver the programs that this new generation wants to see. This is similar to what the Asian net *ImaginAsian* (www.iatv.tv) is doing with the Asian audience by providing English-language programs which are of interest to Asian cable viewers.

The US Census reports that most Hispanic youth are proficient in English. Hispanics ages 5 to 17 are much more likely to speak English but still largely tend to speak Spanish at home. A recent study of 3 million US households shows that there is a wide gap in English language skills between the younger and older generations.

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Soaps?

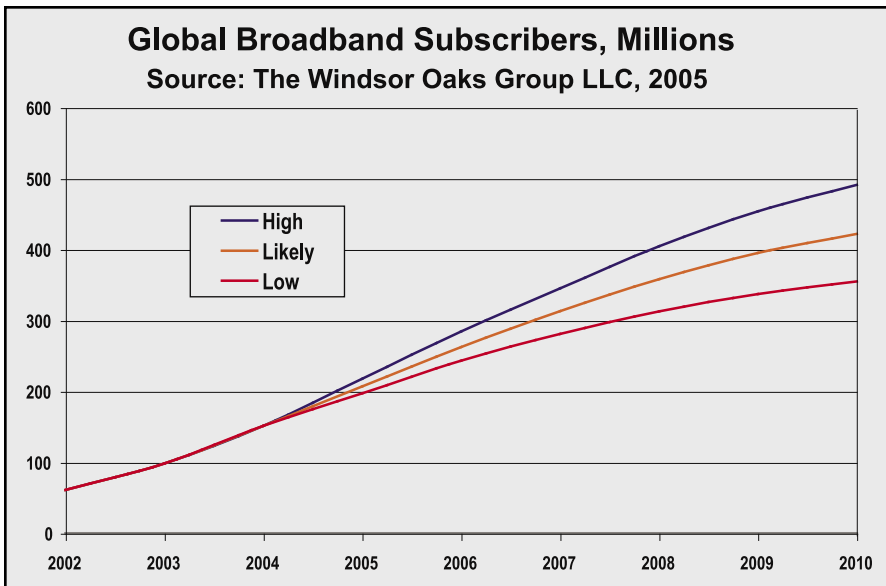
Telenovelas have been a major part of Spanish language TV for a long time and this genre has had to change as well. As an example of how Spanish-language programs affect the mainstream market, this genre has started to appear on English language networks. If you haven't seen "Ugly Betty" on ABC at 8:00PM (ET) Thursdays, be sure to check it out.

It is an adaptation of a popular South American telenovela, which is about as cross-cultural as you can get. *Betty* (America Ferrara) is an upscale magazine editor who is sartorially challenged and is so totally nuanced and winning that you want her to succeed. And then some! "Ugly Betty" managed a prime slot leading into an established hit (*Grey's Anatomy*).

This crossover appeal is exactly what I am talking about. The success of this popular show should spawn a few copies on broadcast or on cable.

Nostalgia has been a key component of novelas since they first landed in the US. Telemundo (www.telemundoyahoo.com) enjoys great success by employing Latino writers – some are graduates of its in-house telenovela writing class – to keep the product pipeline brimming with new series. Surveys have found that Latin Americans prefer shows filmed in South or Central America – and especially Mexico – complete with well-known backdrops that viewers can easily identify with. Roughly two-thirds of Hispanics are of Mexican ancestry. When viewers see the Mexican-produced shows they remind viewers of home. That certainly has no small effect on their viewing preferences.

Telemundo has invested heavily in



Global broadband subscribers are expected to grow from 151 million at the end of 2004 to nearly 422 million by the end of 2010, representing a CAGR of 19 percent. DSL will remain the dominant broadband technology by the end of the forecast period, with nearly 70 percent of total broadband subscribers, but FTTH subscribers will demonstrate the strongest growth rate with 42 percent CAGR. The Asia Pacific region will contain the largest number of broadband subscribers, driven primarily by growth in China. Of the total, at least 140 million households will be IPTV-ready by 2010. But almost all broadband homes will get TV-quality video over broadband.

production and distribution in Mexico trying to compete with Univision in its own back yard. Time will tell how this pans out. Univision (www.univision.com) depends heavily on prolific Mexican telenovela producer/distributor Televisa. Although they have a 25-year programming agreement in place, numerous lawsuits put this programming source in possible jeopardy.

Because Televisa's novellas are broadcast first in Mexico before they come to the US, a cross-border buzz generates advance interest. The Internet and cheap phone cards provide easy communication between immigrants in the US and their relatives and friends back home. This helps with the buzz and is another way of keeping in touch and sharing a good thing with a relative across the border.

IPTV Can Ease the Bottleneck

The recent Voice-on-the-Network (VON) conference in Boston attracted more than 10,000. Its first meeting, ten years ago, had just 224. This organization was origi-

nally formed to fight regulations stifling development of VoIP.

We now need another grassroots organization, to fight for the other V – Video – over IP. The FCC and many members of Congress are pushing for “family protection” regulations that are surely well intentioned, supposedly looking after the folks among us who might be offended by certain content.

But all this oversight could limit the growth of Internet video just as it is about to take off. How will all this congressional posturing on video-IP work out? Should we ban child porn from the net? Who would disagree? But the very regulations that the FCC is considering may restrict legitimate content. Lobbying Congress helps, testifying helps even more, but industry witnesses have to be officially invited before they get a chance to testify. It's important to imagine what these regulations will bring and how they will affect all of the video we can see via the net.

Of course, anyone watching the latest round of political advertisements in many

parts of the country might ask who else could possibly be offended anyway!

Security continues to play a crucial theme. Tough security needs to be built in from the beginning and not left to an afterthought. Business models should expect that any security plan should include wireless. Corporate security experts worry that Wi-Fi networks are more vulnerable to hackers. As we can all imagine, this is a genuine concern. Dependable security is key.

IPTV Broadband Explosion

Worldwide adoption of broadband is changing rapidly and IPTV is affected in a major way. Bandwidth is a crucial component of the rapidly changing landscape needed to make IPTV a success.

Worldwide, the number of broadband households will probably reach 422 million by 2010 (see chart). Of the 422 million, 140 million will have enough bandwidth to be able to receive IPTV – and that's a low estimate. This will surely be a revenue generator for cable companies and broadcasters although stand-alone “Web” IPTV services will share to a lesser degree. The US and England fall into this last category.

This is great news for IPTV delivery manufacturers and should be good news for consumers as well. If IPTV is marketed correctly and is accepted by the early adapters the general population will follow.

Does Scheduling Matter Any More? Yes!

As we all have been reading for quite some time, broadcast networks agonize over which shows appear in their prime-time schedules. My guess is that the cable networks go through the same thing. According to research from the Yankee Group, 48 million USA homes will have digital video recorders by 2010. These handy devices allow viewers to watch shows they have recorded whenever they choose.

There has been an explosion of access to online streaming, on-demand features, and buying specific episodes through iTunes. All of this has taken place in just the past few years.

Because of the video choices out there,

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all easily accessible, the traditional networks have stretched themselves to provide quality programming. Nets (broadcast and cable) are loaded with intriguing choices no matter what the genre.

TV is Still Actively Viewed by Younger Viewers

Some commonly held perceptions about young people as consumers of video product may be wrong. Historically, younger viewers have exhibited brand skepticism and that they are, in a general way, losing interest in television. It turns out that television is still a good way to reach this demographic. Research has shown that 73 percent of 13-34 year olds watched real-time TV on a regular basis. There is also a category called "brand sirens" within this age group. These are viewers who are particularly passionate about their quest for information on things that they are interested in. They also are very outspoken to friends and family about what they are interested in.

Thus, the medium is still a good way to reach this segment of the audience. But researchers have found that marketing to the very young age group "inner circle" is next to impossible. They don't pursue brand loyalty, for example. So, how can any advertiser measure brand loyalty?

People in this group watch TV and turn to TV ads to get brand information. TV is a favorite interest, just behind music and watching DVD movies, and tied with using the Internet.

It turns out that 13-34 year olds usually do not object to getting messages about brands that still matter to them via email or cell phone messages. Once they accept these messages, on their own terms, they can be engaged in additional dialogue. Sounds like a teenager to me!

Additional info about this timely topic can be seen on www.brand sirens.com.

CTAM February 2007

Speaking of ways to keep abreast of what is happening in this constantly chang-

ing industry, you should check out the CTAM 2007 Research Conference at the Renaissance Vinoy Resort and Golf Club in St. Petersburg FL, February 7-9.

It is one of the best ways to connect with thought leaders and find the most innovative insights about consumers and cable. General sessions include subjects such as Media Trends and Teachings from the International Marketplace, The Research of Rebranding and Future Trends in the Evolution of Media. And this is just a sample. Take a look at the conference website, www.ctamconferences.com, for additional information.

Another media event coming up in 2007 is The Cable Show May 7-9 in Las Vegas. It's not too early to register and get an "early bird" saving. See www.thecableshow.com for registration info. **BBP**

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