

The impact of CBS's takeover of Ten is much larger than just one network

Written by The Conversation



CBS has bought Channel Ten and plans to bring its streaming service to Australia. Shutterstock

Ten Network is being [acquired](#) by US broadcaster [CBS Corporation](#). CBS now controls three TV channels - Ten, Eleven and One - as well as a fledgling streaming service, Tenplay. But this acquisition is only the beginning of the shakeup to the Australian television industry.

CBS is a major supplier of content to all the commercial television networks and streaming services in Australia and has [announced](#) the launch of its video streaming service in Australia.

As the main competition between broadcasters and streaming services is access to exclusive content, CBS' entrance will shake up the entire industry. Stan particularly is threatened as it does not have the deep pockets of its rivals to fund a lot of original programming.

CBS controls a lot of important content

Even before the Ten Network acquisition, CBS had a large programming footprint in Australia.

CBS programs are currently broadcast by all three Australian commercial television stations and the SBS. Many of these are very popular shows, such as the Big Bang Theory on Nine and the NCIS franchise on Ten.

In addition to these free-to-air broadcasts, CBS has deals with Foxtel and a [multi-year contract](#) with streaming service Stan, which includes major shows like Billions and Twin Peaks.

Netflix also has the international broadcast rights for several CBS programs, [including](#) the yet to be released Star Trek: Discovery.

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Ten is [currently trailing](#) its rivals Nine and Seven in television ratings. On top of this, television's share of the advertising market in Australia [is shrinking](#) . With the purchase of Ten, it is now against CBS's interests to sell its more popular content to its broadcast rivals.

The same issue arises with streaming. Because of the licensing deals that have already been signed, CBS will initially have to follow the approach of Netflix and provide a very different catalogue in Australia than they do in the US.

Over time this will change as contracts expire and new programs are created that can be brought over. CBS All-access also includes a live-streaming service which [features sports](#) , and that will be another point of competition with the other streaming providers and Foxtel.

In particular, Ten will want to hold onto its broadcast rights of the KFC Big Bash League that [expire after the 2017-18 summer](#) . In the United States, CBS already has the broadcast and streaming rights to a number of sports, [including the NFL](#) .

Video streaming

[Around one in three](#) Australians have Netflix. On top of this are services provided by Amazon, Stan and Foxtel. The imminent launch of CBS's streaming service, CBS All-access, will [further fragment](#) this market.

But the key differentiator between these services is not price - they all offer services for around A\$10 to A\$15 a month. Instead, streaming services compete with each other on their offerings, and particularly with exclusive and original programming.

The introduction of CBS All-access will put pressure on local service Stan especially, as many of its headline programmes are [currently provided by CBS](#) .

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If it were to lose CBS content, Stan does not have the deep pockets of Foxtel, Amazon or Netflix to produce a lot of its own original programming. Amazon and Netflix are reportedly spending [US\\$6 billion](#) and [US\\$4.5 billion](#) respectively on original content this year alone.

Meanwhile, Ten's TV audience share has seen [significant growth](#) in the first half of this year. And much of this is due to costly local programming, such as the KFC Big Bash, MasterChef and I'm a Celebrity Get Me Out of Here!. Financial assistance from CBS should allow spending on this kind of programming to continue.

CBS will also be able to assist Ten with its catch-up service TenPlay, where the programming lineup is critical. Streaming views for Madam Secretary and NCIS: Los Angeles, two CBS programs, have grown 16% and 30% respectively year on year. The Young and the Restless, another CBS program, was the third [highest viewed program](#) on Tenplay for the first half of 2017.

Unanswered questions

There are still a lot of unanswered questions about CBS's purchase of Ten. The deal also needs to be approved by Ten's creditors, the Foreign Investment Review Board and given permission to transfer all the shares from shareholders to CBS.

But if approved, CBS and Ten will be in a very powerful position due to CBS' deep pockets, its large catalogue of content, and its position as a major supplier to many of its new competitors in the Australian market.

With CBS' help, Ten has the opportunity to regain ground in an industry that is undergoing a major transition due to declining advertising revenues and the rise of streaming. But due to the content deals, the Ten purchase will have far greater impact than rescuing just one television station.

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