



Written by [Dave Bohon](#) on December 1, 2010

Internet TV Giving Cable, Satellite a Run for the Money

Are online TV alternatives prompting a mass exodus of viewers from cable and satellite television services? That depends on who you're talking to. With the influx of such Internet-based video offerings as Hulu, Netflix, Google TV, Apple TV, and other Internet Protocol TV (IPTV) services, which allow individuals to watch programs on TVs as well as laptops, iPods, smart phones, and other mobile devices, some industry observers predict that more and more viewers will soon be opting out of traditional TV.



There is no arguing that in just the past year cable and satellite providers have lost subscribers in record numbers. According to SNL Kagan, which provides data and research to the communications and media industry, cable operators in the U.S. lost 741,000 basic video subscribers in the third quarter of 2010, the largest loss since the industry began tracking numbers back in 1980. Comcast, the nation's largest cable television provider, lost a whopping 275,000 subscribers from July to September, followed by Time Warner Cable, which recorded a loss of 155,000 subscribers over the same period.

Likewise, satellite TV companies and their telecom counterparts shed 119,000 customers in this year's third quarter, after recording a gain of 346,000 subscribers just a year ago. The third quarter decline followed a loss of 216,000 customers in the second quarter, leaving the satellite-telecom subscriber base at around 100 million.

Nonetheless, cable and satellite executives insist the statistics merely reflect a flagging economy that has impacted consumer spending in all sectors, and that as jobs return and people begin spending once again their industry will rebound.

One broadcast chief, Philippe Dauman of Viacom, owner of such basic cable staples as Comedy Central and MTV, called the predictions that cable subscribers were prepared to "cut the cord" in favor of IPTV alternatives "much ado about very little."

"I think it's remarkable that in the teeth of a powerful recession that we went through that continued viewership of subscription television held up as well as it has," said Dauman. "And as the economy recovers we expect to see the number of television subscribers in the U.S. grow at a better clip than it has over the last year and a half or so."

Other industry experts are not so sure. Traditional cable and satellite providers have been notorious for their unresponsive attitude toward specialized viewer sectors, such as family and religious channels, all the while steadily raising prices on their services. With the launch of scores of specialty — or niche — networks in the past few years, many of them available for free online, viewers have begun to realize that there are broadcast options that suit their needs more closely than traditional cable and satellite TV.

Bob Higley, vice president of cable and satellite relations with Trinity Broadcasting Network (TBN), the



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world's largest religious broadcaster, noted that over the past few years there has been a dramatic increase in the launch of specialty, or niche, networks, including inspirational and family-friendly channels. "But the majority of cable and satellite providers have tended to limit their selection of these types of networks to consumers," he said. "Increasingly, viewers are demanding more choices that take their interests into account, and online television seems to be an ideal vehicle for meeting those needs."

One such online alternative is the World Inspirational Network (WIN), an IPTV service set for a Beta launch in January of next year, followed by a hard launch in March or April. WIN co-founder and chairman Michael Jay Solomon explained that through partnerships with inspirational networks like TBN, Daystar, GOD TV, the Parables movie network, and many others, WIN is set to become the go-to provider of inspirational and family-friendly television.

"The Internet has now become by far the largest reservoir of both live and archived inspirational video content," he said. "IPTV technology allows us to take this vast body of programming and make it available to viewers right over their television sets, as well as through laptops, iPods, and just about any smart phone when they're at work, a coffee shop, or on the road."

In fact, said Solomon, at its launch the World Inspirational Network will be the world's largest aggregator of faith-and-family cable and satellite channels as well as archived inspirational video content. "The broadcast landscape is changing rapidly, and viewers are demanding greater choice and flexibility," he said. "As online alternatives like WIN launch in the near future, cable and satellite providers are increasingly going to find their market share challenged."

A recent study from media researcher Frank N. Magid Associates found that so far only around one percent of U.S. viewers have canceled their cable or satellite subscriptions in favor of Internet-based TV, and less than three percent of consumers are opting for Web-based viewing exclusively. Nonetheless, said Solomon, the trend, while gradual, appears to be picking up steam. "Let's look at those numbers again in a year and see where they're going," he challenged. "I'm predicting that over the next two to three years the numbers moving to Internet television will be significant."



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