Broadcasters Worry about 'Zero TV' Homes

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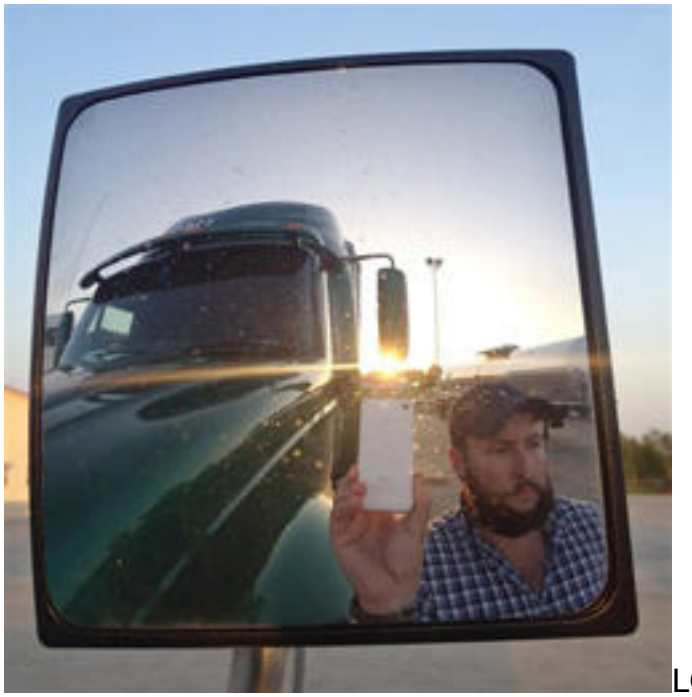

LOS ANGELES (AP) — Some people have had it with TV. They've had enough of the 100-plus channel universe. They don't like timing their lives around network show schedules. They're tired of $100-plus monthly bills.

A growing number of them have stopped paying for cable and satellite TV service, and don't even use an antenna to get free signals over the air. These people are watching shows and movies on the Internet, sometimes via cellphone connections. Last month, the Nielsen Co. started labeling people in this group "Zero TV" households, because they fall outside the traditional definition of a TV home. There are 5 million of these residences in the U.S., up from 2 million in 2007.

Winning back the Zero TV crowd will be one of the many issues broadcasters discuss at their national meeting, called the NAB Show, taking place this week in Las Vegas.

While show creators and networks make money from this group's viewing habits through deals with online video providers and from advertising on their own websites and apps, broadcasters only get paid when they relay such programming in traditional ways. Unless broadcasters can adapt to modern platforms, their revenue from Zero TV viewers will be zero.

"Getting broadcast programing on all the gizmos and gadgets — like tablets, the backseats of cars, and laptops — is hugely important," says Dennis Wharton, a spokesman for the National Association of Broadcasters.

Although Wharton says more than 130 TV stations in the U.S. are broadcasting live TV signals to mobile devices, few people have the tools to receive them. Most cellphones require an add-on device known as a dongle, but these gadgets are just starting to be sold.

Among this elusive group of consumers is Jeremy Carsen Young, a graphic designer, who is done with traditional TV. Young has a working antenna sitting unplugged on his back porch in Roanoke, Va., and he refuses to put it on the roof.

"I don't think we'd use it enough to justify having a big eyesore on the house," the 30-year-old says.

Online video subscriptions from Netflix Inc. and Amazon.com Inc. — which cost less than $15 a month combined — have given him and his partner plenty to watch. They take in back episodes of AMC's "The Walking Dead" and The CW's "Supernatural," and they don't need more, he says.

He doesn't mind waiting as long as a year for the current season's episodes to appear on streaming services, even if his friends accidently blurt out spoilers in the meantime. With regular television, he might have missed the latest developments, anyway.

"By the time it gets to me to watch, I've kind of forgotten about that," he says.

For the first time, TV ratings giant Nielsen took a close look at this category of viewer in its quarterly video report released in March. It plans to measure their viewing of new TV shows starting this fall, with an eye toward incorporating the results in the formula used to calculate ad rates.

"Our commitment is to being able to measure the content wherever it is," says Dounia Turrill, Nielsen's senior vice president of insights.

The Zero TV segment is increasingly important, because the number of people signing up for traditional TV service has slowed to a standstill in the U.S.

Last year, the cable, satellite and telecoms providers added just 46,000 video customers collectively, according to research firm SNL Kagan. That is tiny when compared to the 974,000 new households created last year. While it's still 100.4 million homes, or 84.7 percent of all households, it's down from the peak of 87.3 percent in early 2010.

Nielsen's study suggests that this new group may have left traditional TV for good. While three-quarters actually have a physical TV set, only 18 percent are interested in hooking it up through a traditional pay TV subscription.

Zero TVers tend to be younger, single and without children. Nielsen's senior vice president of insights, Dounia Turrill, says part of the new monitoring regime is meant to help determine whether they'll change their behavior over time. "As these homes change life stage, what will happen to them?"

Cynthia Phelps, a 43-year-old maker of mental health apps in San Antonio, Texas, says there's nothing that will bring her back to traditional TV. She's watched TV in the past, of course, but for most of the last 10 years she's done without it.

She finds a lot of programs online to watch on her laptop for free — like the TED talks educational series — and every few months she gets together with friends to watch older TV shows on DVD, usually "something totally geeky," like NBC's "Chuck."

The 24-hour news channels make her anxious or depressed, and buzz about the latest hot TV shows like "Mad Men" doesn't make her feel like she's missing out. She didn't know who the Kardashian family was until she looked them up a few years ago.

"I feel absolutely no social pressure to keep up with the Joneses in that respect," she says.

For Phelps, it's less about saving money than choice. She says she'd rather spend her time productively and not get "sucked into" shows she'll regret later.

"I don't want someone else dictating the media I get every day," she says. "I want to be in charge of it. When I have a TV, I'm less in control of that."

The TV industry has a host of buzz words to describe these non-traditionalist viewers. There are "cord-cutters," who stop paying for TV completely, and make do with online video and sometimes an antenna. There are "cord-shavers," who reduce the number of channels they subscribe to, or the number of rooms pay TV is in, to save money.

Then there are the "cord-nevers," young people who move out on their own and never set up a landline phone connection or a TV subscription. They usually make do with a broadband Internet connection, a computer, a cellphone and possibly a TV set that is not hooked up the traditional way.

That's the label given to the group by Richard Schneider, the president and founder of the online retailer Antennas Direct. The site is doing great business selling antennas capable of accepting free digital signals since the nation's transition to digital over-the-air broadcasts in 2009, and is on pace to sell nearly 600,000 units this year, up from a few dozen when it started in 2003.

While the "cord-nevers" are a target market for him, the category is also troubling. More people are raised with the power of the Internet in their pocket, and don't know or care that you can pull TV signals from the air for free.

"They're more aware of Netflix than they're aware over-the-air is even available," Schneider says.

That brings us to truck driver James Weitze. The 31-year-old satisfies his video fix

with an iPhone. He often sleeps in his truck, and has no apartment. To be sure, he's an extreme case who doesn't fit into Nielsen's definition of a household in the first place. But he's watching Netflix enough to keep up with shows like "Weeds," ''30 Rock," ''Arrested Development," ''Breaking Bad," ''It's Always Sunny in Philadelphia" and "Sons of Anarchy."

He's not opposed to TV per se, and misses some ESPN sports programs like the "X Games."

But he's so divorced from the traditional TV ecosystem it could be hard to go back. It's become easier for him to navigate his smartphone than to figure out how to use a TV set-top box and the button-laden remote control.

"I'm pretty tech savvy, but the TV industry with the cable and the television and the boxes, you don't know how to use their equipment," he says. "I try to go over to my grandma's place and teach her how to do it. I can't even figure it out myself."

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