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Cable Will Be Free

Advertising will foot the bill for video and data

BY GARY LAUDER, LAUDER PARTNERS

Cable will be free. This will evolve out of the power of the medium and competition.

Cable has two media types: data and video. Data services will deliver media that is more rich and television-like, while TV will become more interactive and computer-like. Both have the power to inform you about products that you might buy, as well as sell them to you. Because the advertiser can quickly measure the effectiveness, this will grow rapidly. By far the greatest boon to this industry will be targeted advertising. The efficiency gains by targeting, combined with latent elasticity of supply, will cause an explosion of advertising CPM's and revenues that will pay for all video viewing. People will be willing to sit through a minute or two of advertising to pay for a VOD movie.



Gary Lauder

But why will it be free? Because satellite services (and maybe overbuilders in some places) will compete head-on for those eye-balls. Because the economics of advertising will increase, the need for subscription fees will decrease.

Fierce competition will eliminate having to pay for it, but there will be a catch. In order to target the ads and measure effectiveness, subscribers will be asked to waive certain privacy rights. This will get civil libertarians upset, but most people will come to accept that it doesn't matter if Proctor & Gamble's computer knows that you have hemorrhoids, as long as people never find out.

All this will eliminate the so-called "digital divide."

You may wonder, how will satellite do VOD and high-speed data? VOD will be handled by terabyte disk drives in the satellite receiver that will cache the most popular stuff so that the esoterica can be delivered via satellite or other means of transmission. HSD will be delivered via spot-beams and low earth orbit satellites, or may be decoupled from video delivery via various terrestrial means. Phase-steered flat satellite receivers will be implemented by then, so rooftops won't have to be dish farms.

Cable's biggest advantage will be that the fat pipe will enable operators to put the processing and storage at the headend, instead of the home, so the result will be lower capital costs and longer product life cycles. The lower costs spread out over more years can be a compelling structural advantage.

Cable modems—and devices that incorporate them—will penetrate most cable households by 2015. By 2025, most households will have more than one, due to their being built into many other devices. The service will be free under the same conditions that video will.



There's lots of industry noise >>>

about digital simulcast, network convergence, commercial services, video applications, and on and on and on and on.

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HDTV

The term today refers to both the display device and the signal. These notions will separate because most use of HDTVs will be to watch SDTV signals that are surrounded on the screen by other info, interactive elements or other channel options. The broadcasters will still hold on to their frequencies unless they were bought out by yet another wireless firm.

By 2025:

- If any of this does not happen, it will have more to do with business models not having been worked out between the old and the new industries than about technology.
- The software will still have bugs and take too long.

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