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**THE SPORTS NETWORK: A CASE STUDY IN SPECIALTY CHANNEL
EVOLUTION 1984-1999**

BY

JAMES JOHN KILLINGSWORTH B.A.

**A thesis submitted to
the faculty of Graduate Studies and Research
in partial fulfillment of
the requirements for the degree of
Master of Journalism**

School of Journalism and Communication

**Carleton University
Ottawa, Ontario
April 15th
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**The undersigned recommend to the Faculty of Graduate Studies
and Research acceptance of this thesis**

**THE SPORTS NETWORK: A CASE STUDY IN SPECIALTY
CHANNEL EVOLUTION 1984-1999**

**submitted by Jamie Killingsworth, B.A.
in partial fulfillment of the requirements for
the degree of Master of Journalism**

Thesis Supervisor

Director, School of Journalism and Communication

**Carleton University
May 11, 1999**

ABSTRACT:

This thesis provides a descriptive analysis of TSN. The Sports Network is Canada's most successful specialty channel. This case study includes a comprehensive history of the network's operations since it signed-on in 1984. The reasons for TSN's unprecedented success in Canadian broadcasting will be explored at length. TSN's impact on its fellow broadcasters has been considerable. This sports broadcaster is now a well diversified network devoted to high quality sports programming. At the same time, TSN has contributed to major networks becoming more specialized in their sports coverage. The network's relationship with cable operators, and individual sports leagues will also be critically evaluated. TSN occupies a unique position in Canadian television. It has the characteristics of both a specialty channel and a conventional broadcaster. This evolution from a narrowcaster into a pseudo mainstream network will be outlined in detail, along with the future possibilities for the network.

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CHAPTER ONE:

INTRODUCTION:

It is one of the great success stories in Canadian television. In less than 15 years, The Sports Network has evolved from a shoestring operation on pay-tv into this country's most successful specialty channel. What started out as a 25 million dollar investment by Labatt brewery in 1984 is valued at close to 1 billion dollars today. TSN's growth is nothing short of remarkable. The network generates huge revenues and profits for its ownership. TSN has also had a profound impact on the broadcasting industry in Canada. It has forced conventional broadcasters to change the way they do business and reevaluate their emphasis on sports programming. TSN has flourished far beyond the wildest dreams of even its most ardent supporters. For a specialty channel that broadcasts only on satellite and cable, TSN's immense popularity with viewers and influence on the Canadian broadcasting industry is nothing short of remarkable. "The impact has just been startling,"¹ says NetStar President Jim Thompson.

TSN may be enormously successful and occupy a place of considerable influence in Canadian television. But that does not mean it has been studied extensively. There has been surprisingly little academic research done, but TSN certainly merits considerable study. The Sports Network was one of the first specialty channels licenced to operate in Canada. It has matured to the point where observations about its success and impact can be made intelligently. The reasons for its success need to be examined closely and analyzed. Until 1998, TSN operated as a virtual monopoly. It will be demonstrated that

¹ Personal Interview with Jim Thompson

this monopoly was instrumental in allowing The Sports Network to grow into a profitable broadcaster. But eventually TSN would outgrow the need to be protected from direct competition. The potential effects of this new challenge facing TSN will also be dealt with.

TSN achieved its success for a variety of reasons. Government regulations provide specialty channels potentially large revenue streams from cable companies. Specialty channels in Canada receive part of their income on the basis of how many subscribers they attract. TSN started its operations on pay-tv. A main premise of this paper is that it would have been very difficult for this specialty channel to prosper to the extent that it has, had it been forced to remain on pay-tv. There simply would not have been enough potential viewers for TSN to earn enough subscriber revenue to thrive. Management at TSN realized this fact from the very beginning. They also knew that their operation would have to become immensely successful before Canadian regulators would allow it to move closer to the mainstream in Canadian broadcasting.

Once TSN did achieve its move from pay-tv, the network almost singlehandedly created a major change in the way cable companies offer their services. Before specialty channels arrived on the scene, cable companies offered a basic selection of channels. There were the main conventional broadcasters in Canada such as the CBC, CTV and Global. They were offered to cable subscribers along with all of the main American networks and some other independent stations. When specialty channels such as TSN and MuchMusic moved off pay-tv, they did not migrate directly onto basic cable. Some cable systems did carry the specialty channels on basic. Other systems ended up carrying TSN and MuchMusic on what has now become known as 'first tier' of basic cable. The

'first tier' is an optional service provided by the cable companies for its customers.

Subscribers pay extra to receive the channels on 'the first tier.' The specialty channels carried on this discretionary tier receive a certain fee per subscriber every month from the cable companies. TSN became one of the anchors for 'the first tier.' That allowed the network to negotiate a high price per subscriber, assuring it of large revenue streams. Today, there are three discretionary tiers available to the customers of cable companies with many different specialty channels hoping to copy the success of TSN. "I think we've lead the way to expanding the landscape," says NetStar President Jim Thompson. "We've set a pattern and I think a lot of specialty channels succeed because of what we've done."² There is no question that TSN expertly exploited the system put in place by government regulators. "Cable was used to make sure all these services succeeded," says Harris Boyd, Vice President of the Canadian Cable Television Association. "Without this guaranteed revenue, it was thought, the conventional wisdom was that they wouldn't all survive."³ The relationship between the network and the cable companies will be examined closely. Both parties have enjoyed huge profits because of this partnership. Conventional broadcasters do not receive revenue from cable companies, relying strictly on advertising revenue. Do the revenue streams provided to specialty channels such as TSN give them an unfair advantage or simply level an uneven playing field?

One of the major questions this thesis will attempt to answer is the impact TSN has had on conventional broadcasters. In particular, the relationships between TSN and the two major over-the-air networks, the CBC and CTV, will be fully examined. TSN's

² Personal Interview with Jim Thompson

³ Personal Interview with Harris Boyd

influence on these two broadcasters has been considerable. There is ample evidence to suggest that TSN affected the way conventional networks in Canada approached their sports coverage. Before TSN signed-on in 1984, Canadians received most of their televised sports coverage from the CBC and CTV. These networks carried a wide range of diverse sports programming. This would change once TSN arrived on the scene. Over time, conventional broadcasters changed their commitment to sports programming. CTV greatly reduced the amount of sports it broadcast. It became very selective and specialized in its sports coverage. It may not be a coincidence that both CTV and CBC canceled their weekly anthology programs within several years of TSN's move to basic cable. Although the CBC has not reduced the number of hours of sports it broadcasts, it appears the public broadcaster also became increasingly specialized in its sports programming. It may be a stretch to allege that TSN was the only cause for this, but its impact should not be dismissed either. There is no question today that TSN, a specialty channel, has become a general purpose network for sports. Ironically, conventional networks such as CTV and CBC that try to attract a general mass audience are now niche players in sports.

Part of the reason that conventional networks may have de-emphasized sports from their programming lineups may have been the difficulty they faced in competing with TSN for sports properties. TSN developed into a most formidable competitor. For the most part, the specialty channel did not outbid the over-the-air networks to acquire programming. But The Sports Network did make use of a major advantage it had over conventional broadcasters such as the CBC and CTV. It was able to 'leverage' away key events from conventional television by promising bulk coverage. Major networks were

limited in the quantity of sports programming they could show. By contrast, TSN was a network devoted exclusively to sports broadcasting. It could promise sports leagues and teams extensive coverage, in exchange for the rights to key events. As a condition of its first two licences, TSN promised not to compete with existing networks for programming. It is open to debate whether TSN is guilty of siphoning properties away from conventional broadcasters. However, it will be shown that TSN cannot be accused of driving up the cost of doing business for the over-the-air networks. "They are good competitors," says CTV Sports Vice President Doug Beeforth. "They are aggressive. I say that very positively."⁴

When TSN was first granted a broadcasting licence, it was supposed to complement the coverage provided by conventional networks. It will be demonstrated that TSN has always been a complement to major networks. At times, TSN has also been a direct competitor to over-the-air broadcasters such as the CBC, and CTV. TSN has become a major network in its own right, on a par with most other broadcasters in Canada. In fact, the relationship between TSN and the CBC has traveled full circle. TSN has complemented CBC's coverage of the finals of such events as The Brier and Scott Tournament of Hearts curling by providing preliminary round action that CBC is neither interested in nor capable of televising. Today, the CBC complements the specialty channel by broadcasting repeats of selected auto racing events originally telecast live on TSN. In other instances, the CBC and TSN have competed head-to-head in their coverage of the NHL playoffs and in their pre-game shows. The Sports Network is

⁴ Personal Interview with Doug Beeforth

almost a major network in its own right while at the same time remaining complementary to conventional broadcasters. TSN is both a specialty channel and a conventional broadcaster at the same time. However, it will also be demonstrated that even though TSN has evolved into this special hybrid, it is unlikely that TSN will ever be able to supplant conventional broadcasters unless the technology behind the distribution of television signals in this country radically changes. It is virtually impossible for a broadcaster such as TSN, whose signal is available only on cable and satellite, to occupy a position of influence greater than the one the network now enjoys.

That does not mean that TSN's influence on the Canadian broadcasting scene has been insignificant. In fact, the network has had a major and mostly positive impact on the television industry in this country. The network has given viewers in Canada huge amounts of sports programming to watch. TSN provided greater coverage of professional and amateur sports than conventional networks were either able or willing to do. There is much more sports coverage available on television than ever before. TSN is at least partially responsible for the explosion in popularity of sports such as Curling. The network's broadcasts of the sport helped it grow by leaps and bounds over the past decade and a half. TSN also gave sporting organizations under-represented on television such as the Canadian Inter-University Athletics Union a place to be seen. TSN's programming has been distinctly Canadian and eliminated the prospect of American sports networks starting operations in Canada. TSN has also spent millions to produce distinctly Canadian programming, creating many jobs in the broadcasting industry. The network has also contributed to the choice Canadian viewers now enjoy in the cable marketplace. TSN's success has spawned other specialty channels. This should be

tempered by the fact that TSN has helped contribute to a cable distribution system that almost forces viewers to subscribe to services they do not want in order to receive ones they do. It can also be suggested that TSN along with the many other specialty channels that are now available have created audience fragmentation. It is difficult to ascertain whether TSN's presence is partially responsible for fragmentation or simply reflects a changing landscape from which the specialty channel benefits. "The hours of viewing are pretty well consistent," says Jim Byrd of the CBC. " But boy are they looking at it in different ways than they used to. Nobody's turning on a channel and leaving it there. Everybody's hopping all over the place."⁵ This paper will not come to any firm conclusions about TSN's impact on audience fragmentation. However, it is hoped that this thesis will shed some light on the issue. One conclusion that can safely be made is that for the most part, TSN's impact on the Canadian broadcasting scene has been a very positive one.

The Sports Network has also been very successful from a financial standpoint. TSN's beginnings were humble indeed. But within five years, the specialty channel was generating huge revenues and profits. At one point, TSN was actually the second biggest money maker for its parent company Labatt. From the late 1980s up until the present day, TSN's financial growth greatly outpaces MuchMusic, the other specialty channel granted a broadcasting licence in 1984. TSN's equity value has grown enormously over the years. When a management-led team purchased the network in 1995, its investors paid \$ 605 million. At the time, it was believed to be the largest financial transaction in

⁵ Personal Interview with Jim Byrd

Canadian broadcasting history. In 1999, TSN came up for sale again. This time, the purchase price was over \$ 900 million. That price tag is more than 36 times what Labatt originally invested in TSN at startup in 1984. TSN has expertly exploited a system in place that allows for considerable cable revenues. But the network also deserves much credit for its constant attention to cost-efficiency during its entire history of operations.

Before discussing the composition of this paper, some brief comparisons should be made with the only two other broadcasters similar to TSN. MuchMusic was granted a broadcasting licence at the same time as The Sports Network. ESPN is a national sports network in the United States that began its operations a few years before TSN in 1979. ESPN was nowhere near as successful as TSN was in its early years. In fact, the American sports broadcaster lost a whopping \$ 100 million during its first five years of operations, even though by 1984 the network had 33 million cable subscribers. ESPN was not on pay-tv; it relied on advertising revenues for its survival. Eventually, the network was forced to start charging cable companies for carrying the service, but the minuscule amount of 20 cents a subscriber hardly improved the profit picture significantly. In some cases, ESPN actually paid cable operators a fee to distribute its service in order to increase advertising revenues. ESPN's revenues were actually very high. In 1984, the company was earning about \$ 58 million. However, it cost \$ 88 million to run the network.⁶ ESPN struggled primarily because its programming lineup was very weak. "The network has had problems trying to convince advertisers to sign up because it did

⁶ Hunter, Jennifer. "Fine-Tuning Pay-TV sports network battles for fans' dollars," in *The Globe and Mail* Saturday, September, 22nd, 1984. p. s-1.

not carry any major-league sports."⁷ It would be years before ESPN finally was able to secure the broadcast rights for any major league sports. TSN's programming lineup was far superior in its early years to ESPN's. "Our first day, we had two high-profile events, a Blue Jays baseball game and a Canada Cup hockey game...The Jays are a national team, but we were able to deal with them like a local acquisition. ESPN had to wait 10 years to get the Mets or the Yankees dealing through Major League Baseball,"⁸ said TSN's then head of programming Jim Thompson. "Even ESPN says they would kill for our schedule."⁹ Eventually though ESPN did acquire an extensive programming lineup. Today, the network is a monstrous success and generates huge profits on a much greater scale relatively speaking than TSN does today.

Comparing MuchMusic and TSN is even more hazardous. The two went to air at the same time. Initially, the two specialty channels enjoyed similar growth and subscription rates. By the time the two specialty channels were about to move from Pay-tv to basic cable, TSN had clearly established itself as a more successful operation. In 1988, TSN's subscriber revenues totaled more than \$ 31 million while MuchMusic earned just over \$ 5 million. Advertising revenues were more competitive, with TSN earning just over \$ 10 million compared to almost \$ 7 million for MuchMusic. Both broadcasters were profitable at this point. But TSN was much more successful earning a pre-tax profit of over \$ 7 million, but MuchMusic made about \$ 2.5 million. TSN also spent far more on

⁷ Hunter, Jennifer, "Fine-Tuning Pay-TV sports network battles for fans' dollars," in *The Globe and Mail* Saturday, September, 22nd, 1984. p. s-1.

⁸ Christie, James. "Back to Basic for sports network," in *The Globe and Mail*, Saturday, August, 26th 1989. p. a-20.

⁹ Davis, Ted. "Something to Celebrate. TSN turns five and gets down to basic," in *Broadcaster*, September 1989. p. 12.

programming, investing \$ 15 million to produce and acquire Canadian programming. MuchMusic spent only \$ 330 000.

After MuchMusic moved to the first tier on basic cable, its subscriber revenue remained fairly consistent. It grew from about \$ 4 million in 1989 to \$ 8.2 million in 1998. TSN's exploded from \$ 35 million to just under \$ 100 million. TSN's advertising revenue climbed from \$ 14 million in 1989 to \$54.2 million in 1998. MuchMusic relies on its advertising revenue to a much greater extent than TSN does. MuchMusic's advertising revenues account for 75 per cent of its gross income, while the other 25 per cent comes from cable subscriptions. TSN, on the other hand, receives 60 per cent of its revenue from the cable companies and 40 per cent from advertising. In the early years, the ratio was 75-25.

MuchMusic has been consistently profitable, earning an operating income of \$ 2.5 million in its first year on the first tier in 1989; In 1998, it's operating income had increased to just over \$ 10 million. TSN's operating income in 1989 was \$ 13.3 million. In 1998, The Sports Network collected operating income of \$ 49.8 million. Clearly TSN had become the more successful specialty channel from a profit picture.¹⁰ A large part of the credit for this success has to do to TSN's expert manipulation of the cable system. The cable companies and the specialty channel negotiated the rate per subscriber that was paid. TSN's popularity and importance to the first tier allowed it to negotiate a very high price per subscriber and resulted in huge

¹⁰ CRTC document, *Specialties: Statistical and Financial Summaries, 1988-98*.

revenues. TSN received 10 times the price per subscriber than MuchMusic did from cable companies carrying both services.¹¹

This thesis is divided into three sections. The overall aim of the paper is to assess the changes and impact TSN has had on the broadcasting industry. This paper will also provide a case study of Canada's most popular and successful specialty channel. The first part of this case study involves compiling a detailed narrative history. This will hopefully provide the basis for future study and allow for comparisons in future research. This narrative history may be the most extensive one ever compiled on TSN. It certainly could go into greater detail. But it is hoped this chronology of major events and issues is sufficient to provide a glimpse into the network's operations over the years. A record of such an important player in Canadian broadcasting should be made for historical reasons alone. TSN's own internal chronological record is actually very brief and geared more towards marketing. Up until now, there really has been no independent detailed historical record compiled on TSN.

The second part of this paper will look at the relationships and impact TSN has had with the sports teams they cover and broadcast, and the broadcasters they work with and compete against. TSN holds the broadcast rights to many different sports teams and leagues. It would be impossible to analyze the impact and types of relationships the network has had with all of them. For the purposes of this paper, four different sports leagues were examined: The Canadian Curling Association, The Canadian Football League, the Canadian Inter-University Athletic Union, and the Canadian Hockey League.

¹¹ CRTC 87-901 and 94-603

These leagues were selected for very specific reasons. The four leagues all have very different relationships with TSN. The CCA has benefitted more profoundly and positively from TSN's influence than perhaps any other sporting body. The CFL was picked because it is a professional sports league that needed a relationship with TSN more than the NHL or even the Toronto Blue Jays did. The CIAU was included because of its long standing relationship with TSN. The two have been partners since the very beginning. But the CIAU has not garnered the same kind of benefits from their association as the CCA. In fact, TSN's commitment to broadcasting CIAU events has waned as the network has prospered. Yet, the partnership remains strong. The last league included was the CHL. This league had a lengthy relationship with TSN that was not as successful as the two sides would have liked. In 1998, the CHL decided to create a new partnership with TSN's new rival CTV SportsNet. These relationships should provide valuable insights into the impact of TSN's coverage and how it aided in the growth of these leagues.

Studying TSN's relationship with these leagues will also assist in our understanding of how the network dealt with conventional broadcasters such as the CBC and CTV. The effects TSN had on these over-the-air networks will be examined closely. TSN's relationship with CBC is a complicated one. On some levels, the two broadcasters are rivals. But increasingly, the CBC and TSN have become partners, working together on many projects including the CFL, Blue Jays baseball and the Olympics. TSN's relationship with CTV is easier to define. The two broadcasters compete with each other. Evaluating the impact that TSN has had on the two conventional networks was not an easy task. To demonstrate the impact TSN might have had on these broadcasters, a study

of their sports programming over the years was completed. The quantity and types of sports programming on the CBC and CTV was examined for 1985, 1990, and 1995. These years were selected for very specific reasons. In 1985, TSN was still in its infancy, its impact on Canadian broadcasting still relatively insignificant. By 1990, TSN had moved onto the basic tier of cable and was starting to affect the main networks. Five years later in 1995, TSN was enjoying record profits and one might expect that its influence on conventional broadcasters would be at its zenith. To compile this data on CTV and CBC's sports programming, TV guides from *The Globe and Mail* and *The Toronto Star* were used. The number of hours the networks devoted to sports programming was calculated. It would be impossible to account for all pre-emptions and additions to these TV listings, but the criteria used for calculations were consistent for both networks and for each year. It may not be perfectly accurate, but this study should still provide an excellent indication of how the CBC and CTV's commitment to sports changed as TSN grew in prominence. From this study, another hypothesis was formed. Another possible impact of TSN on the CBC and CTV was that it allowed or forced these broadcasters to reduce the amount of U.S. network sports programming they included in their lineup. This study does provide evidence that supports this theory. But the formulation of this hypothesis came after the data was collected. It must be pointed out that there is a chance some U.S. programs broadcast on the CBC and CTV may not have been included in the study. Conversely some sports programs that did not originate from a U.S. network may have been incorrectly counted as U.S. network programming. However, the criteria for counting U.S. network hours was done consistently from year to

year and from broadcaster to broadcaster. Even taking this margin for error into account, the results from the study certainly do indicate the theory has some validity.

The third part of this thesis traces and evaluates TSN's news gathering operation and how the network's sportscast, *SportsDesk*, has grown and evolved into a well respected national sportscast. The constant perception of TSN's bias towards covering Toronto teams and news is also addressed and the validity of such a claim evaluated. TSN's reliance on its non-event programming over its history is also examined in some detail. To assist in our understanding of TSN's news gathering abilities and whether or not a 'Toronto bias' exists, a content analysis of the network's sportscasts was attempted. For this study, a week's worth of TSN's 6:30pm edition of *SportsDesk* was examined from December 14-20th 1998. For purposes of comparison, CTV SportsNet's 6:00pm sportscast, *SportsCentral*, was also examined during the same week. It should be pointed out that unlike TSN, CTVSN is a regional sports network. That allows the network to broadcast different sportscasts to specific regions in Canada. In this study, the Ontario edition of *SportsCentral* was analyzed. This content analysis compiled the amount of Canadian news that was covered by both networks. Attention was given to the amount of Toronto content in each sportscast, along with what the two networks decided to lead with.

The main source of information for this thesis came in the form of personal interviews. In all, 18 separate interviews were conducted either in person or by phone. More than 9 hours of material was collected. Without these interviews, this thesis could not have been attempted. The bulk of the interviews were with staff members of TSN. Several key members of the management team were interviewed at length, as were several long time

announcers. The interviews were not limited to TSN staff members. Executives at other networks were also invited to discuss TSN's impact on their operations as well as the broadcasting industry in general. Interviews were also conducted with people involved with the various sports leagues that are examined in depth. In addition, members of the Canadian Cable Television Association and International Olympic Committee and a financial analyst were also interviewed.

The reliance on interviews was necessary for several reasons. First and foremost, there has been very little study on sports broadcasting in Canada, let alone TSN specifically. The only major academic work discovered was a doctoral thesis by Susan Nattrass titled, *Sport and Television 1952 to 1982*. This thesis provides an excellent and very detailed historical analysis. But Nattrass' work only covers sports broadcasting into the early 1980s. It is hoped that this paper will build on her work. This thesis will be a case study examining TSN and its impact on the broadcasting industry. But it will to a lesser extent also provide at least part of the history of sports broadcasting from 1984 to 1999 since TSN has played a central role. TSN has received virtually no academic study. The only significant work found was a 1992 paper written by Robert Sparks of the University of British Columbia. Sparks paper, entitled, " 'Delivering the Male': Sports, Canadian Television and the Making of TSN, " published in the *Canadian Journal of Communication*, provides an overview of TSN's operations and attempts to critically examine the network's market strategy, "in the face of the technological, regulatory, and market conditions of sports and Canadian broadcasting in the early 1980s."¹² Sparks

¹² Sparks, Robert. " 'Delievering the Male': Sports, Canadian Television, and the Making of TSN," in *Canadian Journal of Communication*, Vol 17 no 1, Winter 1992. p. 319.

paper also critically examines the need for TSN's reliance on a male audience. These papers by Nattrass and Sparks are very valuable but there are limits to the assistance they can provide when compiling a thesis of the kind attempted here.

Personal interviews were a crucial component of this thesis because there was limited information available from other sources. These interviews even provided the background material one would expect to discover from a bibliographical check. For the most part, the interviews were extremely successful and provided far more information than required. Management at TSN were extremely cooperative and much more candid than expected about their operations. About the only area they declined to discuss specifically concerned how much they paid to broadcast certain sports. But even in this area, they would indicate approximate values. TSN management was not overly self-serving during these interviews nor were they modest about their achievements. They also freely discussed their failures. These interviews provided a crucial perspective from the people who made TSN into what it is today. One reason that the management may have been so forthcoming is because they had a desire to see the history of TSN compiled and analyzed. There may also be another reason. The network is presently at a crossroads. Big changes are looming with new ownership eventually taking control. That may have contributed to their candor. Interviews with subjects not associated with TSN were also very successful. It should be pointed out that some interview subjects currently involved in business dealings with the network, were understandably reluctant to criticize the network.

As successful as these interviews were, they were far from the only sources used in this paper. There was a rich collection of newspaper and magazine articles available. While

they may have lacked a historical perspective, they were invaluable in constructing a detailed and accurate chronology. These sources helped to supplement the interviews and fill in the memory gaps expected from interview subjects as time passes. The newspaper articles also provided the context in which events were actually viewed at the time.

Records from the Canadian Radio-Television and Telecommunications Commission were also an invaluable source of data and information. TSN's licence and most of its dealings with the government regulator are a matter of public record. A wealth of information was discovered in the documents available. CRTC records provided an indication of how well TSN was achieving some of the goals laid out for it by the regulator. The CRTC also makes TSN's financial records available to the general public. This too provided a great deal of extremely useful data. All of these primary sources, along with the two previously mentioned analytical studies provided a wealth of information from which a thorough, complete and balanced paper could be constructed.

GLOSSARY OF TERMS:

A & E: Arts and Entertainment network. An American specialty channel

ABC: American Broadcasting company

Action Canada Sports Network: original name given to TSN when its licence application was pending

Anthology program: for purposes of this paper, an anthology program is a periodic show run by major networks that features a wide variety of taped and live sports highlights

AVO: alternate viewing opportunity. Euphemism for a repeat broadcast

CanWest: Company that owns Global Television Network

Basic Cable: A service offered by cable companies in which only the main Canadian and American network channels along with a few other selected mainstream broadcasters are available. It is the lowest priced service.

Broadcast rights: the fee a broadcaster pays a team or league for the rights to telecast their games or key events.

CBC: Canadian Broadcasting Corporation

CCA: Canadian Curling Association. The governing body for Amateur curling in Canada

CCTA: Canadian Cable Television Association

CFL: Canadian Football League

CFN: Canadian Football Network. The CFL purchases time on television stations across Canada to ensure its games received as much exposure as possible

CHL: Canadian Hockey League. The governing body for Major Junior Hockey in Canada umbrella organization for the Ontario Hockey League (OHL), Western Hockey League (WHL), and the Quebec Major Junior Hockey League (QMJHL)

CIAU: Canadian Inter-University Athletic Union. The governing body for most university sports in Canada

GLOSSARY: (Cont'd)

Conventional broadcasters: broadcasters with distribution available on cable and through land transmission

CRTC: Canadian Radio-Television and Telecommunications Commission

CTV: Canadian Television Network

CTV SportsNet: new all sports specialty channel licenced by the CRTC. CTV is the leader of the ownership group which also includes FOX and Rogers Communications

CTVSN: CTV SportsNet

Embargo: restricts or prevents the use of one broadcaster's footage to another

ESPN: Entertainment and Sports Programming Network. All sports network in the United States.

First Choice: original name given to pay-tv movie channel in Eastern Canada

First Tier: for purposes of this paper, First tier is the next set of channels distribution cable above basic. These can include Canadian and American specialty channels. The price charged by cable companies is higher than simple basic cable. There are currently 3 tiers available on most cable systems. The higher the tier, the less the specialty channel receives in revenue. Specialty channels receive a certain income per subscriber per month. That subscriber fee is highest on the first tier, lowest on the 3rd.

FOX: an American network

Global Television Network: Canadian television network operated by CanWest Inc.

Interbrew: Belgian brewery that purchase Labatt brewery

Intervening: for purposes of this paper it means an objection placed by a broadcaster to the CRTC against the actions or proposal of another

IOC: International Olympic Committee

Labatt: brewery that created TSN and parent company to the network

GLOSSARY: (Cont'd)

LCI: Labatt Communications Inc. The subsidiary of the brewery that included all of its sports and broadcasting properties

Leveraging: for purposes of this paper, this term is used to define the practice of obtaining the broadcast rights to certain events or leagues by providing bulk of coverage and not simply offering more money

MuchMusic: only other specialty channel awarded a broadcasting licence in 1984. The channel broadcasts primarily music videos

NBA: National Basketball Association

NBC: National Broadcasting Company.

NCAA: National Collegiate Athletic Association. The governing body for major college athletics in the United States

NetStar: parent company of TSN and other broadcasting properties purchased after the management led buyout in 1995

NFL: National Football League

NHL: National Hockey League

Ontario University Athletics: also known as the OUA. The governing body for university athletics in Ontario

Over-the-air networks: conventional broadcasters available on cable or through land transmission

Pay-tv: a mode of broadcast presentation in which cable subscribers pay beyond the normal price of cable subscription in order to receive a scrambled signal. A special decoder must be rented in order to receive the broadcaster

Property: for purposes of this paper, a property is an event or game telecast by a broadcaster, can also be referred to as broadcast property.

RDS: Réseau de Sports. TSN's French Canadian counterpart and sister network

GLOSSARY: (Cont'd)

S-3: name of CTVSportsNet when its licence application was pending

siphoning: for purposes of this paper, this term is used to define the practice of obtaining the broadcast rights to certain events or leagues at the expense of other broadcasters

Split feed: process by which a national network is able to broadcast two or more signals with different programming to separate regions of the country

SportsDesk: TSN's main sportscast

SportsCentral: CTVSN's main sportscast

TBS: Turner Broadcast System. Part of Ted Turner's broadcasting empire. TBS is a superstation broadcast on satellite and available on Canadian cable systems

Tier two programming: for purposes of this paper, it is sports programming that does not appeal to mass audiences and is not carried by conventional broadcasters

TSN: The Sports Network

Vanier Cup: the Canadian university football championship game

W-B-C: Western Broadcast Centre. TSN's studios and base of operations in Vancouver

CHAPTER TWO:

NARRATIVE HISTORY OF TSN

Gordon Craig is the person most responsible for getting The Sports Network on the air. "It was his idea and vision,"¹ said original TSN anchor John Wells. Craig started working at the CBC in 1955 as a camera operator. He later assumed various production and management positions at the public broadcaster. Craig rose through the ranks, becoming head of the network's sports division. He ultimately became director of operations for CBC English language television, one of the most powerful positions at the network.² A colleague once said that Craig is, "probably the most knowledgeable broadcaster about every aspect of the industry."³ After 27 years at the CBC, Craig left in 1983 to begin working for a prestigious national public relations firm. The Houston group was hoping to use Craig's expertise and experience to improve their connections within the television industry.

One of the firms the company represented was John Labatt Ltd. The Labatt brewery wanted to obtain a broadcasting licence from the CRTC for an all-sports television network. Labatt enlisted Craig's help in putting together the application. The CRTC denied the initial application for the Action Canada Sports Network. In fact, the CRTC denied every application it received for a specialty channel during the fall of 1983. The reason had more to do with the CRTC's lack of criteria for awarding licences than it did with the quality of applications. These applications were all for basic cable. The CRTC

¹ Personal interview with John Wells

² Saunders, John. "A 'great poker player' takes LCI," in *The Globe and Mail*, Tuesday, July, 18th, 1995. p. b-2.

³ Livesey, Bruce. "Sportin' Life", in *The Financial Post Magazine*, February, 1995. p. 41.

changed the criteria and invited all the applicants to apply again, this time for a pay-tv licence. The new criteria laid out by the CRTC almost ended Labatt's dream of a sports network before it even began. The brewery had serious doubts about the viability of a sports network on pay-tv. Craig advised his clients not to panic. "The key here is that no broadcast licence in Canada has ever not been successful to that point in time. And I said, the key is to get the licence, let's go get the licence and then we'll find a way to make it work within the broadcasting industry."⁴

The Labatt group refiled their licence application for an English only service on pay-tv. On April 1st, 1984, the CRTC approved just two licences. One was awarded to CHUM, and would eventually become Much Music. The other licence was granted to John Labatt Ltd for an all sports channel. At the time, it was known as the Action Canada Sports Network. This licence allowed the Labatt group to "carry on a national 24-hour-a-day, specialty sports programming service to be distributed via satellite to cable television affiliates, on a discretionary, user-pay basis."⁵ The CRTC was impressed with the ability of the Labatt group to finance this new enterprise and the management team that was put in place. "The commission notes that Mr. Gordon Craig, the President and general manager of ACSN, has had extensive experience in broadcasting, particularly in the planning and production of sports programming."⁶

Even with an experienced management team in place, many observers in the television industry had serious doubts about the viability of this venture. The first round of pay-tv

⁴ Personal interview with Gordon Craig (it should also be noted that C-Channel, a pay-tv service did go out of business during the first wave of pay-tv)

⁵ CRTC Decision 84-339, p.1.

⁶ CRTC Decision 84-339, p.1.

licences granted in 1982 had been a complete disaster. The original pay-tv operators believed these channels would become instantly popular and priced their services accordingly. They never recovered.⁷ Craig was able to convince Labatt that the previous round of pay-tv operators bungled their operations. TSN would be different. "I think some of the Labatt board [members] interestingly enough were skeptical but gave me enough rope perhaps at the time to hang myself."⁸ But the Labatt board did give Craig the go-ahead. It also gave Craig the \$25 million dollars necessary to operate this new network for the first five years. TSN and MuchMusic would operate differently than their predecessors. These operators were far more cautious with their expectations, taking "an approach which insiders describe as one of pure conservatism."⁹ In fact, TSN was so concerned about the bottom line that it would earn a reputation of being cheap. A former employee told *The Globe and Mail*, that, "TSN pays slave wages to the staff. It gets a bunch of kids out of Ryerson who are so keen to work for TSN that they practically pay TSN."¹⁰

The CRTC granted the fledgling sports network a five year licence under the condition that it would be "operated independently of any of the other companies in the John Labatt family."¹¹ To obtain the licence, the Labatt group made several assurances to the CRTC. They indicated that their sports network would "offer Canadian sports fans a diverse mix

⁷ Boone, Mike. "Sports Network ready to score pay tv success," in *Montreal Gazette*, Dec, 10, 1984. p.b-10.

⁸ Personal interview with Gordon Craig

⁹ Ashley, Lynda. "It's no gold mine yet-but the game's just begun," in *Broadcasting*, March, 1986. pp 46-47.

¹⁰ Houston, William. "Real TV means real profits," in *The Globe and Mail*, Saturday, August, 27, 1994. p. a-16.

¹¹ CRTC Decision 84-339 p.1.

of Canadian and international sports and provide exposure for Canadian collegiate and amateur sports."¹² The Labatt group also promised that their service would not compete with other broadcasters. "It would not siphon, or compete for the rights to, the major sporting events covered by conventional television licensees."¹³ This new network would become a supplement to sports coverage provided by existing broadcasters.

So how was the new network going to program itself? Of course, the owners of this new sports network were also partial owners of the Toronto Blue Jays. Obtaining the rights to a fair number of Blue Jay games would not be a problem. The network also planned to show National Hockey League games and "professional" football. But Gordon Craig knew other programming would be necessary to supply the appetite of a 24 hour-a-day network devoted solely to sports. The plan was to use what was called 'tier two' programming: sports that were not broadcast regularly on conventional television. Some, like CIAU sports, soccer and boxing were shown only periodically on over-the-air television. The exposure of these sports would increase significantly if they were showcased on a pay-tv network. Another block of tier two programming would come from covering early round action of such sports as golf, soccer, tennis and curling. At the time, preliminary games from these sports were rarely ever shown on television. The new sports network also planned to show sports largely ignored by conventional broadcasters, such as rugby, karate, darts, and Australian rules football. In the early years these sports "became in a lot of ways the backbone of the service."¹⁴

¹² CRTC Decision 84-339 p. 1.

¹³ CRTC Decision 84-339 p. 1.

¹⁴ Personal interview with Gordon Craig

Even though these tier two sports were largely ignored by the conventional broadcasters, obtaining the broadcast rights was not straightforward. ESPN was an all-sports broadcaster operating out of the United States. It had the North American rights to many of these properties. Furthermore, it was also supplying some of this programming to First Choice, the pay-tv movie network. Craig wanted to negotiate a programming agreement with ESPN. He interpreted the CRTC's licence as a way of keeping ESPN out of Canada--unless it did business with the Labatt group. ESPN agreed and allowed Craig and his new network to purchase its programming. This partnership with ESPN would only become stronger over the years.

It was a frenetic few months for Gordon Craig. Other than ESPN, no other national all-sports network had ever been attempted before. But it was also a unique opportunity for a broadcaster. "What we had here was an opportunity to build an organization, a broadcasting organization, from the ground up and hand pick virtually everybody in every position from the kid who was delivering the mail right up to the Vice-President of programming."¹⁵ The work to get this new network on the air began almost immediately after the CRTC granted the Labatt group a licence and continued right up to September 1st 1984, the day The Sports Network went on the air. "TSN was a dream one month, a concept the next month and a reality a month later,"¹⁶ wrote *Globe & Mail* writer Al Strachan.

It cost almost \$4.5 million for Labatt to build a broadcast centre for its new pay-tv venture. The network's operating budget for the first year was \$ 15 million. Labatt

¹⁵ Personal interview with Gordon Craig

¹⁶ Strachan, Al. "Sports Network scores with fans," in *The Globe & Mail*, Monday, February, 18, 1985 p. s-2.

management expected the budget to grow to \$ 31 million by year five.¹⁷ TSN also promised to spend \$ 65 million on the acquisition and production of Canadian programming during the first five years of its existence. That represented about 70 per cent of TSN's entire programming budget. Initially, Canadian programming was to make up 18 per cent of TSN's overall lineup. However, the CRTC expected almost half of TSN's programming during prime time to be Canadian. "They are minimum commitments which the applicant will be expected to exceed as revenues permit."¹⁸

The Labatt group knew it would take time before TSN would make a profit. It expected losses of \$ 11 million for the first three years based on annual operating costs of about \$ 26 million.¹⁹ Initially, it was hoped that TSN might turn a profit after the third year. But just five months after the licence was granted, management pushed back the break-even point to year four.²⁰ "We had a tough first two years," says Jim Thompson referring to the financial end of operating a new network. "There were some tense times. Had we not had Labatt as an owner this thing may have gone down."²¹

There were financial problems, even though cable subscriptions to the new service were much higher than anticipated. Management predicted there would be about 171,000 subscribers at startup. In fact, about 323,000 subscribers were paying to watch TSN when it signed on. TSN would receive up to \$ 1.50 per subscriber each month from the cable companies. The fee TSN charged varied depending on the cable operator. It could also be

¹⁷ Wayne, Jamie. "Sports Network scores in pay-tv league," in *Financial Post*, May, 18, 1985. p. 20.

¹⁸ CRTC 84-339 p.2.

¹⁹ Boone, Mike. "Sports Network ready to score pay-tv success," in *Montreal Gazette*, Monday, December, 10th, 1984. p.b-10.

²⁰ Paul Patton. "Jays up, Expos out on TSN, *Globe and Mail*, Tuesday, August, 28th, 1984. p.s2.

²¹ Personal interview with Jim Thompson

lower if a cable company was able to get a certain number of clients to subscribe. The cable companies were charging customers \$ 7.95 to subscribe to TSN as a stand-alone service. The major problem for TSN was that 90 per cent of the subscribers did not purchase TSN as a stand alone service. Most of TSN's customers were also paying for the other new pay-tv service, Much Music, and the Movie Channel as part of a package deal marketed by the cable operators. The price to get all three channels was about \$ 16 per month.²² But TSN quickly established itself as an anchor for pay-tv. "For a new service at a very high price, it had quite a lot of takers."²³

It was estimated that TSN's subscriber revenue during the first year would be about \$ 6 million and advertising revenues around \$ 1 million. 75 per cent of TSN's revenue would come from subscribers. The other 25 per cent of the network's revenue would come from advertising. TSN had two disadvantages when it came to dealing with sponsors. Since TSN's reach on pay-tv was considerably less than conventional broadcasters, its advertising rates were much lower. A 30 second commercial on TSN in 1984 cost approximately \$ 500 compared to \$ 2500 on CBC.²⁴ There were also limits imposed by the CRTC on the amount of advertising TSN was allowed to run. Conventional over the air broadcasters were permitted to show 10 to 12 minutes of commercials per hour. The CRTC allowed TSN to broadcast just 8 minutes of commercials an hour. This hurt revenue streams, but TSN did not dwell on the

²² Boone, Mike. "Sports Network ready to score pay-tv success, in *Montreal Gazette*, Monday, December, 10th, 1984. p.8.

²³ Personal interview with Harris Boyd, vice-president of the CCTA

²⁴ Hunter, Jennifer, "Pay-tv Sports network battles for fans' dollars, in *Globe and Mail*, Saturday, Sept, 22nd, 1984. p. s-1.

disadvantages this decision posed. "In many respects the CRTC did the advertisers a big favour because there is less competition for them in the hour. It makes their ads a little more exclusive."²⁵

TSN went to air on Saturday, September 1st, 1984 at noon with a half hour opening special, followed by a Toronto Blue Jays game against the Minnesota Twins. This game would be one of four Blue Jays games that TSN would televise during its first month on the air. Other programming that day included a Canada Cup hockey game from Halifax between the United States and Sweden.²⁶ TSN was off to an impressive start, but it was not easy to operate a 24 hour a day sports network. "It was a huge challenge," noted anchor John Wells, "because everybody had come from doing local sports shows that would be six and seven minutes."²⁷ But TSN all of a sudden not only had to cover live events and fill hours and hours of programming, it also had to cover news. *SportsDesk* aired for the first time that evening. "It was really flying by the seat of our pants at that point in time when we first started. Items would be in the edit suite while we were on the air, scripts would be handed over your shoulder."²⁸ The staff was small and for the most part, the people behind the scenes were inexperienced. This was out of financial necessity. TSN would become well known in the broadcast industry for its cost-efficiency.

There was still a determination on the part of TSN not to appear amateurish at the beginning. "There is a tendency to think of cable television as low budget," wrote Al

²⁵ Davis, Ted. "Something to Celebrate," in *Broadcaster*, September, 1989. p. 6.

²⁶ Television Listings from *Broadcast Weekly Magazine*, in *Globe and Mail*, Saturday, September, 1st, 1984. p. 8.

²⁷ Personal interview with John Wells

²⁸ Personal interview with John Wells

Strachan of the *Globe and Mail*, less than six months after TSN's startup. "But TSN is none of this."²⁹ When it came to staffing its on-air people, TSN went after some of the bigger names in the industry. "Its upper-echelon staffers come from the most respected broadcasting in Canada."³⁰ John Wells was hired away from the CBC where he had just finished hosting the 1984 Los Angeles Olympics. "I don't think there's any doubt that it would succeed," said Wells "I believed in our leadership."³¹ Other announcers hired at the startup included Jim Van Horne, a well respected sportscaster from Calgary, Michael Landsberg and Terry Liebel. TSN was also quick to hire experienced people for some key behind-the-scenes jobs. Producers such as Rick Briggs-Jude and Michael Landsbury knew how to produce hockey and baseball at a network level.

At startup, TSN offered a wide array of programming. The network's most impressive achievement was the acquisition of Toronto Blue Jays baseball. The Sports Network carried 4 games during the 1984 season and 40 games during the following year. It also added 40 Montreal Expos games during the 1985 season. TSN would eventually spend about \$ 5 million on its baseball contracts.³² Also on the TSN schedule was Australian rules football, NBA and NCAA basketball and football, plus early round action from various golf and tennis tournaments. TSN also broadcast action from the round robin at the Brier curling championship.³³ But even during the early years, the emphasis was on Canadian programming. Unlike many broadcasters, Canadian content was actually a TSN

²⁹ Strachan, Al. "Sports Network scores with fans," in *Globe and Mail*, Monday, February, 18, 1985. p. s-2.

³⁰ Strachan, Al. "Sports Network scores with fans," in *Globe and Mail*, Monday, February, 18, 1985. p. s-2.

³¹ Personal interview with John Wells

³² Ashley, Lynda. "It's no gold mine yet-but the game's just begun," in *Broadcaster*, March, 1986. p.48.

³³ CP story in Calgary Herald, Friday, Dec, 14, 1984. & Jamie Wayne article from Financial post

specialty. "The best sports we could deliver our audience is Canadian," says Gordon Craig. "They want to see Canadian athletes, Canadian teams...the best product we can deliver is Canadian content."³⁴ It was a philosophy that would serve TSN well.

It certainly struck a chord with the viewers. TSN originally projected about 569,000 subscribers by the end of its first fiscal year on April 30th, 1985. The Sports Network easily exceeded that target. The subscriber base continued to grow, with 679,000 in place after one full year on the air. That was slightly higher than TSN's own expectations. But the number of subscribers who purchased TSN as a stand alone service did not budge from the original 5 per cent at sign-on. That cost TSN revenue, since cable companies would give TSN \$ 1.50 per month for each stand alone subscriber. From the other subscribers who took TSN as part of a package with MuchMusic and the Movie channel, TSN only received 95 cents a month. Nevertheless, for a network that was on the air less than a year, TSN was still doing very well, with 13 per cent penetration into Canadian homes with cable.³⁵

Even though TSN acquired a wide array of programming it was not easy to fill a never-ending programming hole. "When we started, we didn't have a very...full lineup,"³⁶ remembers anchor John Wells. The network did not acquire any rights to the CFL or NFL until 1987. That was particularly frustrating for Gordon Craig, because the brewery that owned the network also owned all the Canadian rights to the NFL. "They would not let it go on cable because they saw it as a precedent-setting move."³⁷ The NFL would not

³⁴ Personal interview with Gordon Craig

³⁵ Wayne, Jamie. "Sports Network scores in pay-tv league," in *Financial Post*, pp. 20.

³⁶ Personal interview with John Wells

³⁷ Personal interview with Gordon Craig

sell any TV rights to TSN because it was a pay-tv service. Craig repeatedly pleaded with the NFL to allow him to purchase broadcasting rights, but the league stubbornly resisted, not sure that it wanted to allow its property to end up on cable. "We didn't tap into the NFL until they created the cable package that got split between Turner and ESPN."³⁸ That was typical of how TSN's programming improved over the first few years. "Slowly sort of year by year, we picked away."³⁹

One of the problems TSN faced when it started was a never-ending need for programming. After all, The Sports Network was a 24 hour a day, 7 day a week station. That meant the network had to come up with 168 hours of programming a week. TSN decided to work with an 8 hour wheel of programming. That wheel would be repeated twice in a 24 hour period. "That got us on the air."⁴⁰ It also allowed TSN to be cost efficient. It would have been impossible for TSN to acquire original programming 24 hours a day at startup due to the cost. This broadcasting wheel also allowed the network to serve all five time zones in Canada, "getting some key programming into the...prime viewing hours."⁴¹ Even though TSN was repeating its programming twice, the network never referred to them as repeats. It came up with the clever euphemism, 'alternate viewing opportunities.' These AVO's did not cause TSN the same kind of problems that plagued the Movie Network on pay-tv. Like TSN, it showed many repeats to fill its schedule while maintaining cost efficiency. But TSN had some strict guidelines regarding AVO's. "For events, we had a very rigid rule that you had to repeat them within a time

³⁸ Personal interview with Gordon Craig (It should be pointed out that the first NFL contract on cable was actually with ESPN only. The contract with Turner came later)

³⁹ Personal interview with Gordon Craig

⁴⁰ Personal interview with Gordon Craig

⁴¹ Personal interview with Gordon Craig

frame before the next game in the league or before the next game that involved the club, which in most instances was sort of within a 24 hour period."⁴² In later years, TSN would outgrow the need to repeat its programming. "By and large our audience got to be too sophisticated to accept the repeat patterns as heavily as we had them,"⁴³ says TSN's founding President Gordon Craig.

As impressive as TSN's array of programming was at startup, there was something missing. The Sports Network did not have an NHL contract when it signed on. "You can't be a sports network in this country and not have the NHL in some fashion and that was evident from the start."⁴⁴ TSN tried very hard to obtain an NHL contract, but there was no precedent for negotiating cable rights. Molson brewery believed they owned all of the broadcasting rights, including the cable rights. Molson was willing to sell these rights to TSN. At the time the Molson brewery owned the broadcasting rights to each of the Canadian teams. It sold the national rights to the CBC. The individual teams felt they owned the cable rights, while the CBC believed that since it owned the national rights, it must also hold the national *cable* rights. It became an extremely thorny issue, one that became very difficult to resolve. "It was really a dispute with the NHL."⁴⁵ That left TSN out of the NHL for the first year. In 1985, TSN came to an agreement with Molson for a game-of-the-week package for five years at a cost of \$ 5 million. "In essence the deal transferred pay-tv rights originally acquired by Superchannel, a movie network that ditched its experiment with hockey long ago."⁴⁶

⁴² Personal interview with Gordon Craig

⁴³ Personal interview with Gordon Craig

⁴⁴ Personal interview with Gordon Craig

⁴⁵ Personal interview with Gordon Craig

⁴⁶ Lamphier, Gary. "Can TSN keep scoring?," in *Financial Times of Canada*, November, 18, 1985. p.10.

Problems quickly developed with this contract negotiated between Molson and TSN. Carling O'Keefe brewery, which owned the Quebec Nordiques and sponsored CTV's broadcasts of the team, objected to the deal "on the grounds that it [had] prior rights to Canadian telecasts involving home games of several United States teams."⁴⁷ TSN's first NHL telecast was in Vancouver. The Canucks hockey team, believing it still held its own cable rights, took TSN to court. The Canucks wanted an injunction that would prevent TSN from broadcasting the game. Ironically, a Labatt owned broadcaster argued the case with the help of attorneys from Molson---a rival brewery---which sold TSN the national broadcast rights. TSN won the case and broadcast the game. "Molsons stood shoulder to shoulder with us and supported us even though we were a Labatt company."⁴⁸ But the issue was far from resolved. The next week, TSN's game was in Winnipeg. TSN had to go to court again. This time the network lost, an injunction was granted and TSN was prevented from broadcasting the game.

Gordon Craig quickly realized that TSN could not keep going to court every time it wanted to broadcast an NHL hockey game in Canada. A meeting to try to resolve the dispute was arranged between the NHL, TSN, and Molson in late November of 1985. Labatt's rival was "incredibly co-operative. Molson agreed that they would relinquish whatever rights they thought they had back to the league, and the league would sell us a 20 game package."⁴⁹ TSN also guaranteed that Molson's would be the primary advertiser on their broadcasts. "It started us down the road,"⁵⁰ said Gordon Craig. Even the NHL

⁴⁷ Lamphier, Gary, "Can TSN keep scoring?," in *Financial Times of Canada*, November, 18, 1985. p.10.

⁴⁸ Personal interview with Jim Thompson

⁴⁹ Personal interview with Gordon Craig

⁵⁰ Personal interview with Gordon Craig

appeared to see the value of having TSN broadcasting its games. At the time, a league spokesman said the dispute "was simply a case of miscommunication and misunderstanding."⁵¹ In the end, TSN was given the rights to broadcast 16 regular season games during the 1985-86 season and another 17 the following year. The deal gave TSN the exclusive pay-tv rights in Canada. It also allowed the network to broadcast NHL games from Canada and the United States. There would also be no local blackouts on any of the broadcasts.⁵² "It was a turning point for the network in the sense of now there's a way to interest more advertisers and get an audience."⁵³

In 1988, TSN eventually got the chance to broadcast the first round of the NHL playoffs. At the time, it was not considered to be a major coup by the network. "It was no bigger than regular season,"⁵⁴ says NetStar President Jim Thompson. The contract did not allow TSN to show games that involved Canadian teams. But TSN "put together one hell of a presentation."⁵⁵ Not only did TSN broadcast playoff action, it also started showing highlights from other games as quickly as possible during live action. The network also set up a studio show of such quality that it forced the CBC to re-examine its own broadcast. "We really put this thing together on...the tightest business principles that you can imagine."⁵⁶

If there was a defining moment for TSN during the early years, it came during its coverage of the 1988 Calgary Olympics. The network broadcast 115 hours of coverage.⁵⁷

⁵¹ Lamphier, Gary. "Can TSN keep scoring?," in *Financial Times of Canada*, November, 18, 1985. p. 10.

⁵² "TSN settles dispute with NHL," in *Montreal Gazette*, November 22nd, 1985. p. C1. (CP article)

⁵³ Personal interview with John Wells

⁵⁴ Personal interview with Jim Thompson

⁵⁵ Personal interview with Jim Thompson

⁵⁶ Personal interview with Jim Thompson

⁵⁷ From internal TSN document "TSN Game Plan,"

It is clearly a source of pride for the network. It boasts that it is, "the first ever Pay-TV network to acquire broadcasting rights to the Olympics."⁵⁸ Most likely TSN was the first pay-tv broadcaster to provide any kind of event coverage from an Olympics. The International Olympic Committee did not conduct any negotiations with TSN. "We would have done a standard deal with whoever the rights holder was,"⁵⁹ said International Olympic Committee Vice-President Dick Pound. "What we did was to choose broadcasters in whatever territories we were dealing with who could guarantee 100 per cent coverage on free over-the-air television in their territories...If they chose to supplement that coverage by cable or whatever arrangements they wanted to make that was up to them because they had the exclusive rights. We simply didn't interfere in that to approve or disapprove."⁶⁰ It should also be noted that in keeping with this policy, the IOC did not make a separate deal with NBC for its pay-per-view triplecast at the 1992 Olympics in Barcelona. That was the first Olympics where pay-tv was actually showing live event coverage.

CTV held the Canadian rights and was under some pressure from the local organizing committee. "They wanted to get as much coverage as they could of their games. And CTV wasn't prepared to do more than the live coverage so the concept came up, well, why not see what TSN might be interested in."⁶¹ TSN was certainly eager to become involved. "We felt strongly that this was appropriate that in your own country there should be more coverage than merely what one broadcaster would provide."⁶² This was

⁵⁸ From internal TSN document, "TSN Game Plan,"

⁵⁹ Personal interview with Dick Pound

⁶⁰ Personal interview with Dick Pound

⁶¹ Personal interview with Doug Beeforth

⁶² Personal interview with Jim Thompson

all happening behind the scenes, about 18 months before the games. TSN assured the host broadcaster that it would only replay everything CTV had already shown, except with TSN's own on-air talent.⁶³ TSN ended up paying CTV about \$ 1 million for the right to show event coverage and highlights during overnight and early morning hours.⁶⁴ At the time this was a unique arrangement. "Cable had never been in the Olympics anywhere before internationally or at home."⁶⁵

TSN believes it made the most of this arrangement. "We had the biggest sports event in the world,"⁶⁶ says NetStar President Jim Thompson. TSN sent just 50 staffers to Calgary, but they made an impact. "What we did better than any other network in Calgary," remembers anchor John Wells, is that "we talked to a lot of Canadian athletes."⁶⁷ TSN also gave viewers who missed CTV's live coverage a chance to watch event coverage. "If you weren't there to watch Liz Manley win the silver medal you could watch it the next day, the whole performance."⁶⁸ TSN carved out a niche for itself at these games. "We did this morning program," says long time announcer Vic Rauter. "It was a bit of a castoff...that morning audience has never been served and it won a lot of respect from the viewers in general."⁶⁹ The fact that TSN provided this Olympic coverage well benefited the network in several ways. It increased TSN's awareness in the marketplace and increased its credibility. "It legitimized us in a lot of viewer's minds, a lot of subscribers' minds."⁷⁰ TSN management believes that its work at the Calgary Olympics helped begin

⁶³ Personal interview with Jim Thompson

⁶⁴ Personal interview with Doug Beeforth

⁶⁵ Personal interview with Gordon Craig

⁶⁶ Personal interview with Jim Thompson

⁶⁷ Personal interview with John Wells

⁶⁸ Personal interview with Jim Thompson

⁶⁹ Personal interview with Vic Rauter

⁷⁰ Personal interview with Jim Thompson

the transformation from a narrowcaster on pay-tv to the major network it has become today. "Maybe the defining moment in TSN's history,"⁷¹ says Rauter. Other broadcasters are not so sure. "I guess from TSN's point of view, Calgary probably was a watershed because it was [I] suppose, their first major significant international event. I'm not sure everybody else in the business looks at that as sort of the watershed. It's an interesting discussion point, I'm not sure whether it is or isn't."⁷² In 1998, TSN actually became an Olympic partner with the CBC and will provide live event coverage beginning with the 2000 Olympics. "Up until then," says Pound, "it appeared to be simply a matter of the rights holder, the free over-the-air network rights holder, laying off some of its investment and giving relatively unimportant opportunities for the cable network."⁷³

In April 1988, TSN finally reached the break-even point, after three-and-a-half years of operation. The network spent \$ 25 million a year and ran up a deficit of approximately \$ 25 million to become the most popular pay-tv service in Canada, with more than 1.2 million subscribers. "TSN has emerged as a staple in the apparently insatiable diet of the Canadian sports fan," wrote Marty York in *The Globe and Mail*, "It's no longer an experiment. It's big business."⁷⁴ Advertising revenue increased substantially over the years, from \$ 1.5 million at startup to a whopping \$ 15 million five years later.⁷⁵

A specialty channel like TSN was certainly big business as far as the cable companies were concerned. "Our wholesale pricing to cable," says Gordon Craig, "was a critical

⁷¹ Personal interview with Vic Rauter

⁷² Personal interview with Doug Beeforth

⁷³ Personal interview with Dick Pound

⁷⁴ York, Marty. "TSN, now they've got it all," in *The Globe and Mail*, Sat, Aug, 27, 1988. p a15-17.

⁷⁵ Christie, James. "Back to basic for sports network," in *The Globe and Mail*, Saturday, August, 1989. p. a-20.

issue for us."⁷⁶ After several years, TSN was starting to outgrow its status as a pay-tv service. "We were supporting pay-tv," says Gordon Craig. "But we had to get out of [the] box."⁷⁷ TSN's founding President is referring to the de-coder that separated pay-tv services from conventional over-the-air broadcasters. He believes that piece of equipment was responsible for keeping the price of TSN on pay-tv so high.⁷⁸ TSN's subscriber base was impressive for a pay-tv service. But the growth was starting to slow. There were also a lot of disconnections, which made for an unstable subscriber base. "The seasonal churn-out rate is really incredible with pay," said Craig. TSN experienced 3 per cent to 4 per cent disconnections per month, and during peak seasons that could increase to as much as 10 per cent. Some viewers would purchase the pay-tv package just to get the baseball games or curling. They would cancel the service immediately after the season was over. "What it came down to was that \$ 10 or \$ 12 per month was a lot for the consumer to pay. We know there were all sorts of sports fans out there who wanted TSN but that couldn't afford it."⁷⁹ As Gordon Craig told the CRTC, "basic carriage will increase access to Canadian specialty services by eliminating the high costs associated with discretionary technology and discretionary marketing."⁸⁰

It was no secret that TSN wanted to eventually work its way onto basic cable from the day it received its licence⁸¹ "We couldn't get penetration."⁸² TSN's penetration on pay-tv stalled at about 22 per cent. TSN had to increase its audience or it would not be able to

⁷⁶ Personal interview with Gordon Craig

⁷⁷ Personal interview with Gordon Craig

⁷⁸ Ashley, Lynda. "It's not gold mine yet-but the game's just begun," in *Broadcaster*, March, 1986. p 47.

⁷⁹ Davis, Ted. "Something to Celebrate," in *Broadcaster*, September, 1989. p.11.

⁸⁰ CRTC 87-901 pp.1-2.

⁸¹ Davis, Ted. "Something to Celebrate," in *Broadcaster*, September, 1989. p. 6.

⁸² Personal interview with Jim Thompson

"deliver the programming lineup that the public were demanding. We knew we had to deliver to stay viable."⁸³ To do that, TSN felt it had to move to basic cable. At the time, Craig said, "TSN and other specialty channels would become affordable for the majority of Canadians for the first time."⁸⁴ Pay-tv in Canada is extremely expensive to operate. TSN believed a move to basic cable would allow the price of the service to fall from about \$ 8 per month on pay-tv to 72 cents per subscriber if the cost was borne by all subscribers on basic cable. That is because the potential number of viewers would increase from approximately one million people to almost four million.⁸⁵

The CRTC ruled in late 1987 that TSN and MuchMusic could move to basic cable. But the fight for TSN was just beginning. The initial reaction from cable companies such as Rogers, the largest carrier in the country, was not positive. Rogers indicated that it would not move the two pay-tv services to the basic tier. "It's not seen as an advantage for our subscribers," said Rogers CEO Colin Watson at the time. "It is not clear that there is a business advantage."⁸⁶ Rogers and other cable companies wanted to continue carrying TSN as a pay-tv service in the larger markets in Canada. Cable carriers in small rural markets would make TSN available on the basic tier. The CRTC was not pleased with the cable companies' reaction and made it clear that MuchMusic and TSN had the right to move to basic. "They must be carried on basic unless [they] provide written consent that they will also allow discretionary [pay] carriage."⁸⁷

⁸³ Personal interview with Gordon Craig

⁸⁴ CP article, "TSN seeks wider audience," in *Halifax Chronicle-Herald*, July, 24, 1987. p.4.

⁸⁵ CP article, "Sports Network seeks shift to cable," in *Winnipeg Free Press*, July, 24, 1987. p.19.

⁸⁶ Cuff, John Haslett. "MuchMusic to stay on pay-TV in cities," in *The Globe and Mail*, Wed, Dec, 2nd, 1987. p. c-5.

⁸⁷ Partridge, John. "CRTC official says TSN, MuchMusic can negotiate the type of TV carriage," in *Globe And Mail*, Thursday, Dec, 3rd, 1987. p. b3.

TSN did not seem too concerned about the cable companies' reluctance to move them to basic. The Sports Network believed its move from a pay-tv service to basic cable should be done gradually. "We actually kind of invented the...tiering concept,"⁸⁸ says Gordon Craig. TSN did not actually end on basic cable per se. "We were on discretionary," says Jim Thompson. What that meant was subscribers could choose to purchase TSN and other services as part of a package above and beyond what was offered on basic cable. TSN helped to invent something new called the first tier of basic cable. "We were a driver of the first tier."⁸⁹ That does not mean the cable companies immediately warmed to the idea of moving TSN off pay-tv. Some carriers like Cogeco did. But TSN had to fight with other cable operators such as Shaw for inclusion on basic.

It was crucial for TSN to achieve broader distribution. By moving onto the first tier, TSN was able to more than double its number of subscribers. The price per subscriber went down considerably. Viewers who were paying several dollars per month for TSN now could watch it and other American channels on the first tier such as A & E for 88 cents per month. The resulting influx of cash allowed TSN to turn a considerable profit. But TSN also put this additional revenue back into its operations. "We were able to kick back in and buy some things," says Jim Thompson. TSN improved its programming immensely, acquiring rights to such events as the World Cup of Soccer, the CIAU championships and the World Junior Hockey Championships. "It was just a very easy circle."⁹⁰ The only problem with TSN's move to basic was that not only did revenue and advertising revenue increase, so did the cost of acquiring programming. For example, it

⁸⁸ Personal Interview with Gordon Craig

⁸⁹ Personal interview with Jim Thompson

⁹⁰ Personal interview with Jim Thompson

cost between \$250,000 and \$ 500,000 per year for TSN to acquire the NHL rights during the last three years the network was on pay-tv. The price doubled once TSN moved onto the basic tier.

Not everyone was pleased with TSN leaving pay-tv. At the time, the Consumer's Association of Canada believed that many television viewers were being made to pay extra for channels they did not want.⁹¹ "Cable is being used as a cash cow for specialty programming services," said Guy Beauchamp, chairman of the Canadian Cable Television Association in 1989. "Programming services are being forced onto basic whether the cable company is disposed to offer them on basic or not, and whether our subscribers are still willing to pay for them or not, or even watch them."⁹² The flip side to that argument was voiced by TSN President Gordon Craig. "Everyone who had ever wanted TSN now has it for a fraction of the original cost. It is equally true that those who couldn't care less for the service now pay for it whether they want to or not."⁹³ The CCTA felt that viewers should only be paying subscriber fees when a specialty channel is trying to establish itself. "They deserve a break from the fees once the services, such as TSN and MuchMusic, have proven themselves successful."⁹⁴

It does appear that the CRTC believed that TSN would be of interest to a large number of viewers if moved onto basic cable. When the Commission was examining TSN's request to move to basic, it took notice of an Angus Reid survey that indicated "68 per cent of those questioned would be interested in watching sports programming."⁹⁵ A

⁹¹ CP story, "Sports Network seeks shift to cable," in *Winnipeg Free Press*, July, 24th, 1987. p.19.

⁹² Davis, Ted. "Something to celebrate," in *Broadcasting*, September, 1989. p. 11.

⁹³ Davis, Ted. "Something to celebrate," in *Broadcasting*, September, 1989 p. 11.

⁹⁴ Davis, Ted. "Something to celebrate," in *Broadcasting*, September, 1989, p. 11.

⁹⁵ CRTC 87-901. p. 2.

survey TSN commissioned indicated that 34 per cent of cable subscribers " 'very much enjoy' sports programming."⁹⁶ The CRTC concluded that "TSN's migration to basic would not adversely affect the viability of existing pay television services beyond what is already occurring in the marketplace."⁹⁷ Furthermore, the Commission also believed the move to basic would have little impact on conventional broadcasters. The pay-tv movie channels strenuously objected to TSN's application. They believed their subscriber penetration levels would suffer and the entire pay-tv tier would become less attractive.⁹⁸

One of the arguments for ensuring that services such as TSN get a chance to flourish, is that the alternative may be more American broadcasters will arrive in Canada to fill the void. "It's social engineering really by the CRTC to ensure that we have homegrown services and not just ESPN brought in by satellite,"⁹⁹ says the current Vice-President of the CCTA Harris Boyd. Jim Thompson of TSN believes the CRTC felt that it had to open up Canadian television or it would be swallowed up by the broadcasters from the United States. "You always have a 10 year advanced model sitting south of you."¹⁰⁰ At the time, U.S. broadcasters such as ESPN and TBS wanted to get into Canada. "To shape the Canadian industry we had to do what everyone else was doing."¹⁰¹ The result of such a policy is a higher cost for the viewing public. "We have institutions that promote Canadianism," says Harris Boyd. Providing revenue streams for specialty channels such as TSN allows them to employ Canadians in the broadcasting industry. It also allows

⁹⁶ CRTC 87-901 p. 2.

⁹⁷ CRTC 87-901 p.5.

⁹⁸ CRTC 87-901 p.6.

⁹⁹ Personal interview with Harris Boyd

¹⁰⁰ Personal interview with Jim Thompson

¹⁰¹ Personal interview with Jim Thompson

specialty channels to include Canadian content that American stations would likely not provide. "You wouldn't get...regional hockey games and maybe not even all of the...NHL games if it was up to ESPN probably."¹⁰²

TSN and the cable companies are actually exploiting a system put in place by Canadian regulators many years ago. Up until 1968, the cable industry did not fall under the auspices of the Broadcasting Act and was beyond the reach of the CRTC. "By the end of the 1960s the Canadian cable industry constituted a powerful lobby and proved to be extremely difficult for the CRTC to monitor and control," wrote Robert Sparks in his study of TSN in 1992. Instead of forcing the cable operators to simply fund Canadian productions, the CRTC developed another plan. It would "licence separate *cable broadcasting undertakings* that could *not* be owned by the cable companies but that would generate revenue from *cable subscriptions* that could be put back into the broadcasting system."¹⁰³ Although the CRTC made this policy in the 1970s, it did not take effect until specialty channels like TSN were born a decade later.¹⁰⁴

It was the subscriber revenues that provided TSN the vast majority of its income. Those revenues increased dramatically after TSN moved onto basic cable. (see chart 2) Subscriber revenues tripled over the ten year period beginning with TSN's departure from pay-tv in 1988. Today, those revenues provide TSN with almost \$ 100 million per year. But TSN's advertising revenue increased at an even higher rate. Advertising income increased five fold during the same ten year period. In the early years, cable revenue

¹⁰² Personal interview with Harris Boyd

¹⁰³ Sparks, Robert. " 'Delivering the Male': Sports, Canadian Television, and the Making of TSN," in *Canadian Journal of Communication*, Vol 17 no 1, Winter 1992. p.326.

¹⁰⁴ Sparks, Robert. " 'Delivering the Male': Sports, Canadian Television, and the Making of TSN," in *Canadian Journal of Communication*, Vol 17 no 1, Winter 1992, pp. 325-326.

provided The Sports Network with about 75 per cent of its revenues, while advertising accounted for just 25 per cent. By moving to basic cable, viewership increased dramatically, making the network more attractive to advertisers. Today, TSN's advertising revenue makes up 40 per cent of its gross revenues while the percentage of cable income has declined to 60 per cent. Gross revenues increased from over \$ 40 million a year in 1988 to an almost staggering \$ 150 million in 1998. TSN's profit picture also increased dramatically. The network's operating income has jumped from just under \$ 12 million in 1988, to almost \$ 53 million in 1997. Pre-tax profits fluctuate at times, most likely due to the management-led buyout in 1995 and the debt restructuring that resulted.¹⁰⁵ Profits prior to the sale by Labatt may actually be even higher than those reported to the government. "Industry sources feel the figures are probably skewed to keep the profit figures down. Within vertically integrated Labatt, after all, TSN pays Labatt-owned sports teams for TV rights and then makes what it can from broadcasting revenues. But whatever amount is being paid to whom, the money eventually ends up in the same pot," wrote *The Globe and Mail*, in a 1994 article acknowledging TSN's 10th anniversary. " 'There's nothing to stop TSN from paying a really high price for the Blue Jays to create the impression it isn't making huge profits. All that Labatt is doing is taking money from the right-hand pocket and sliding it over to the left-hand pocket.'¹⁰⁶ To this day, TSN insists that it loses money on its Blue Jays broadcasts.

¹⁰⁵ data from personal interviews and various newspaper accounts and *CRTC Specialties: Statistical and Financial Summaries 1988-1998*.

¹⁰⁶ Houston, William. "Real TV means real profits," in *The Globe and Mail*, Saturday, August, 27, 1994. p. a-16.

TSN SUBSCRIPTIONS ON PAY-TV

Chart 1

September 1984	323 000 (projected 171 000)
September 1985	679 000
March 1986	773 000
September 1987	1,000, 000
August 1988	1,200,000
August 1989	2,200,000
September 1989 (on first tier of basic)	5,000,000

TSN's FINANCIAL RECORDS

Chart 2

	subscriber revenue	advertising revenue	total revenue	canadian program expenditures	operating income	pre-tax profit
1988	31,069,265	10,005,334	41,726,324	15,431,688	11,703,079	7,072,636
1989	35,606,506	14,019,335	50,156,710	19,869,599	13,375,019	8,727,847
1990	59,782,671	27,700,877	88,280,426	23,742,048	38,276,348	19,008,530
1991	68,125,704	29,440,349	98,622,379	26,607,537	38,326,373	31,438,824
1992	70,946,821	38,792,750	110,683,866	28,333,426	49,687,923	45,847,024
1993	76,369,085	42,615,879	119,438,349	n/a	38,220,947	34,589,275
1994	80,369,949	46,006,244	127,017,499	43,946,853	44,715,345	41,316,676
1995	87,129,019	41,409,433	129,154,721	54,247,879	43,312,648	36,373,726
1996	90,948,040	47,183,567	138,377,183	59,652,404	45,226,866	(663,649)
1997	96,028,976	50,454,572	146,501,173	69,726,697	52,984,405	10,968,433
1998	99,685,199	54,239,918	154,922,395	68,809,400	49,893,686	5,265,383

TSN would be the first to admit that having such considerable revenues from the cable companies is very advantageous. "Two revenue streams is always better than one,"¹⁰⁷ says current TSN President Rick Brace. Conventional broadcasters such as CTV, CBC, and Global would also agree with that statement. But they do take exception to the fact that it does not apply to them. Over-the-air broadcasters do not receive any revenues

¹⁰⁷ Personal Interview with Rick Brace

from cable companies, even though their services are carried by the cable companies as the backbone of basic service. TSN insists this revenue stream is not an unfair advantage.

"The revenue for TSN is far lower than what it would be for CTV simply because of its distribution," says Brace. "I mean we're not an over the air carrier, we don't have that advantage, we're on cable...we have a restricted universe...we're talking about apples and oranges."¹⁰⁸ TSN insists that it would not be able to operate the way it does without income from the cable companies. The network spends more money than any other specialty channel on its programming. "You couldn't run the service if you run on advertising alone," says Brace. "You'd be out of business."¹⁰⁹

The relationship between the cable companies and TSN has been a profitable one for both parties. But it is not without its tensions. In 1989, TSN moved from pay-tv to basic cable. In 1992, cable operators such as Rogers decided to move TSN off basic cable and onto a new discretionary tier, which later became known as the first tier. By doing this, the cable companies were able to reduce the price of their basic service.¹¹⁰ With a popular service such as TSN available on a discretionary basis, the cable companies could use the specialty channel as an anchor for the first tier. "It was a packaging opportunity that allowed them to sell services that on their own wouldn't stand."¹¹¹ That allowed the cable companies to make huge profits on this new tier. Since TSN's presence on the first tier was critical to its success, the network was able to leverage a high price per subscriber. Cable operators like Rogers are believed to have offered TSN a deal that would guarantee

¹⁰⁸ Personal Interview with Rick Brace

¹⁰⁹ Personal Interview with Rick Brace

¹¹⁰ Partridge, John. "Shakeup in cable TV in the works," in *The Globe and Mail*, Monday, January, 13th, 1992. p. c-1.

¹¹¹ Personal Interview with Rick Brace

them the same subscription revenue on the first tier, even if it lost subscribers.¹¹² The move to the first tier did not hurt TSN. The specialty channels huge subscriber revenues only continued to increase. This first tier was unregulated, unlike the basic tier in which subscriber fees were dictated by the CRTC. This meant those fees were subject to negotiation. At times, the cable companies felt they were paying the specialty channel too much money. "Obviously their position is they'd like to pay less," says TSN President Rick Brace. "The margin's pretty good, and they've been profiting quite substantially and quite nicely from TSN."¹¹³

Many cable systems do carry TSN on basic cable. Those operators in particular thought that the specialty channel was making too much money from subscriber revenues. When TSN's licence came up for renewal in 1994, the network wanted to increase its rate on basic from \$ 1.07 per subscriber per month to \$ 1.19. "The revenues generated by the proposed increase in TSN's wholesale rate are needed to offset the negative impact on the service of increased fragmentation and of the increasing costs of program acquisition."¹¹⁴ This time it appeared that TSN had gone too far. It could be argued that TSN was one of the causes of fragmentation. At CRTC hearings considering the network's licence renewal, Vice chairman for broadcasting, Fernand Belisle indicated the commission was actually considering a rate cut, given the fact that TSN's profits had never been higher. "Why would we not roll back the rate to 97 cents?"¹¹⁵ The Canadian Association of Small Cable Operators were in favour of such a roll back, also citing heavy TSN profits.

¹¹² Partridge, John. "Shakeup in cable TV in the works," in *The Globe and Mail*, Monday, January, 13th, 1992. p. c-1.

¹¹³ Personal Interview with Rick Brace

¹¹⁴ CRTC 94-603 p.3.

¹¹⁵ CP Story in *Montreal Gazette*, "TSN fee hike is challenged at CRTC hearing," April, 28, 1994. p. e-4.

"What we've been known as though is tremendously detailed and difficult negotiators and as a result, a lot of the mom and pop organizations would sign contracts only to realize that...maybe they'd missed some of the fine print," admits TSN President Rick Brace. "Slowly but surely we became to be seen as a kind of the big guy, maybe the bully to a certain extent."¹¹⁶ In the end, the CRTC denied TSN's request for a rate increase, keeping it at \$ 1.07 per subscriber per month.

The CRTC may not have always been pleased with TSN's desire for higher profits. But there can be little doubt that the regulator was very pleased that TSN was serious about providing a distinctly Canadian service. When it came time to approve the network's application for a move from pay-tv to basic cable in 1987, the CRTC gave TSN very high marks. The regulator noted that TSN's overall programming was 42 per cent Canadian. This percentage increased to 55 per cent between the prime time hours of 6 pm-midnight. These percentages of Canadian content were substantially more than TSN was required to broadcast as a condition of its licence. Those numbers remained high the next year when the CRTC reviewed TSN's licence. Thirty five per cent of its overall program schedule was Canadian. During prime time that percentage increased to 50 per cent. "The Commission is satisfied that the licensee has greatly exceeded these requirements and commends TSN for its performance."¹¹⁷ The network also provided more than 10,000 days of work to various freelance producers, directors and commentators. It leased mobile facilities and hired production crews from conventional broadcasters. TSN also spent \$ 40 million on Canadian programming during its first four years of operation.

¹¹⁶ Personal Interview with Rick Brace

¹¹⁷ CRTC 88-776 p.2.

That was about 81 per cent of its entire programming budget, considerably more than the 70 per cent it promised the Commission when it first applied for a licence.¹¹⁸ In terms of its programming, TSN's record of broadcasting Canadian sports was very impressive. From the time TSN signed on in 1984 until June 1988, the network had been on the air for more than 33,000 hours. Approximately 1,600 hours were devoted to the coverage of amateur sports. On average, TSN devoted 17.5 hours per week to sports news, which included 5 sportscasts per day.¹¹⁹ The CRTC was impressed with TSN's commitment to providing a comprehensive national service. "It has offered Canadians television viewers a true choice, providing them with events and coverage 'not available anywhere else on the dial.' "¹²⁰

There was a concern that TSN's role within the broadcast industry might change with its move to basic cable. With a larger audience, TSN might want to enter into direct competition for event rights with conventional broadcasters. The Canadian Association of Broadcasters made it clear to the CRTC that it felt TSN's "primary contribution to the Canadian broadcasting system should be through its exposure of the less represented Canadian sports or events that conventional broadcasters have difficulty scheduling."¹²¹ TSN did admit to the CRTC that it would like to pick up properties that would appeal to a "significant number of viewers."¹²² The network also pointed out to the Commission that revenues earned by broadcasting professional sports events to a wide audience helped to subsidize its telecasts of amateur sports. TSN insisted it would continue to complement

¹¹⁸ CRTC 88-776 p.1.

¹¹⁹ CRTC 88-776 p. 2.

¹²⁰ CRTC 87-901, p. 1.

¹²¹ CRTC 88-776, p.3.

¹²² CRTC 88-776 p. 3.

conventional broadcasters. The Sports Network was quick to point out that its move to basic cable would only allow it to reach about 4-5 million homes compared to 9 million for an over-the-air network. "The conventional broadcaster, as the primary rights holder in all these sports, will always have the first choice of games and scheduling dates."¹²³

The CRTC made it clear in TSN's 1988 licence renewal that it expected the network not to siphon or compete with conventional broadcasters for properties.

But TSN's programming was improving at the expense of those same conventional broadcasters. In 1989, The Sports Network acquired the Vanier Cup, which had been broadcast for many years on CTV. TSN also picked up a package from Hockey Canada that included the World Junior Hockey Championships in 1991. The network's move to the basic tier also resulted in TSN acquiring the rights to the Memorial Cup from the Canadian Hockey League. But TSN management did not consider these acquisitions to be siphoning. They considered siphoning to be outbidding conventional broadcasters for properties. TSN did not outbid the CIAU, the CHL, or Hockey Canada to acquire their broadcasting rights. What TSN did was offer to broadcast more regular season games, which conventional broadcasters were unable or unwilling to do, in exchange for the rights to the championship games or higher profile events. In the case of the World Junior Hockey Championships, TSN was able to offer Hockey Canada a more comprehensive package that increased the organization's visibility. "CBC was cherry picking the jewels and the rest of the international program wasn't getting any attention."¹²⁴ CBC might only broadcast the World Juniors if they were held in Canada. If they were outside the

¹²³ CRTC 88-776 p. 3.

¹²⁴ Personal interview with Gordon Craig

country, CBC decided on a yearly basis whether or not to broadcast the tournament. TSN made a commitment to Hockey Canada that it would carry all of Canada's games at the World Junior Hockey Championships regardless of where the event was held. TSN would also broadcast other Hockey Canada events that conventional broadcasters were ignoring. "CBC said you're siphoning," remembers Jim Thompson. "We said hold it. We're doing every game...you're doing the final...so have we siphoned or are we giving more?"¹²⁵ TSN turned this property into one of its major showcase events. "It made our Christmas season," says Jim Thompson. "The minute we got into it, we...realized there was some value here. And we put a lot of money into it."¹²⁶

TSN considered this method of 'leveraging' properties away from other rights holders to be a perfectly acceptable business practice within the conditions of its licence. It believed that there was a distinction between 'leveraging' and 'siphoning.' The conventional broadcasters disagreed. They were concerned about this distinction from the time TSN signed on. "If TSN started its business, they would end up then taking events away from the main networks because what TSN would do would be to offer rights holders for the leagues or teams bulk of coverage and TSN would then be able to use that bulk of coverage argument and leverage the leagues and rights holder to also have to give TSN their premier properties."¹²⁷ Gordon Craig dismisses this notion that TSN was directly competing with conventional broadcasters. "If they want a package, or a property, there is no way the economics will permit a cable network from outbidding

¹²⁵ Personal interview with Jim Thompson

¹²⁶ Personal interview with Jim Thompson

¹²⁷ Personal interview with Doug Beeforth

them."¹²⁸ This issue of siphoning was mentioned at length during TSN's first two licence applications. It is not even referred to in TSN's 1994 licence renewal. "It disappears. It's like the Bermuda Triangle. It goes from being something that was very essential to TSN being able to keep everybody happy to just disappearing off the map."¹²⁹ Most broadcasters believed the market place had matured during that time, and siphoning ceased to be an issue. "I think everybody grew up," says Jim Byrd of the CBC. "An issue of siphoning is fine if you're the first player coming into the marketplace and everybody has everything. Once you're into the marketplace, and several players are in the marketplace, the marketplace kind of dictates what you're going to pay."¹³⁰ This concept of 'leveraging' is a central theme of this thesis and will be expanded upon in due course.

With the introduction of RDS, five years after its English language counterpart made its debut, TSN became a truly national and bilingual service. Réseau de Sports broadcast for the first time on September 1st, 1989. The francophone sports service now gave more than one million cable subscribers in Quebec access to a wide variety of Canadian sports programming. Labatt spent approximately \$ 20 million to build a new broadcast centre in Montreal. RDS would provide programming of interest to French speaking viewers in the French language. The CRTC licence required RDS to broadcast at least 18 hours of original Quebec-based sports programming. RDS broadcast Montreal Expos baseball and Montreal Canadiens hockey plus games from the Quebec Major Junior hockey league. TSN's French service also offered news and highlights programs.¹³¹ "It's purely

¹²⁸ Personal interview with Gordon Craig

¹²⁹ Personal interview with Doug Beeforth

¹³⁰ Personal interview with Jim Byrd

¹³¹ Davis, Ted. "Something to Celebrate," in *Broadcaster*, September, 1989. p. 14.

Canadian," says Jim Thompson. "It services a very large territory in Quebec that demands their own programming, demands their own attitudes, their own style."¹³² It is a profitable service to this day because of the synergies it has with TSN.¹³³

Another area that TSN expanded into during the late 1980s concerned the newly built SkyDome. TSN spent \$ 5 million dollars to become a partner in the SkyDome.¹³⁴ It also created Dome Productions, a \$ 13 million state of the art facility that controlled the productions of broadcasts that originated from the SkyDome. Dome Productions was equipped with two control suites capable of performing the same functions as the mobile truck usually used by most broadcasters. But Dome Productions owned "the rights to *all* broadcasts at the dome."¹³⁵ Any broadcaster wanting to broadcast from inside the SkyDome has to deal with Dome Productions, and rent their equipment. TSN management also structured Dome Productions "as a separate corporate entity in order to avoid having to report its business activities to the CRTC when The Sports Network comes up for its licence renewal."¹³⁶

In 1994, the CRTC granted TSN a 7 year licence renewal because the network consistently exceeded the Canadian content provisions required by the broadcast regulator. As a condition of that renewal, TSN promised to increase the level of Canadian programming during prime time from 50 per cent to 60 per cent. But the CRTC wanted to see TSN broadcast more than just Canadian "professional" sports. "The Commission considers the exposure of Canadian amateur sports by TSN to be an important element of

¹³² Personal interview with Jim Thompson

¹³³ Personal interview with Jim Thompson

¹³⁴ York, Marty, "TSN, Now they've got it all," in *Globe and Mail*, Saturday, August, 27, 1988. p. a-17.

¹³⁵ York, Marty. "TSN, Now they've got it all," in *Globe and Mail*, Saturday, August, 27th, 1988. p. a-17.

¹³⁶ Davis, Ted. "At Home in the Dome," in *Broadcaster*, June, 1989 p. 16.

the service's reflection of Canada's people, places, events and leisure activities.

Accordingly, the Commission *expects* the licensee to broadcast Canadian amateur sports programming at a time that is attractive and convenient for subscribers, during the day-time and during the evening broadcast period."¹³⁷ TSN's financial success prevented it from achieving all of the CRTC's mandates. The Sports Network failed to spend a minimum of 36 per cent of its gross revenues on Canadian programming because revenues were much higher than expected.¹³⁸

Expansion and innovation continued at TSN during the early to mid 1990s. In 1994, Labatt put of all of its broadcasting, entertainment and sports holdings into one separate subsidiary called Labatt Communication Inc, LCI.¹³⁹ The network moved from its original location on Leslie Street in Toronto to a new building on Shepard Avenue. At the time, this facility was one of only three all-digital broadcast centres in the world. It cost about \$ 18 million to fund the project, including \$ 10 million alone for the equipment. But TSN had clearly outgrown the facility it had when it signed on 10 years earlier. "We didn't just expand...for expansion's sake," said Ken Murphy, TSN's director of technical operations at the time. "The place was full."¹⁴⁰ TSN's new facility allowed it room to grow for the future. It also provided space and facilities for Labatt Communications newest specialty channel, the Discovery channel, which signed on the air January 1st, 1995.

¹³⁷ CRTC 94-603. p. 2.

¹³⁸ Houston, William. "Real TV means real profits," in *The Globe and Mail*, Saturday, August, 1994. p. a-14.

¹³⁹ Livesey, Bruce. "Sportin' Life," in *Financial Post Magazine*, Feb, 1995. p. 39.

¹⁴⁰ Dawson, Bret. "A digital revolution with heart," in *Broadcaster*, September, 1994. pp10-12.

A lot of the credit for TSN's success was due to the support of the parent company Labatt. But after 1995, that steady influence would no longer be a part of TSN. In 1995, the Belgian company Interbrew took over John Labatt Ltd in 1995 for a price that was reported to be \$ 2.7 billion. But Interbrew would not be able allowed to operate TSN because Canadian law does not permit foreign companies from owning more than 20 per cent of a Canadian broadcasting outlet. Before Interbrew could complete its takeover of Labatt, it had to find a buyer for LCI.¹⁴¹ There was a lot of interest in TSN. "Every other broadcast entity in the country started coming around kicking our tires and looking at our books," remembers Gordon Craig. "It was a little distressing."¹⁴² Craig decided to lead a consortium that would attempt to buy the specialty channel he started.

Craig was easily able to convince the senior management team at TSN to work with him on his bid to buy LCI. Capital Canada came aboard to provide the financing. A partnership was struck with TSN's management leading the way. The senior managers would hold a small piece of the company and run the operation. "I'd like to have [at the time] basically four partners that are relatively equal in size. And we were able to do that."¹⁴³ The investors would be ESPN, Reitmans, a women's retail clothing outlet, Stephen Bronfman and Clarridge Inc, and the Caisse de Depot credit union of Quebec. This consortium held an advantage as it entered the bidding process. The management team was in a good position to know what the company they were running was worth.

Interbrew was determined not to sell off LCI for less than \$ 600 million. The consortium led by Gordon Craig put a bid together to purchase Labatt's broadcasting

¹⁴¹ Hasselback, Drew. "Top brass buy TSN," in *Toronto Star*, Tuesday, July, 18, 1995. pp. c1-2.

¹⁴² Personal Interview with Gordon Craig

¹⁴³ Personal interview with Gordon Craig

assets for \$ 610 million. "At the eleventh hour when we thought we were there Interbrew decided to walk away," said Craig. "They attempted to get an auction going."¹⁴⁴

Craig's consortium shut down and his senior managers actually went back to helping other prospective buyers prepare their bids. Interbrew called for closed and sealed bids. Interbrew was concerned that the Craig group was apparently no longer interesting in purchasing LCI.¹⁴⁵ It appears that Interbrew may have overestimated the value of TSN and Labatt's other broadcasting properties.¹⁴⁶ Alliance Communications, Baton Broadcasting, and CanWest Global Communications were among three of the potential buyers. But paying the large purchase price was an obstacle according to Scott Cuthbertson, a corporate executive with TD bank who was looking at financing the deal. "Basically nobody could chin themselves up to the level of financing that the borrowers were asking for at that point in time, which was indicative of an inflated price. Basically it should have been easy to finance if they pay the right amount."¹⁴⁷

The attempt by Interbrew to create a bidding war backfired. The night before the bids were to be submitted, Gordon Craig was urged by Interbrew to take one last shot at reassembling his consortium. "I called my four partners and I said, 'listen if we can do this, if I could get this for five million less than our original bid that was rejected, will you back me? And they said O.K."¹⁴⁸ Craig's consortium offer of \$ 605 million ended up being the successful bid for LCI. At the time Craig called it, "the biggest pure

¹⁴⁴ Personal Interview with Gordon Craig

¹⁴⁵ Personal interview with Gordon Craig

¹⁴⁶ Personal interview with Scott Cuthbertson

¹⁴⁷ Personal interview with Scott Cuthbertson

¹⁴⁸ Personal interview with Gordon Craig

broadcasting deal ever done in Canada."¹⁴⁹ *The Globe and Mail*, reported that Interbrew received offers that were up to \$ 1 million higher than the one submitted by the management led group, but had some conditions attached. It also reported that Interbrew believed the Craig consortium would have an easier time obtaining CRTC approval than any other buyer.¹⁵⁰ "It was exciting," says Craig. "It's pretty basic down and dirty business and poker playing and I loved it."¹⁵¹

Craig's consortium was now the proud owner of LCI, which would later become known as NetStar. In addition to TSN, the consortium had purchased RDS, and an 80 per cent interest in the Discovery Channel, as well as minority interests in some other ventures. TSN, RDS and the Discovery Channel were valued at more than \$ 485 million by the new owners when they applied to the CRTC for approval of the purchase.¹⁵² But LCI's holdings also included a 25 per cent share of Viewer's Choice Canada, a pay-per-view service. Also part of LCI was Rep Shoppe Inc, a national advertising service, 35 per cent of NTN Canada Inc, a company that produces interactive television games and Dome Productions.¹⁵³ The management group led by Craig ended up holding just under 3 per cent of LCI. Both Stephen Bronfman and Caisse de depot invested \$ 50 million dollars each for their 28.6 per cent shares of the new company. Reitmans paid \$ 35 million for its 21 per cent holding. ESPN, the other partner, owned 20 per cent, the maximum allowed under Canadian law. That percentage could increase if government

¹⁴⁹ Hadekel, Peter. "The Toronto Sports Network? Not any more," in *Montreal Gazette*, Saturday, August, 26th, 1995. p. f-1.

¹⁵⁰ Bourette Susan and Harvey Enchin, "Labbatt group wins LCI," in *Globe and Mail*, Tuesday, July, 18, 1995. p. b-1.

¹⁵¹ Personal interview with Gordon Craig

¹⁵² CRTC 96-75

¹⁵³ Hasselback, Drew. "Top brass buy TSN," in *Toronto Star*, Tuesday, July, 18, 1995. pp c 1-2.

regulations changed.¹⁵⁴ ESPN would later increase its ownership to 32% when the Canadian government changed the regulations regarding foreign ownership a few years later. The investor group also borrowed \$ 400 million to finance the deal.¹⁵⁵ The CRTC approved the sale on March, 6th, 1996. It expressed no reservations about the Craig consortium's ability to finance the purchase.¹⁵⁶ At the time, many observers believed Gordon Craig and his investors had paid too much. "It was a good asset and a money making proposition," says Scott Cuthbertson. "But not a whole lot of area for growth and some potential for decline...which makes it tough to value."¹⁵⁷ With competition for TSN possibly on the horizon, the future of LCI was unknown. Would TSN be able to continue delivering the impressive profits that it had achieved during the early 1990s?

About six months after the CRTC approved TSN's ownership change, the Commission awarded a broadcasting licence to CTV for a regional sports service. The CRTC gave S-3 a seven year licence which expires in 2003. CTV was required to have its new sports network up and running by September 1st, 1999 at the latest. This new specialty channel was controlled by CTV but had Molson and Rogers Cable company as partners. Like TSN, this service would provide live coverage of sports events and other programming, except that it would distribute it to four distinct regions of Canada. S-3--which was later renamed CTV SportsNet--would divide the country into either, "pacific", "west", "central" and "east" and provide programming of interest in each region. "The licensee made a commitment that no more than 67 per cent of the programs

¹⁵⁴ all of the Star, Globe, and Gazette articles pertaining to the management purchase

¹⁵⁵ Hadekel, Peter, "The Toronto Sports Network? Not any more," in *Montreal Gazette*, Sat, Aug, 26th, 1995. p. f-1.

¹⁵⁶ CRTC 96-75 p.1.

¹⁵⁷ Personal interview with Scott Cuthbertson

broadcast each broadcast week on each of the regional feeds shall be broadcast on any of the other feeds of the service."¹⁵⁸ S-3 also promised the CRTC that a minimum of 27 per cent of its programming on each feed would be used to broadcast sports under-represented on television such as amateur athletics and sports involving the participation of women.

Not surprisingly, TSN vehemently opposed CTV's bid to begin a sports channel. TSN also applied for the same licence that the CRTC ultimately granted to CTV. "We should have had it," says NetStar President Jim Thompson. "It would have been a more efficient distribution."¹⁵⁹ TSN did not believe that it would be economical for a regional sports network to divide Canada into four regions and broadcast four distinct feeds. TSN's proposal would have seen the country split into two halves, with a floating border depending on the programming being broadcast and what parts of the country it interested. TSN would have always sent two signals west and had another one in the east. "We could have made it economical."¹⁶⁰

The issue of split feeds was not a new one. When TSN asked the CRTC to approve its sale to the Gordon Craig consortium in 1996, CTV intervened. It argued that TSN " 'has strayed from its national licence by programming on a regional basis' on a number of occasions."¹⁶¹ TSN felt it had the right to broadcast a split feed, but they only did so under special circumstances that pertained either to contractual obligations or to satisfy regional preferences. The CRTC disagreed and amended TSN's licence. The commission

¹⁵⁸ CRTC 96-901 pp. 1-2.

¹⁵⁹ Personal interview with Jim Thompson

¹⁶⁰ Personal interview with Jim Thompson

¹⁶¹ CRTC 96-75 p. 4.

restricted TSN's use of a split feed except to satisfy local blackouts imposed by professional sports teams.¹⁶² "There was nothing in our licence that said we could not do it until CTV SportsNet intervened against us and the commission rolled over."¹⁶³ TSN formally applied to the CRTC for permission to split its feed, and a year later the Commission did allow the specialty network to split its signal 10 per cent of the time. That was still significantly less than what CTV SportsNet was permitted to do.

Another argument that TSN raised regarding its opposition to CTV's proposed regional sports service was that it would be difficult for a new sports channel to obtain programming. TSN reminded the Commission that it already controlled the national cable rights for most sports including the NHL, CFL, and CIAU. CTV told the CRTC it was interested more in regional rights. The commission agreed, believing that S-3 would be able to secure sufficient properties to get on the air. TSN believed that the CRTC had a specific agenda in mind when it granted CTV a licence for a sports network. "They weren't going to give it to us because they were bound and determined to create competition."¹⁶⁴

TSN gave a good indication of how they were going to deal with competition when the Headline Sports specialty service signed on in 1997. Headline Sports is strictly a highlights service. They continually provide news, scores and information 24 hours a day. But Headline Sports does not produce any original programming. TSN's actions concerning the fledgling service were unprecedented in Canadian broadcasting. The network placed a permanent embargo on all of its footage, which only applied to

¹⁶² CRTC 96-75 pp 4-5.

¹⁶³ Personal interview with Jim Thompson

¹⁶⁴ Personal interview with Jim Thompson

Headline Sports. The new sports specialty channel could not show highlights of any games broadcast on TSN. The Sports Network allows its footage to be shown as highlights on all other broadcasting outlets in the country, including arch rival CTV SportsNet. But they excluded Headline Sports. "In playing hardball we were being fair," says TSN President Rick Brace. TSN's viewpoint is that all other broadcasters in Canada produce programming. TSN can acquire highlights from that programming and vice-versa. "Headline Sports doesn't produce anything that is of any use to us. There's nothing to reciprocate. It's a one way deal. Similarly I pay significant rights for everything we carry on TSN."¹⁶⁵ Headline Sports has offered to promote other broadcasters programming in exchange for the right to air their highlights. CBC and CTV have agreed to this arrangement, but TSN has refused. "Headline Sports by virtue of hiding behind what they call a news access situation was basically recording everyone's feed, packaging it into a newscast and selling commercials on it. It's a wonderful way to do business if you don't have to pay for your product," says Brace. "Why would I pay rights...then subsidize another company...They're not paying the freight."¹⁶⁶ If Headline Sports paid a rights fee to either TSN or the sports leagues in question, TSN would permit the new specialty channel to use its footage. It is interesting to note that TSN has taken such a hardline stance regarding Headline Sports. The new service can hardly be considered a threat to TSN. Headline Sports garners a 0.2% share of viewers in Canada, compared to TSN's 3.7%¹⁶⁷

¹⁶⁵ Personal Interview with Rick Brace

¹⁶⁶ Personal Interview with Rick Brace

¹⁶⁷ Dalglish, Brenda. "Specialty TV to go to air sans fanfare," in *The Globe and Mail*, Monday, October, 5th, 1998. p. b-9. (data obtained from article was from Nielsen Media Research)

For the first time since TSN signed on in 1984, it would have to face direct competition. The only good news was that TSN at least had time to prepare. "I think it gave us a bit of a wake up call,"¹⁶⁸ says NetStar chairman Gordon Craig. "We systematically and consciously set about taking and putting under contract for as long a period of time as we could on each individual property."¹⁶⁹ TSN locked in such properties as the CFL and CIAU with long term contracts. It also added other key events. In 1997, the Network added final round coverage of the U.S. Open and British Open golf tournaments. It would also enter into a deal with the CBC that would allow it to become a partner in the public broadcaster's Olympic coverage until the year 2010. In fact, TSN's programming inventory was never better, especially when it picked up a package from major league baseball that included the All-star game, all of the playoffs, and the World Series. For the first time, the fall classic would not be available on a conventional over-the-air broadcaster.¹⁷⁰

TSN continued its preparation for competition by improving its coverage on the west coast with the construction of the Western Broadcast Centre in Vancouver. It cost almost \$ 7 million dollars to build and equip.¹⁷¹ The network originally proposed to build this facility in the hopes of obtaining a licence for a regional sports network, but continued with the project to be competitive with S-3. It also had some practical applications, since Vancouver was quickly becoming a major force in professional and amateur sports. The network received more output from its reporters there than from any other region. In the

¹⁶⁸ Personal interview with Gordon Craig

¹⁶⁹ Personal interview with Gordon Craig

¹⁷⁰ TSN internal documents, "TSN Game Plan"

¹⁷¹ CRTC 96-75. p. 2.

fall of 1997, the W-B-C became operational. The network also expanded its late night edition of *SportsDesk* from 30 minutes to a full hour. It ran from 11pm to 12am PST and for the first time included dual anchors in Vancouver and Toronto. "It's so successful no one realizes we're sitting you know like 3000 miles apart."¹⁷² It is believed to be the first daily coast-to-coast broadcast in Canada.

Clearly the management and staff at TSN took the threat of CTV's new sports network very seriously. From a journalistic standpoint, TSN's on-air talent was looking forward to the challenge. "Competition is always healthy," says anchor John Wells. "I think it'll make us better broadcasters."¹⁷³ TSN's management was more concerned about CTV's impact on their own profit picture. "I think the result of competition is that it sharpened the way we do business a little bit,"¹⁷⁴ says Craig. TSN's management had no choice. There was a concern that direct competition with CTV's new specialty channel would dramatically increase TSN's cost of doing business. "It's going to raise prices," says Netstar President Jim Thompson. "Rather than having one strong, you're going to have one less strong and one weak. Competition is going to bring everyone down to a lower level."¹⁷⁵ Before CTVSN came on the scene, TSN used the advertising revenue from its "professional" sports properties to fund a lot of the amateur sports the network covered. Amateur sports on TSN were almost completely subscriber supported. "Now it's a situation where not even the professional sports cannot support themselves by virtue of ad

¹⁷² Personal interview with Jim Thompson

¹⁷³ Personal interview with John Wells

¹⁷⁴ Personal interview with Gordon Craig

¹⁷⁵ Personal interview with Jim Thompson

revenue," says TSN President Rick Brace. "So more and more, you're schedule is being supported by subscriber revenue and that puts a lot of pressure on your margin."¹⁷⁶

TSN suffered a huge blow when CTV Sportsnet won the national cable rights to NHL hockey in Canada during negotiations in 1997. All of a sudden, the new specialty channel had instant credibility even before it signed-on. TSN management insists it was not outbid by CTV. "We didn't lose the NHL because of money. I would have matched," says Jim Thompson. "They [the NHL] structured a lousy package."¹⁷⁷ Thompson places the blame squarely on the NHL, in particular the Canadian teams. The NHL took the Canadian teams out of the national cable package. Each team could only appear twice. That meant only 12 out of 35 broadcasts would include a Canadian-based team. The NHL also took out French rights, which was important to TSN's sister operation in Quebec, RDS. "We couldn't sell it, we knew we'd blow our brains out."¹⁷⁸ Thompson believes the Canadian teams wanted to protect their own broadcast rights and giving up games as part of a national cable package would only hurt their own revenues. Each team shared equally in all of the national television contracts, and the Canadian teams felt they were supporting the American based clubs. "We lost the NHL because the NHL cheated us."¹⁷⁹

Losing the national cable rights to the NHL was a major blow for TSN. Management knew they had to have *some* NHL presence. TSN acquired the local rights to 20 regular season games involving the Montreal Canadiens. It also obtained a local package with the Toronto Maple Leafs for 31 games. The contract with the Leafs came at a huge cost.

¹⁷⁶ Personal Interview with Rick Brace

¹⁷⁷ Personal interview with Jim Thompson

¹⁷⁸ Personal interview with Jim Thompson

¹⁷⁹ Personal interview with Jim Thompson

"We spent far too much money on it, except that it's going to solidify and ensure our broad distribution in this area for the length of the contract...that was of necessity."¹⁸⁰

Ironically, the competitive atmosphere created with the arrival of CTVSN resulted in the regional operation owning the national rights, while the national cable network TSN was forced into purchasing the regional rights to two Canadian based teams.

While TSN management was attempting to deal with direct competition, they also had to try to find a buyer for NetStar. The investors who had helped management purchase the company in 1995 knew the time had come to cash in on its growing value. "This initiative was driven by the owners," says Jim Thompson. "They wanted out." In January of 1999, CanWest Global Communications made an \$ 875 million bid to purchase NetStar. CanWest desperately wanted to get a foothold in the specialty channel business. "One of CanWest's weaknesses has been its lack of specialty offerings, and this deal directly addresses that shortfall."¹⁸¹ For the NetStar investors who had paid \$ 605 million less than four years earlier, this would be an enormous rate of return, especially since many industry observers believed those investors had overpaid to buy NetStar in the first place. This time, financial analysts were not saying that CanWest was paying too much. Tim Casey of Nesbitt Burns Securities told *The Globe and Mail*, "It's a very good deal...they paid a fair price."¹⁸² TSN President Rick Brace agrees that the price was fair, but even he believes that it only made sense for a broadcaster to pay that much for TSN. "For a company like Defasco or for an average shareholder it wouldn't," says Brace. "But

¹⁸⁰ Personal interview with Jim Thompson

¹⁸¹ Dalglish, Brenda. "NetStar deal puts CanWest in prime time," in *Globe and Mail*, January, 21st, 1999. p. b-1.

¹⁸² Dalglish, Brenda. "NetStar deal puts CanWest in prime time," in *Globe and Mail*, January, 21st, 1999.

for someone in the broadcast business who saw efficiencies and economies of scale and a synergy, yeah, you swallow hard and pay 900 million, but you know down the road you've got the best service that's out there."¹⁸³ But this purchase was not a done deal, even though 68 per cent of NetStar's shareholders agreed to accept the offer. Minority owner, ESPN, which owned the other 32 per cent of the company, had the right to try to find another buyer. "It has more control than a minority shareholder would normally enjoy, having veto rights over some matters."¹⁸⁴ Those veto rights apparently discouraged Global from purchasing NetStar several months earlier. "There have been rumours of earlier troubled negotiations between CanWest and ESPN."¹⁸⁵ TSN President Rick Brace believes that ESPN may have also been apprehensive about dealing with CanWest because of their lack of interest in sports broadcasting. "If there's an opportunity to do a deal with a company that's heavily involved in sports like CTV through SportsNet and Outdoor life, [another CTV specialty channel] that might have made more sense to them than going with a company that had a peripheral interest in sports."¹⁸⁶

Under Canadian law, ESPN could not own any more than the 32 per cent of NetStar it already possessed. But it did have 15 days to find another Canadian buyer. And on February 5th, 1999, after secret negotiations, ESPN was able to persuade CTV to make an offer to purchase NetStar for an incredible \$ 908 million. "This is a growth play,"¹⁸⁷

¹⁸³ Personal Interview with Rick Brace

¹⁸⁴ Dalglish, Brenda. "NetStar deal puts CanWest in prime time," in *Globe and Mail*, January 21st, 1999. p. b-4.

¹⁸⁵ Ferguson, Rob. "CTV, ESPN unveil bid for NetStar," in *Toronto Star*, Saturday, February, 6th, 1999. p b-1.

¹⁸⁶ Personal Interview with Rick Brace

¹⁸⁷ Ferguson, Rob. "CTV, ESPN unveil bid for NetStar," in *Toronto Star*, Saturday, February, 6th, 1999. p. b-1.

says CTV President Ivan Fecan. It also turned two bitter rivals into partners, out of necessity for CTV. "Industry observers said the pairing of CanWest Global with TSN was a major threat to CTV's Sportsnet."¹⁸⁸ The deal increases CTV's stake in the specialty channel market. But it will also cause the network to go even deeper into debt. CanWest Global receives a \$ 15 million breakup fee for losing out on the right to purchase NetStar.

If this purchase receives the necessary CRTC approval, it will completely alter an already changing landscape. TSN and CTVSN would both be controlled by the same broadcaster. Even more bizarre would be the fact that ESPN owns 32 per cent of NetStar and FOX broadcasting owns 20% of CTVSN. ESPN and FOX are bitter rivals in the United States, yet both would be investing in CTV. This purchase could also see a name change for Canada's most popular specialty service. "The TSN name would be scrapped within 18 months when it would be called ESPN Canada, an ESPN press release said [announcing that CTV would be purchasing NetStar]."¹⁸⁹ This could be a risky move considering that like ESPN, TSN is considered to be a brand name.

Even though TSN is experiencing considerable change with even more on the horizon, the network is still enjoying much success. TSN's broadcast of the gold medal game at the World Junior Hockey Championship in Winnipeg in January of 1999 was watched by about 1.8 million people. That is the largest audience for any program in TSN's history. "It was in Canada, in prime time. It was Russia and Canada in the final, a pretty good

¹⁸⁸ Ferguson, Rob. "CTV, ESPN unveil bid for NetStar," in *Toronto Star*, Saturday, February, 6th, 1999. p b-1.

¹⁸⁹ Ferguson, Rob, "CTV, ESPN unveil bid for NetStar," in *Toronto Star*, Saturday, February, 6th, 1999. p. b-1.

recipe for success."¹⁹⁰ The network's broadcast of the World Cup Soccer final in 1998 pulled in 1.5 million viewers, a very impressive number considering that TSN had to compete with ABC stations available in Canada also carrying the match. But that may soon change. TSN may be able to enjoy even higher ratings in the future. For the first time, TSN has applied to the CRTC for the right to substitute its signal over an American station that is carrying the same programming. TSN is currently at a disadvantage compared to conventional broadcasters like CTV, CBC and Global, who are already permitted to simulcast their signal over U.S. networks carrying the same shows. Cable substitution results in higher ratings and larger advertising revenues since the only commercials seen by viewers are the Canadian ones. TSN expects to receive approval from the CRTC sometime in 1999.¹⁹¹ If approved, TSN would become the first specialty channel granted this special privilege.

TSN's Audience Composition

Chart 3

	Overall	Skins Curling	CFL	NFL	W. Cup Soccer	W. Jr. Hockey	NHL	Jays	basket ball
male	69.0%	55.3%	75.0%	79.1%	79.1%	73.5%	72.0%	61.2%	76.6%
female	31.0%	44.7%	25.0%	20.9%	20.4%	26.5%	28.0%	38.8%	23.4%

TSN may be closer to the mainstream in Canadian broadcasting than ever before, but at least one major characteristic of a specialty channel remains. The network's audience is very male dominated. About 69 per cent of The Sports Network's viewers are males.

¹⁹⁰ Personal Interview with Rick Brace

¹⁹¹ Personal Interview with Rick Brace

TSN's core demographic is men aged 18 to 49. Not one of the network's main events attracted more women viewers than male. For TSN's broadcasts of the CFL, NFL, and Basketball, the male audience was over 75 per cent. TSN's broadcasts of the NHL and World Junior Hockey championship draw over 70 per cent male viewership. The Toronto Blue Jays telecasts draw fewer men with only 61 per cent. On TSN's broadcasts of the Curling Skins Game, the audience is almost balanced with 55 per cent men and 45 per cent women. In Robert Sparks paper, " 'Delivering the Male': Sports, Canadian Television and the Making of TSN," a program analysis was conducted from 1984 to 1991. Sparks found that women's sporting events made up just 3.1 per cent of the network's total broadcast hours.¹⁹² Sparks concluded that TSN "was guided by traditional network conceptions of sports coverage." He also believes that "as long as the *audience commodity* that TSN is committed to generating is predominantly male, its production methods and codes will tend to be configured with respect to reproducing this commodity."¹⁹³ TSN's success with its male audience has likely made it reluctant to try to break this cycle.

TSN has achieved a very rare place in Canadian broadcasting. If the network is granted the ability to substitute its commercial signal over American networks, that will move it closer to conventional broadcasters than ever before. On the other hand, TSN's reach on cable prevents it from becoming a true conventional network. TSN's reliance on a male dominated audience also indicates that it does not yet appeal to the same kind of mass

¹⁹² Sparks, Robert. " 'Delivering the Male' ": Sports, Canadian Television, and the Making of TSN," in *Canadian Journal of Communication* Volume 17 number 1, Winter 1982. p. 335.

¹⁹³ Sparks, Robert. " 'Delivering the Male' ":Sports, Canadian Television, and the Making of TSN," in *Canadian Journal of Communication* Volume 17 number 1, Winter 1992 pp 337-8.

audiences that conventional networks attract. It would seem that TSN has become a hybrid of sorts, a pseudo conventional network, capable of attracting large audiences and providing high quality programming of national interest. Yet, TSN through its reach on cable and reliance on a core demographic still falls within the definition of a specialty channel. No other broadcaster in Canada can lay claim to this dual status.

CHAPTER THREE:

THE IMPACT OF TSN

Curling

No sport has benefited more from TSN than curling. The network and sport have been an integral part of each other's success since their relationship began in 1984. "We put curling on the map, there's no question about it," says TSN Sr. Vice-President and former curling producer Keith Pelley. "It's a tailor made game for TV."¹ The game is a staple on TSN, delivering consistently sizeable audiences. In 1997, curling broadcasts accounted for five of TSN's top fifteen rated programs.² From a technical standpoint, TSN's production has re-invented the way curling has been presented on television. The network's broadcasts are a source of considerable pride. Through TSN's telecasts, the Canadian Curling Association receives the kind of exposure and revenue other amateur sports in the country can only dream of. "TSN's impact on the sport of curling has been significant,"³ says Dave Parkes of the Canadian Curling Association.

When TSN started to broadcast curling, the sport's visibility on television was limited to the finals of major championships such as the Brier and Scott Tournament of Hearts. That changed abruptly in 1985 when TSN aired an unprecedented amount of action from the round robins of both the Scott and Brier. "It was a sport that really wasn't getting much attention from conventional broadcasters," says NetStar chairman Gordon Craig. But for an upstart network like TSN, which was looking for programming to fill its never ending needs, the sport was a perfect fit. "It was legitimate, there were Canadian championships.

¹ Personal interview with Keith Pelley

² TSN document, *Game Plan*

³ Personal interview with Dave Parkes

There were international championships, and...it was something that you could put a mobile truck into an arena and...hours of programming spewed out of it."⁴ Curling also helped the network attract viewers in Western Canada where the sport is particularly popular. "We knew we had a grassroots audience," says Jim Thompson. "We didn't know it would be this successful."⁵ The Sports Network usually showed two draws per day from the round robins at the Brier and the Scott Tournament of Hearts. That accounted for six hours of programming a day for a week during these major championships. "Curlers didn't have any identity before that. It was more of a cult kind of thing," says TSN's Vic Rauter. "There was nothing during the week to get people into it."⁶ The sport worked very well on television. In many ways, curling was similar to baseball. "It lends itself to analysis."⁷ The pace of the game does not force viewers to watch with the same concentration and dedication other sports require. "It's also a sport that is slow enough to allow drama to develop and to unfold. It allows for people to get up and go do something for a couple of minutes, come back and be able to get caught up in terms of what happened, unlike a lot of other high impact, short duration kind of sports."⁸

During the round robin, TSN became known for its comprehensive coverage of all the action in a particular draw. It would make one game the 'feature match', but would ensure sure viewers saw highlights from all of the other games taking place. If the 'feature match' turned out to be a blowout, the network quickly turned its attention to

⁴ Personal interview with Gordon Craig

⁵ Personal interview with Jim Thompson

⁶ Personal interview with Vic Rauter

⁷ Personal interview with Vic Rauter

⁸ Personal interview with Dave Parkes

another more competitive game. "We started to cover it like almost like a golf tournament," says Keith Pelley. "You're always doing the other sheets and that was really, really key."⁹ TSN's production became increasingly sophisticated over the years. It employed what was called the 'double box', which allowed TSN to broadcast two matches simultaneously. "The one thing we truly pride ourselves on is that we'll cover five games in one afternoon. We'll have our key game but you won't miss anything."¹⁰

Those were not the only innovations that TSN brought to its curling coverage. The network was not the first to put microphones on the players. But TSN certainly popularized their use, and listening to the players discuss strategy and sweeping calls live during the game made it even more compelling to watch on television. "It took you right inside the game," says TSN's long-time curling announcer Vic Rauter. "You can't analyze it any better unless you hear it from them.[the curlers]"¹¹ TSN also changed the look of curling on television through increased use of overhead camera angles over the rings. The network also makes judicious use of handheld camera shots. It even made use of the telestrator to demonstrate strategy. The telestrator allowed the commentators to 'draw' on the screen to illustrate strategy and other observations. "Up until that point we'd only seen the telestrator most basically on football," says Vic Rauter.¹² "What they have done in terms of technology and its application to our sport has certainly helped us, says Dave Parkes of the CCA. "It's made the sport much more viewer friendly, and much more fun to watch."¹³

⁹ Personal interview with Keith Pelley

¹⁰ Personal interview with Vic Rauter

¹¹ Personal interview with Vic Rauter

¹² Personal interview with Vic Rauter

¹³ Personal interview with Dave Parkes

The approach TSN took toward its coverage contrasted sharply from the CBC. The Sports Network decided it was going to educate its viewers about the game. At the same time, TSN was careful to ensure that its broadcast still appealed to the more sophisticated fan. "We were really going to try to bring people into the game," says Keith Pelley. "Our coverage was really designed for...people that loved the game. We're not going to offend you. But all the other fans that perhaps have never curled or never seen the game, we're going to educate you on this game."¹⁴ TSN struck this delicate balance serving its casual and hard core fans extremely well. But even TSN executives are amazed at how many new fans its broadcasts have attracted to the sport. "I get as many comments from people who have never thrown a rock but find it really interesting television and have learned some of the strategies and are able to sit back as sort of arm-chair skips and enjoy the product more than...I ever would have realized."¹⁵

A lot of the credit for the popularity of TSN's curling telecasts has to be given to the announcing team of Vic Rauter, Ray Turnbull and Linda Moore. "The three of them make a tremendous combination,"¹⁶ says Dave Parkes. "It's pretty special when you see Vic and Linda and Ray, because they are true celebrities out there."¹⁷ The pace of the game allows the announcers to let their personalities come out without overshadowing the action on the ice. "There's a hominess to the sport," says Vic Rauter. "It wouldn't work on a football game, you couldn't do it. The kibitzing that Linda, Ray and I do and you know the trading, the occasional barb, nobody takes seriously. In fact people...get a

¹⁴ Personal interview with Keith Pelley

¹⁵ Personal interview with Gordon Craig

¹⁶ Personal interview with Dave Parkes

¹⁷ Personal interview with Keith Pelley

kick out of it."¹⁸ The announcing trio has a chemistry that is all but unmatched in Canadian broadcasting. Part of the reason for their success is that all members of the team know their role. Vic Rauter allows Linda and Ray to provide the analysis they do so well. It is also his responsibility to keep track of the other action taking place on the other sheets for periodic live updates, and if it becomes necessary, to switch to another match. "We've got that really down almost to a science."¹⁹

The Canadian Curling Association derives an income unequaled by any other amateur sport in the country. "It's substantial for us," says Dave Parkes. "We're quite fortunate to be in this position."²⁰ The CCA and its marketing agent, the St. Clair group, have negotiated a package with TSN that is very lucrative. The CCA receives a rights fee from the St. Clair Group, which guarantees a minimum fee against a percentage of gross revenues from its use of the property. For the St. Clair group that also includes five minutes of commercial time out of the twelve minutes available per hour it purchases from TSN. The Sports Network earns its revenue by selling the other seven minutes of commercial time per hour it holds. It is an arrangement that has proved profitable for the CCA. However, TSN insists that it does not make a profit on its curling coverage.²¹ It is important to point out that those television revenues did not increase significantly once CTV SportsNet arrived on the scene. "But there certainly was a change in terms of the length of the contract. We've enjoyed fairly long contracts with TSN," says Dave Parkes.

¹⁸ Personal interview with Vic Rauter

¹⁹ Personal interview with Vic Rauter

²⁰ Personal interview with Dave Parkes

²¹ Personal interview with Jim Thompson

"But this last go-around there was a desire to lock us in for a bit longer period than normal. And that I think arguably had a fair bit to do with CTVSN being on the scene."²²

For the most part, the relationship between TSN and the CCA has been a close one. "I think the level of respect that each holds for the other now is quite positive," says Dave Parkes. TSN management agrees. "The Canadian Curling Association were very easy to work with."²³ The only blip in the relationship came in 1993 over the broadcasting rights to the Scott Tournament of Hearts. In the past, TSN's contract with the CCA included coverage of the round-robin and semi-final of the Canadian Women's Curling Championships. CBC historically broadcast the finals. During this set of negotiations, "the CBC wanted the semifinal too. Because of its larger audience, Scott Paper, [the tournament sponsor] and the curling association were happy to oblige. But TSN said unless it retained the semifinals, it would reconsider broadcasting the round-robin games."²⁴ Unlike the CCA's other properties, Scott Paper actually controlled the television rights to the women's championship. After a series of discussions and negotiations, it was eventually decided that the semi-final should remain on TSN, even though the match would have attracted more viewers on the CBC. The CCA felt it was more important to make sure the round-robin matches continued to receive extensive coverage on TSN. "At that point in time, I don't think people were prepared to take the risk," says Parkes. "Losing TSN as a partner, that made no sense."²⁵ Some CBC executives were upset that TSN played hardball in this instance. But it was The Sports

²² Personal interview with Dave Parkes

²³ Personal interview with Keith Pelley

²⁴ Livesey, Bruce. "Sportin' life," in *Financial Post Magazine* Feb, 1995, p. 41.

²⁵ Personal interview with Dave Parkes

Network that built up the semi-finals of the Scott Tournament of Hearts into a major event. "CBC wants all the plums for themselves," said NetStar President Jim Thompson at the time. "We want some of the plums in order to sell the rest...Was it fair for the CBC to take from us the strongest element of the Scott Tournament?"²⁶

TSN was a formidable entity to deal with when threatened with the loss of a major property. But the network also recognized the importance of curling to its success. In 1993, TSN became a part of the CCA's new marketing concept, "the Season of Champions." For the first time, the finals from such events as the Canadian Seniors and Mixed championships would be telecast on TSN. " 'The Season of Champions' is based on, basically growing an audience from...January to April."²⁷ Of course, 'The Season of Champions' also includes a partnership with the CBC, which televises the finals of the Brier, The Scott Tournament of Hearts, and the Canadian Junior Championships. "A combination of TSN and CBC has served us extremely well."²⁸ The Sports Network has provided the CCA with enormous amounts of coverage. "The number of broadcast hours that...we benefit from on TSN has certainly heightened the profile of our sport and no doubt garnered a number of...new fans to curling across the country."²⁹ Even so, the CCA still relies on the CBC to broadcast the championship matches from its key events because they are the "broadcaster that's able to give us the best set of numbers in terms of final weekend coverage."³⁰

²⁶ Livesey, Bruce, "Sportin' life," in *Financial Post Magazine*, Feb, 1995, p. 41.

²⁷ Personal interview with Dave Parkes

²⁸ Personal interview with Dave Parkes

²⁹ Personal interview with Dave Parkes

³⁰ Personal interview with Dave Parkes

The two networks may both be partners with the CCA. But that does not mean their broadcasts are similar. "I'm comfortable that our curling coverage is...at a different level," says TSN's Keith Pelley. "Our standards are extremely high."³¹ TSN's greatest strength may be the simplicity of its broadcast and resistance to overuse its live on-screen graphics. "The person at home just wants to see what's going on," says Vic Rauter. "Don't clog up the screen with a lot of garbage."³² Even though TSN tries to teach its viewers about the sport, the audience tends to be more sports savvy than the viewers that watch curling on the CBC. "TSN has the ability to deal with the sport as...a sport," says Dave Parkes. The CBC reaches a much broader audience, many of whom are not sports fans, which is why it is more interested in "making the people come alive for the viewing audience and providing them with...a bit more in terms of personal interest."³³ These contrasting approaches serve the CCA extremely well.

There were other factors that contributed to curling's dramatic rise in popularity, such as the sport's inclusion into the Olympics. But TSN's contribution should not be discounted. "We have made the Scott, the Brier and the World's far bigger than it was."³⁴ TSN may not have concentrated on human interest stories, but it did personalize the athletes simply by continually broadcasting their exploits. "The game is on so much, the players have become identifiable."³⁵ In fact, TSN has gone beyond broadcasting just CCA events. It has even invented its own properties such as the McCain's skins game. There is no question that TSN needs the sport of curling as much as the sport of curling needs

³¹ Personal interview with Keith Pelley

³² Personal interview with Vic Rauter

³³ Personal interview with Dave Parkes

³⁴ Personal interview with Keith Pelley

³⁵ Personal interview with Vic Rauter

TSN. "It's a very big product for us," says NetStar chairman Gordon Craig. "It's essential for us in the schedule today."³⁶ In 1998, TSN increased its coverage at the Brier and Scott Tournament of Hearts to include 3 draws almost every day during the round robin for a total of 9 hours most days. With the CBC labour strike in 1999, TSN also got a chance to cover the championship matches of the Scott Tournament of Hearts and the Brier for the very first time. And TSN management has no doubts about the quality of their coverage. "We have the better production on the air."³⁷ Few would argue that point.

The CFL

Another sport that benefitted considerably from TSN's influence is the CFL. The network and the league have had a very strong relationship that has only intensified over the years. When TSN began broadcasting CFL games in 1987, it did so only as a supplement to the conventional networks. Today, The Sports Network controls the CFL's entire television contract. TSN 'sublets' parts of that contract, including the Grey Cup, to the CBC. It may be an overstatement to say that TSN was crucial to the CFL's survival. But there is no question that the network provided the league stability, exposure and revenue during a tumultuous time in its history. TSN's importance to the CFL should not be underestimated. TSN considers the CFL an important part of its programming, even though it actually loses money on its broadcasts.

When TSN first acquired the rights to broadcast CFL games in 1987, it was overshadowed by the financial crisis the league was in at the time. The CFL was in serious danger of folding. In the early 1980s breweries held the broadcasting rights to

³⁶ Personal interview with Gordon Craig

³⁷ Personal interview with Jim Thompson

many sports, such as the NHL and CFL. In 1983, competition between the breweries was especially fierce, and it resulted in a lucrative television contract for the CFL. Carling O'Keefe signed a three year deal for \$ 33 million. "Carling had effectively underwritten the league for the last three years with its inflated...rights package."³⁸ This contract provided each team in the CFL with about \$1.1 million in revenue during each year of the deal. "That was maybe the beginning of the end to the successful era of the CFL," says the league's director of communications Jim Neish. "The owners got this substantial amount of money from a television contract, and just spent their brains out."³⁹

When the television contract expired after the 1986 season, the entire landscape had changed. Several teams were on the brink of folding, the future of the entire league was in doubt and revenues were decreasing. "When the brewery war ended, it had a very major impact on the value of the rights in the CFL."⁴⁰ The CFL's broadcasting rights were less attractive for several reasons; the television ratings the league was pulling in were in a state of decline for the third straight year. On CTV, for example, the average broadcast pulled in approximately 847,000 viewers in 1985. The following season, CTV was attracting about 775,000 viewers, a decline of 69,000 viewers in just one year. From 1977 to 1986, CFL ratings on television dropped by more than 400,000 viewers from a high of 1.2 million.⁴¹ It should be noted the CFL was not the only professional sport to experience lower ratings at this time, but the league's other problems only exacerbated the issue. The league's blackout policy also made its television rights less attractive. The

³⁸ Wayne, Jamie. "Dark clouds hovering over new CFL season," in *Financial Post*, June, 1st, 1987. p. 14.

³⁹ Personal interview with Jim Neish

⁴⁰ Personal Interview with Doug Mitchell

⁴¹ Wayne, Jamie. "Dark clouds hovering over new CFL season," in *Financial Post*, June 1st, 1987. p. 14.

CFL would not permit a game to be telecast to viewers within a 75 kilometre radius of the home team. This was done to protect the league's gate revenue and encourage attendance. It also resulted in lower television ratings. "The blackout policy is often cited as a reason major advertisers are reluctant to go after the CFL's television package. With teams in Hamilton and Toronto, cities within 75 kilometres of each other, the biggest television market in Canada is unavailable much of the time."⁴²

The CFL reconsidered its blackout policy during negotiations in 1987. The League actually agreed to lift the blackout for two Toronto Argonaut games and two Hamilton Tiger Cats games as an experiment. That was not enough to keep CTV interested in the CFL broadcasting rights. During negotiations the network insisted that the blackout be eliminated--at least in the nation's number one market. "They threw our offer out," said CTV Vice-President Johnny Esaw at the time. "It was our offer that forced the blackout issue to be brought to a head."⁴³ CTV was unable to reach an agreement to broadcast CFL games for the 1987 season. For the first time in 25 years, Canadian professional football would not be carried by CTV. The CFL insists its blackout policy was not the only reason. "CTV wanted the rights, but they wanted them at their price which was virtually not going to do anything for the league,"⁴⁴ says former Commissioner Doug Mitchell.

⁴² Shoalts, David. "CFL can expect less from television contract," in *Globe and Mail*, Friday, November, 21st, 1986. p. d-12.

⁴³ Jennings, Cec. "The CFL is kicking off 1987 with a new marketing policy," in *Broadcast Week in Globe and Mail*, Saturday, June 20th, 1987. p 9.

⁴⁴ Personal interview with Doug Mitchell

The CFL had such difficulty getting what it believed to be fair market value for its television rights that it had to create its own network, the Canadian Football Network. The CFN was simply a string of stations across the country from which the league purchased air time to broadcast its games. "We started our own ad-hoc network because CBC and CTV put in a tender saying that they would split the games with whoever was the successful bidder and clearly in our opinion it was a violation of the competition acts," says former CFL commissioner Doug Mitchell. "We couldn't get enough money out of them and they were bidding together basically and we felt we needed an independent support to get any reasonable return on our television rights."⁴⁵ This allowed TSN to purchase part of the CFL's broadcast rights for the first time. The Sports Network picked up 19 games that first year. The CBC signed on for 24 games while the league's own network, the CFN, carried 37. "TSN provided an alternative window which was very great for us," says Mitchell. "It wasn't a lot of money, but any revenue we were receiving from television at that stage was important to the league."⁴⁶ The CFL's television contract for 1987 provided considerably less revenue for the league than the previous one. The league received about \$ 6 million in broadcasting rights that year, compared to \$ 11 in 1986. That meant teams already struggling for their very survival saw television revenues reduced from \$ 1.1 million dollars to about \$ 600 000. On the positive side, the CFL had 80 of its 81 games broadcast on television. At the time, Mitchell tried to put a positive spin on the deal when he said, "we believe we now have the most dynamic

⁴⁵ Personal interview with Doug Mitchell

⁴⁶ Personal interview with Doug Mitchell

television package for our fans in the history of the CFL."⁴⁷ And for the first time, TSN was included.

Obtaining the CFL was a major coup for TSN. It provided valuable programming for the network. But it also allowed the network to better serve a certain portion of its audience. "The CFL is not only important to us in a programming sense because of the value it has in Western Canada," says TSN's long-time CFL announcer John Wells. "It's also very important to this country to keep that tradition alive."⁴⁸ Of course, the CFL also gave TSN plenty of Canadian content. It also added to the fledgling network's credibility. "At that time their exposure was much less than what it is now and their identity was much less," says CFL commissioner Doug Mitchell. "I think part of their marketing plan was that they were going to gain exposure through the CFL...I think it helped them grow as well."⁴⁹

Initially, TSN was strictly a supplement to coverage provided by conventional broadcasters. "The window that we got from TSN allowed us to carry the games that weren't on the over-the-air regular networks and gave us great exposure," says former commissioner Doug Mitchell. "I think our over-the-air networks at that stage had some restrictions on the number of games that they were prepared to carry."⁵⁰ At the time, it was crucial for the CFL to get as many games on the air as possible. The CFL also believed that TSN forced the conventional broadcasters to improve their own productions. "We felt it had depreciated over a period of time," says Mitchell. "I think

⁴⁷ Shoalts, David. "TV rule altered by CFL," in *Globe and Mail*, May, 26th, 1987. p. d-3.

⁴⁸ Personal interview with John Wells

⁴⁹ Personal interview with Doug Mitchell

⁵⁰ Personal interview with Doug Mitchell

they basically provided a product which encouraged their competitors to improve their product as well."⁵¹

TSN's role as a supplement to conventional broadcasters would continue until well after TSN moved from pay-tv to basic cable. "That was an issue, there's no question about it," says former commissioner Doug Mitchell. "The CFL definitely needed the increased exposure, and I think switching from pay to basic cable was a shot in the arm for the CFL."⁵² Ratings for the CFL on TSN certainly increased with the network on the basic tier. However, the CFL's priority remained its deal with the CBC. The league would always come to an agreement with the CBC first. That meant the public broadcaster always got to select which games it wanted to broadcast, giving it most of the best matchups. "Then TSN would come on board and pick basically what was left," says CFL director of communications Jim Neish. "They were, I think a little frustrated that there wasn't a huge number of games from which to choose."⁵³ TSN was also frustrated by the CFL's inability to set a schedule far enough in advance due to the league's own internal problems. "Advertising dollars are committed well in advance so we want a schedule a lot earlier when it's easier to sell,"⁵⁴ said TSN's then programming director Rick Brace in 1992. Out of financial necessity, TSN cut back its commitment with the CFL that year to 15 games from 28 in 1991. "We had hoped to do 30 games but we were

⁵¹ Personal interview with Doug Mitchell

⁵² Personal interview with Doug Mitchell

⁵³ Personal interview with Jim Neish

⁵⁴ Smith, Doug. "CBC gets lion's share of 1992 CFL games," in *Globe and Mail*, May, 10th, 1992. p. c-10.

kind of stuck without a schedule for a long time."⁵⁵ By contrast, the CBC broadcast 29 games, five more than it had the previous year.

That did not mean TSN's commitment to the CFL was waning. In fact, TSN would increase its coverage of Canadian football dramatically over the next few years. In 1995, The Sports Network reached a three-year deal with the CFL that allowed it to carry 40 games. The CFL's contract with the CBC only called for 25 games plus the playoffs and the Grey Cup. In this contract, The Sports Network also agreed to show the CFL outstanding player awards live.⁵⁶

When the CFL's television rights came up for negotiation in 1998, the landscape was very different. With direct competition from CTV SportsNet looming, TSN was extremely aggressive in its attempt to retain Canadian football. "There was a bidding war for football,"⁵⁷ says the CBC's Jim Byrd. TSN was determined to win that bidding war. "All of a sudden there was a huge demand for CFL football. Was it because our football was a good product? We think it is," says Jim Neish of the CFL. "But in their minds, they need programming."⁵⁸ TSN was very concerned about CTV SportsNet acquiring the CFL's rights. "It fits a regional pattern very nicely" says NetStar chairman Gordon Craig. "They've thirsted after the Grey Cup for some time"⁵⁹ TSN was so determined to keep it away from CTVSN that it purchased the rights to the entire contract, including the Grey Cup. "That was a sign that they were making a commitment to the league, whereas

⁵⁵ Smith, Doug. "CBC gets lion's share of 1992 CFL games," in *Globe and Mail*, May, 10th, 1992. p. c-10.

⁵⁶ "TSN, CFL sign deal," in *Globe and Mail*, April, 4th, 1995. p c-10. (no byline)

⁵⁷ Personal Interview with Jim Byrd

⁵⁸ Personal Interview with Jim Neish

⁵⁹ Personal Interview with Gordon Craig

some of the other networks weren't willing to make that...long term financial commitment."⁶⁰

It was indeed a huge commitment by TSN. It paid \$ 35 million for the exclusive television rights for five years. "We bit the bullet and went in and bought the whole thing and tied it up."⁶¹ It was a huge contract, the biggest the league had signed since the early 1980s with Carling O'Keefe. It was almost double what the CFL had received in the previous contract. As far as the CFL is concerned, competition greatly improved the value of the league's television rights. "Had there not been that push, from a couple of networks, it probably would have been a status quo, let's renegotiate the deal from what it was in the past." For the first time in years, the CFL felt it had finally received what its broadcasting property was actually worth. "I think we always considered our product to be undervalued as far as television contracts went."⁶² For the first time in years, the CFL also had a long term television deal which was a stabilizing influence on the league. It was also a deal that was very costly for TSN, but the network did not feel it could lose the CFL, even if it was not profitable. "We lose money," says TSN President Rick Brace. "Competition was an awful big part of it."⁶³ The CFL was fortunate that competition in the marketplace came along when it did. With the exception of the playoffs and Grey Cup, the league was actually suffering from declining television ratings over the past few years. Normally, this would not have put the league in a position of strength during contract negotiations.

⁶⁰ Personal Interview with Jim Neish

⁶¹ Personal Interview with Gordon Craig

⁶² Personal Interview with Jim Neish

⁶³ Personal Interview with Rick Brace

CFL's TELEVISION RATINGS

Chart 4

	1992	1993	1994	1995	1996	1997
CBC	482 000	406 000	424 000	370 000	398 000	314 000
TSN	191 000	172 000	186 000	188 000	166 000	155 000

The television ratings for the CFL on CBC and TSN also demonstrate the difference between the audience size a conventional broadcaster and a specialty service can attract. Chart 4 shows the average annual ratings for the CFL broadcasts on CBC and TSN from 1992 to 1997. There are some stark differences in the numbers. CBC's numbers are significantly higher by more than a two to one margin each year.⁶⁴ TSN even broadcast more of its games during prime time hours than the CBC did. It is clear that TSN cannot provide the same kind of audience numbers that an over the air broadcaster can. For this reason TSN has no intentions of broadcasting any playoff games or the Grey Cup, even though it holds all of the television rights to the CFL. TSN needed a conventional network to share some of the load. It was very important to the CFL to have its showcase games on over the air television. "I think that the big thing and TSN realizes, that for playoffs, Grey Cup, we want to reach as many people as possible," says CFL communications director Jim Neish. "A big concern of ours in negotiating this deal, is that if we put the games on TSN we are shutting out a big portion of the country." ⁶⁵ The CBC's ratings for the playoffs sometimes exceed 1 million viewers. For the Grey Cup,

⁶⁴ Data supplied from CFL documents

⁶⁵ Personal Interview with Jim Neish

those numbers have reached over 3 million viewers. In fact, the Grey Cup game is consistently the number one rated sporting event in Canada.

Even on basic cable, TSN could not hope to reach the same kind of audience that a conventional network could. The Sports Network knew it would have to 'sublet' parts of its CFL property, including the Grey Cup and playoffs. "It's important to get those games on a conventional network so the game can reach the largest possible audience,"⁶⁶ said NetStar President Jim Thompson at the time. In the end, TSN reached a deal with the CBC that gave the public broadcaster the rights to 11 regular season games plus all of the playoffs and the Grey Cup. This arrangement also helped TSN from a financial standpoint, since the CBC subsidized much of the cost of the contract.⁶⁷

TSN's interest in Canadian football over the years gave the CFL a number of benefits. Initially, it provided exposure to a league that badly needed it. "It was very important," says former Commissioner Doug Mitchell. "From our standpoint, it gave us an alternative, and it also made what you'd describe as a partnership with the...new name in the game."⁶⁸ In the early years, TSN's presence in the marketplace did not provide huge revenues. It did not even force conventional broadcasters to pay more for television rights. "I think the major networks were looking at the basis of whether or not they were going to give up sports completely."⁶⁹ In fact, TSN did not provide the league with any kind of significant revenues until the present contract, when it was facing direct competition for the very first time. The lucrative long-term deal it made with the CFL

⁶⁶ Hickey, Pat. "TSN intercepts CFL telecasts," in *Montreal Gazette*, February 11th, 1998. p. f-7.

⁶⁷ Personal interviews with Jim Byrd and Rick Brace

⁶⁸ Personal interview with Doug Mitchell

⁶⁹ Personal interview with Doug Mitchell

was a direct result of CTVSN's interest in the property. At any rate, TSN's television deal gives the CFL financial stability and guaranteed revenues. It "allows them [the CFL teams] to do a little more creative marketing and advertising," says the CFL's Jim Neish. "It's a big, big, component of how we do business."⁷⁰

TSN's relationship with the CFL has developed into a very important partnership. "They weren't only coming on as a broadcast partner, but also as a promotional partner."⁷¹ TSN worked hard to increase the popularity and awareness of the CFL through such concepts as *Friday Night Football*. The network also provides the league with four promotional spots for use on every broadcast at a cost of about \$ 3500 per spot. "They've gone out of their way to really promote the game of CFL football on the network."⁷² TSN is also very helpful when it comes to producing public service announcements for the League. The CFL is also extremely pleased with the quality of TSN's broadcasts, especially now that former producer Keith Pelley is back as TSN's Senior Vice President of Programming. "Keith brought a sense of, we have to take this product to the next level."⁷³ It was important for TSN to make a CFL broadcast look as polished as an NFL one. It would lend credibility to the league since one of the perceptions about the CFL is that it is not on the same par as other major league sports. To do that, TSN brought in more cameras and started using super slo-mo. "I think from a production standpoint, it's night and day," says Jim Neish. "The progress even over the past two years has been unbelievable."⁷⁴ TSN has also added a studio panel show in

⁷⁰ Personal Interview with Jim Neish

⁷¹ Personal Interview with Jim Neish

⁷² Personal Interview with Jim Neish

⁷³ Personal Interview with Jim Neish

⁷⁴ Personal Interview with Jim Neish

recent years to complement its live coverage during games, giving the broadcasts an added professionalism and major league feel. It would probably be a stretch to say that TSN saved the CFL from extinction. But The Sports Network's impact on the league has certainly been very beneficial. "We certainly helped the CFL through some difficult times and we certainly stood by the league."⁷⁵

The CIAU

One of the longest standing relationships TSN has with any sporting body is the Canadian Inter-University Athletics Union. University sports have been a part of TSN's programming lineup since its inception. The Sports Network has provided desperately needed exposure for university athletics over the years, and relatively speaking TSN also provided the CIAU with considerable revenue. "We're strong partners," says Kerry Moynihan, Chief Executive Officer of the CIAU. "It's a very good relationship."⁷⁶ TSN views the CIAU as an important property, but it also believes that broadcasting university athletics is an important part of its service. "We view it very clearly as part of our mandate,"⁷⁷ says NetStar Chairman Gordon Craig. But TSN's commitment to the CIAU went beyond simple obligations to the CRTC. Although not entirely successful, The Sports Network attempted to raise the profile of CIAU sports. The specialty channel may not have made the impact on university athletics that many expected, but it still achieved more in its almost 15 years of existence than conventional broadcasters ever did.

When TSN signed on in 1984, part of its deal with the CIAU included a football game of the week. There was also a weekly magazine show highlighting university athletics

⁷⁵ Personal Interview with John Wells

⁷⁶ Personal Interview with Kerry Moynihan

⁷⁷ Personal Interview with Gordon Craig

that ran for several years. Even at this early stage, TSN was paying the CIAU a rights fee. In the early years, the CIAU provided badly needed programming for the fledgling network. "That was a cornerstone of the network," says NetStar Chairman Gordon Craig. TSN's deal with the CIAU "brought all of their key sports, finals, and some of their league games to a national television audience."⁷⁸ The only major CIAU event that eluded TSN was the football championship game, the Vanier Cup. CTV held the television rights to the game.

That changed with TSN's move to basic cable in 1989. The network signed a five year deal with the CIAU worth an impressive \$ 1 million. That contract gave TSN exclusive broadcasting rights to the Vanier Cup plus the CIAU hockey, basketball, and volleyball finals. The network made a commitment to broadcast a minimum of 20 events every year. To obtain the Vanier Cup, TSN offered to televise many more CIAU events than any over-the-air broadcaster would be willing or even able to do. TSN would carry the CIAU football semi-finals, and the hockey and basketball finals, which were ignored by conventional networks. "The Vanier was the only thing that CTV ever did,"⁷⁹ says Gordon Craig. At one time, CTV broadcast the CIAU men's and women's basketball finals and hockey. Over time, CTV stopped carrying those events, focusing solely on the football title game. The CBC delved into university athletics on an extremely limited basis. "We said, we'd do all the CIAU but it includes the Vanier Cup so we leveraged that,"⁸⁰ says NetStar President Jim Thompson. The CIAU was eager to enter into a partnership with TSN. "There was in...our estimation, a declining interest on the part of

⁷⁸ Personal Interview with Gordon Craig

⁷⁹ Personal Interview with Gordon Craig

⁸⁰ Personal Interview with Jim Thompson

CTV," says John McConachie, the former marketing director of the CIAU. "Perhaps now is the time to put all of our eggs in one basket."⁸¹ But the CIAU would never have moved its premier event, the Vanier Cup over to TSN until the network moved to basic cable.⁸² The CIAU, like most other sporting organizations, wanted to have the greatest possible reach for its most important events. "We certainly want to get our product out to as many people as we can," says the CIAU's current CEO Kerry Moynighan. "Basic coverage...gives you that opportunity to reach that many more people."⁸³

As TSN's financial commitment to the CIAU increased, the number of broadcasts slowly started to decline. During this time, the network had become much more profitable. It was purchasing the rights to other properties capable of attracting larger audiences. "I think that was probably a natural evolution," says John McConachie of the CIAU. "They indicated to us that they could justify telecasts on the basis of...us reaching a national audience of 100 000 [viewers] plus, and in a number of situations we weren't able to do that."⁸⁴ For that reason, TSN stopped broadcasting a weekly CIAU football game. Today, the network telecasts only some conference championship games, the national semi-finals and the Vanier Cup. "There is not a television [audience] out there for CIAU sports," says NetStar Chairman Gordon Craig. "until---and its not really even big at the...championship at the national level."⁸⁵

Poor ratings aside, the CIAU and TSN have continued their partnership. In 1998, TSN agreed to a five year, multi-million dollar contract extension with the CIAU for its

⁸¹ Personal Interview with John McConachie

⁸² Personal Interview with John McConachie

⁸³ Personal Interview with Kerry Moynighan

⁸⁴ Personal Interview with John McConachie

⁸⁵ Personal Interview with Gordon Craig

television rights, even though the current deal still had a year to run. "It's a historic agreement," says Kerry Moynighan, CEO of the CIAU. TSN's deal included a rights fee increase, meaning more money for the CIAU. The deal gave TSN the rights to all of the CIAU championships including the Vanier Cup. "It was only with the advent of CTV SportsNet," says John McConachie. "that they were looking to be able to lock up the CIAU property."⁸⁶ Somewhat surprisingly, TSN renewed the CIAU property for an extended period of time at an increased price, even though "there was not an awful lot of...interest from CTV SportsNet."⁸⁷ In fact, TSN's contract with the CIAU was not even completely exclusive. It allows the CIAU to make side deals with other networks like CTVSN for some regular season games and other events The Sports Network is not interested in. "TSN supports the CIAU's objective to generate opportunity and create increased profile for university sport."⁸⁸ TSN seems very interested in broadcasting the CIAU's major championship events. It has even broadcast the women's hockey final, which it was not contractually required to do under their contract. "CIAU championships have been an integral component of our programming schedule since our inception," said TSN President Rick Brace in a news release in 1998. "Our coverage will continue to focus on national championships and showcasing Canada's outstanding student athletes."⁸⁹

There is no question that TSN helped increase interest in university athletics in Canada. But the network's impact was not as profound as it was in other sports. "It's a real

⁸⁶ Personal Interview with John McConachie

⁸⁷ Personal Interview with John McConachie

⁸⁸ TSN Press Release, June, 17, 1998.

⁸⁹ TSN press release June, 17, 1998.

struggle," says NetStar chairman Gordon Craig. Part of the problem lies with the CIAU itself, blame it readily accepts. The CIAU did not always accommodate TSN the way other sporting organizations did. In the early years, TSN believed that by turning CIAU games into an event, the channel could create interest in university athletics. For example, TSN was willing to broadcast games from several men's and women's sports from a particular campus during the course of a weekend. But the individual league's would not help with the scheduling to allow these special broadcasts to happen. The CIAU also insisted on some geographical and gender balances in their broadcasts. "I think on occasion we were not able because of those parameters to put our best product on."⁹⁰ Another problem for the CIAU is that its games are not well attended at many institutions. "I think we were hurt to some degree by going and doing telecasts from one site where there were a whole bunch of empty seats masquerading as fans."⁹¹ Without fans in the stands, "to try to do 15 or 20 games a season is difficult," says announcer John Wells. "There aren't many schools that get an enthusiastic audience in the ballpark." Well attended games become events, which provide credibility and translate into higher television ratings. "If there were kids going to games," says Wells. "TV would be more interested with that kind of enthusiasm in the crowd."⁹²

TSN also had some other practical problems when it came to broadcasting the CIAU. Each conference owns the broadcasting rights to its regular season games and playoffs. "As they've gotten more sophisticated, they've gone out and sold those games,"⁹³

⁹⁰ Personal Interview with John McConachie

⁹¹ Personal Interview with John McConachie

⁹² Personal Interview with John Wells

⁹³ Personal Interview with John McConachie

Ontario University Athletics, for example, sells its broadcasting rights to ONTV in Hamilton. Those games are not available to TSN and as a result do not receive national coverage. And sometimes TSN was not always able to broadcast the most attractive matchups. "As the conferences become more professional, more developed, they've become more protective of those rights."⁹⁴ Producing live sporting events is extremely expensive. It costs more than \$ 50,000 to televise any sporting event live, whether it is professional or amateur. "As nice as it is to say that we should carry every CIAU game," says TSN announcer John Wells, "reality is, the cost is prohibitive...for the amount of viewership that you get back."

Despite some of the problems that TSN and the CIAU have experienced, the relationship has been a positive one for both sides. "We gave them a lot of value," says NetStar President Jim Thompson. "We gave them exposure." With TSN's help, the CIAU has been able to attract major sponsors secure in the knowledge that its major events will be available on national television. TSN's coverage also assisted the CIAU in recruiting. TSN benefited from the programming that the CIAU provided. But it may have been inevitable that TSN would eventually outgrow the need to broadcast more than the championship events. TSN's new deal allows the CIAU to make side deals with other broadcasters like CTVSN. "There are a number of other games on a regional basis that could be quite attractive to a regional broadcaster,"⁹⁵ says Kerry Moynighan.

But so far, TSN's competition has been lukewarm to the idea of adding any CIAU games to its schedule. "We're aggressively pursuing CTV SportsNet to try and hold them to

⁹⁴ Personal Interview with John McConachie

⁹⁵ Personal Interview with Kerry Moynighan

their promises of their CRTC licence application to cover CIAU sports."⁹⁶ When CTVSN was originally granted its licence in 1996, its plans called for "a multi-tiered approach to sports coverage that will integrate local event coverage, amateur and university sports coverage."⁹⁷ TSN has always been commended by the regulatory agency for its commitment to amateur athletics, including the CIAU. "We have a significant host broadcaster that provides us the anchor for our marketing program, covers most of our national championships at the same time," says Kerry Moynighan of the CIAU. "We consider them family."⁹⁸

Major Junior Hockey

TSN became involved in broadcasting games from the Canadian Hockey League during the late 1980s. One of the network's announcers, Paul Romanuk, and a producer, Scott Moore, started their own production company. That company, along with the CHL, and its marketing arm, the St. Clair Group, reached an agreement with TSN to produce a game of the week on the network. "They seemed to embrace the concept,"⁹⁹ says CHL President Dave Branch. Initially, TSN showed about 10 games. Over time, that package would grow to more than 25 games and beginning in 1990, included the CHL's premier event, the Memorial Cup.

TSN was able to leverage this major event away from conventional broadcasters by offering to increase the number of games televised. "With CTV we did not have a game of the week per se nationally. The trade off was, get a national TV game of the week,

⁹⁶ Personal Interview with Kerry Moynighan

⁹⁷ CRTC 96-601. p. 2.

⁹⁸ Personal Interview with Kerry Moynighan

⁹⁹ Personal Interview with Dave Branch

bring your Memorial Cup property away from a major carrier," says Branch. "We felt there was a trade off and it was to our advantage to do it."¹⁰⁰ As a major network, CTV reached a large number of viewers for the Memorial Cup. But that was the only game it broadcast. TSN was willing to show most of the preliminary games leading up to the championship game. "TV was clearly at that time evolving towards specialized programming," says Branch. "It was a natural for a sport property to evolve towards a sport network like TSN...The major networks clearly had a full agenda and there were other properties that maybe were much more attractive to them at that time then the CHL would be."¹⁰¹

By signing on with TSN, the CHL was able to receive national exposure for the very first time for its regular season and playoff games. "We were having growth," says CHL President Dave Branch. "And we certainly wanted to take a more significant position nationally and our TV property clearly did that for us."¹⁰² Specifically, TSN's national broadcasting contract benefited the CHL in several specific ways. It helped improve the league's image, making it more attractive to corporate sponsors. It also allowed the CHL to develop a larger fan base. National television coverage of CHL games on TSN greatly assisted the league in player recruitment. From a financial perspective, TSN's deal with the CHL was hardly lucrative. "There wasn't a real significant immediate dollar return," says Branch. "We looked more upon it as an investment in the future in terms of creating greater awareness."¹⁰³

¹⁰⁰ Personal Interview with Dave Branch

¹⁰¹ Personal Interview with Dave Branch

¹⁰² Personal Interview with Dave Branch

¹⁰³ Personal Interview with Dave Branch

TSN discovered that national broadcasts of Major Junior Hockey games did not draw well in the ratings. "When we came on to Junior Hockey, we needed programming," says NetStar President Jim Thompson. "We didn't make a cent off it."¹⁰⁴ That does not mean that TSN did not try to make its broadcasts look as good as possible. "We did good quality productions, they looked first class."¹⁰⁵ The CHL was extremely happy with the priority that TSN gave its telecasts. "We felt we were given first class treatment in that respect."¹⁰⁶ But strong productions come with a very high price tag. "It costs you as much to do a junior hockey game as it does an NHL game,"¹⁰⁷ says NetStar chairman Gordon Craig. But the CHL broadcasts did not draw anywhere near the ratings that an NHL game would. Even though TSN did not benefit financially from their association, the CHL did. "What happened to Junior Hockey? Junior Hockey started to grow," says Thompson. "There's greater awareness...we gave people value."¹⁰⁸

As TSN prospered and programming on the network improved, the need for its Junior Hockey telecasts declined. Since ratings were not strong, TSN started to show fewer and fewer games, concentrating instead on the Memorial Cup and other major events such as league all-star games and the top prospects game. Part of the reason TSN could not make its Junior Hockey broadcasts successful was because they did not always appeal to a national audience. "While we are national in many things, we are also highly regionalized in terms of interest," says Dave Branch President of the CHL. "Our TV numbers clearly show good national interest for the Memorial Cup, for the prospects game which are...

¹⁰⁴ Personal Interview with Jim Thompson

¹⁰⁵ Personal Interview with Jim Thompson

¹⁰⁶ Personal Interview with Dave Branch

¹⁰⁷ Personal Interview with Gordon Craig

¹⁰⁸ Personal Interview with Jim Thompson

events that cause all three leagues of the major junior to interact. The games on a game by game basis regular season by and large we saw strong regional interest only. [regular season and playoff games from the Ontario Hockey League, Western Hockey League, and Quebec Major Junior Hockey League]" That regional interest was impossible for TSN to exploit. "We had a national licence," says NetStar President Jim Thompson. "Had to do a national game, we didn't succeed."¹⁰⁹ TSN was not permitted to split its signal to better exploit the regional nature of Canadian Junior Hockey.

CTV SportsNet hopes to succeed where TSN failed. It has signed a four-year agreement with the CHL to broadcast regular season games and major events such as league all-star games, the top prospects game and the Memorial Cup. The CHL was attracted to the new specialty channel because it has a regional licence. It can split its signal four ways, sending each region different programming. "Their very structure really supports what the CHL's strengths are and that is strong regional interest supported by certain national properties."¹¹⁰ CTV SportsNet leveraged the CHL property by offering to broadcast significantly more games. CTVSN agreed to broadcast 65 games this year, which is three times as many games as TSN was willing to show. CTVSN also showed many of those games on a regional basis. What also made CTVSN's offer to the CHL attractive was it offered to return the Memorial Cup final plus the semi-final to over-the-air television on the main CTV network. This was an ironic twist; CTVSN was leveraging the Memorial Cup championship game and semi-final back to a conventional network, something TSN could not offer the CHL. "I think the full CTV network is an

¹⁰⁹ Personal Interview with Jim Thompson

¹¹⁰ Personal Interview with Dave Branch

attractive part of the package with the semi-final and final."¹¹¹ By signing on with CTVSN, the CHL was able to get a large number of games broadcast regionally, and nationally on a sports specialty channel, while getting its most prized property back on conventional television. By offering these advantages, CTVSN did not have to offer the CHL significantly more money than TSN paid for the broadcast rights. But there is the potential for the CHL to earn more revenue in the future. "There was no question the interest was there," says Branch. "What really attracted us was the strengths of CTVSN and what they brought that we felt really were tailored to what was best for us as the CHL."¹¹²

In some ways, TSN almost seems pleased at the loss of the CHL property. "We no longer have the obligation to do everything, there's another service," says NetStar President Jim Thompson. "We carried it for several years.. We shouldn't have from a business perspective, we shouldn't have been continuing with it, but we carried it because we felt that obligation to our audience."¹¹³ As far as the CHL is concerned, CTVSN is a better fit for the league today, but TSN was still a pretty good partner. "They certainly have been strong supporters of ours and continue to be," says CHL President Dave Branch. "They've contributed to the overall growth and awareness and interest in the Canadian Hockey League."¹¹⁴ It will be very interesting to see what kind of impact CTVSN makes with the CHL property. "Don't talk to us about not doing it," says Thompson. "Talk to them about how they do it. When they only get 42,000 people

¹¹¹ Personal Interview with Dave Branch

¹¹² Personal Interview with Dave Branch

¹¹³ Personal Interview with Jim Thompson

¹¹⁴ Personal Interview with Dave Branch

watching and they can't make a cent on it. Don't talk to us because we are relieved now of that obligation to do it."¹¹⁵

The CBC

The relationships between TSN and conventional broadcasters such as the CBC and CTV are far more complicated and difficult to analyze. There is no question that TSN's presence in the marketplace profoundly altered the way the two networks approached their sports coverage. In the case of the CBC, TSN has been both a rival and partner. "They're a legitimate competitor," says CBC Vice-President Jim Byrd. "I think our relationship with TSN over that period of time has evolved to the point where today on one hand they are partners with us, on the other hand, competitors with us."¹¹⁶ TSN has acquired properties at the expense of the CBC. Over time, the CBC's attitude towards its sports coverage has changed. The CBC has become more selective in what it broadcasts. In a sense, the CBC, a network broadcasting to a mass audience, has become specialized in its sports broadcasting. Ironically, the CBC has become a niche player while the specialty channel TSN has become the general purpose sports broadcaster. "Once they started putting on the air the major properties, they legitimized themselves," says Byrd. "For the broadcast group, they are a very good tough competitor."

TSN is not the only reason that CBC's commitment towards its sports coverage changed, but the impact the specialty channel had on the public broadcaster was considerable. "TSN has made a difference in this country in terms of what's getting on the air," says Jim Byrd of the CBC. "It's provided a choice for Canadians that wasn't

¹¹⁵ Personal Interview with Jim Thompson

¹¹⁶ Personal Interview with Jim Byrd

there before. It has the capacity to run stuff that we can't, we don't have the room or shelf life for." ¹¹⁷ Today, TSN broadcasts such events as the World Junior Hockey Championships, final round coverage of the U.S Open and British Open Golf Championships, the finals of the U.S. Open Tennis championships, and the Canada Summer Games. These properties all used to be available on the CBC. For a variety of different reasons, these events and others ended up on TSN. In some cases, such as the Canada Games, TSN was able to leverage the property by providing extensive coverage that the CBC was unable or unwilling to provide. "We couldn't afford to put it on the air, not because of money, but couldn't afford the airtime to put all the Canada Games on the air,"¹¹⁸ says Jim Byrd. In other instances, TSN simply outbid the CBC for the broadcasting rights. The CBC has always seen sports as part of its mandate. "As we picked up more and more of that slack," says NetStar chairman Gordon Craig, "in a strange way, the conventional broadcasters pushed back and said, 'hey we don't need to do that.'"¹¹⁹ The CBC isn't ready to lay all of the credit on TSN. "Was it due to TSN coming on stream?" asks Jim Byrd. "I don't think so. I guess maybe you could argue that as TSN came on stream, our argument for having to put more sports on became a weaker argument."¹²⁰

But there is no question that the CBC's commitment towards sports programming changes from the time TSN signed on in 1984 until the present day. In 1985 for example, the CBC devoted 568.5 hours to sports coverage. By 1990, that number decreased by 19

¹¹⁷ Personal Interview with Jim Byrd

¹¹⁸ Personal Interview with Jim Byrd

¹¹⁹ Personal Interview with Gordon Craig

¹²⁰ Personal Interview with Jim Byrd

hours. Five years later, it had increased to 680 hours. A careful examination of these numbers will demonstrate a change in the CBC's policy. In 1985, the NHL accounted for 22 per cent of its sports programming while the CFL took up 19 per cent. In 1990, the NHL accounted for more than 40 per cent of the CBC's sports programming, even though the network broadcast less sports than it did in 1985. One sport the CBC devoted less air-time to was the CFL. It made up only 12 per cent of its overall sports programming. By 1995, the NHL took up 44 per cent of the CBC's sports programming. The number of hours the public broadcaster devoted to the NHL more than doubled over this 10 year period. In 1995, the CBC also began showing NHL double headers which accounts for the significant increase in sports programming. The CBC may have been devoting more hours to sports, but its coverage had become extremely concentrated. The NHL, CFL and the Toronto Blue Jays accounted for 65 per cent of the CBC's sports programming. "It's just the evolution of the CBC in terms of what kind of broadcaster it's going to be," says Byrd. "And because of the economics our focus is on main marquee events. In parallel with that, the growth of TSN, the evolution of it, its move up in the skill set, its better business practices, the increase in subscription fees which let it buy more etc....there were just two parallel things that happened."¹²¹

TSN may have also impacted the CBC in terms of the amount of U.S. Sports programming it showed. A look at chart 8 traces the use of U.S. simulcasts in CBC's sports programming. There is evidence to suggest that over a ten year period, the CBC began to rely less on U.S. simulcasts. In 1985, the CBC aired 47.5 hours of U.S. network programming. By 1995, the CBC was airing just 35.5 hours of U.S. network

¹²¹ Personal Interview with Jim Byrd

programming. If this number does not seem like a significant reduction in hours, it must also be pointed out that the CBC's anthology program *SportswEEKend* no longer existed. This anthology program also included some American network broadcasts. TSN's presence in the market place may have allowed the CBC to stop showing such events as the final round of the U.S. Open golf or Wimbledon tennis championships, events which later found their way onto The Sports Network. For a public broadcaster such as the CBC, TSN's presence in the marketplace may actually be considered a positive development. It may have permitted the CBC to use its resources to produce or acquire Canadian programming.

CBC's Coverage of Sports (In hours)

Chart 5

1985	1990	1995
568.5	549.5	680

CBC's Coverage of the NHL

Chart 6

1985	1990	1995
126 hours	222 hours	300
22%	40.4%	44%

CBC's Coverage of the CFL

Chart 7

1985	1990	1995
109 hours	66 hours	84.5
19.2%	12%	12%

U.S Sports Programming on CBC (in hours)

Chart 8

	1985	1990	1995
U.S. Programming	47.5	43	35.5
SportsWeekend	202	154.5	0

As the CBC changed its view towards sports, it also started to look at TSN differently. The two networks started to develop a partnership in some areas. Part of the reason the CBC and TSN forged such a close relationship is because so many former CBC executives now worked at TSN. CBC started to work together with TSN on Toronto Blue Jays baseball. It also started co-operating on CFL football. Today, the two networks even cross-promote each other's properties. It has allowed the CBC to maintain a presence in both sports without having to over commit. "On baseball, we only want one night," says Jim Byrd. "They've got the bulk of it and that works fine with us."¹²² When it comes to CFL coverage, the CBC no longer wants to carry the entire season. The public broadcaster prefers to begin its CFL coverage after its commitment to baseball is over. "That works out fine for TSN. It gives them a baseball/football kind of package throughout the summer that we don't want."¹²³ When it comes to the CFL's broadcasting contract, it is also easier for TSN to finance the entire deal, including the Grey Cup. "It's difficult for a company like the CBC that operates on a year-to-year budget," says Byrd. "If you're a private business with access to borrowing and things of that nature you can cash flow the purchase of properties."¹²⁴ TSN owns the CFL contract

¹²² Personal Interview with Jim Byrd

¹²³ Personal Interview with Jim Byrd

¹²⁴ Personal Interview with Jim Byrd

but it options off parts of it to the CBC, including the playoffs and the Grey Cup. The financial arrangement works to the advantage of both parties.

The two broadcasters even collaborated on a successful bid to secure the Olympic games. The CBC of course is taking the lead role. "But we need a secondary partner to place out some of that stuff to get us some money."¹²⁵ This new Olympic contract will see both the CBC and TSN providing live event coverage for the games through the year 2010. "I think that will add a new dimension to Olympic coverage and allow a lot more sports to be seen,"¹²⁶ says International Olympic Committee Vice-President Dick Pound. It will also be the first time TSN has ever shown live event coverage from an Olympics. In 1999, CBC and TSN will also join forces to broadcast the Pan-American games in Winnipeg. In a reversal of past practices, the CBC now shows repeats of certain motorsport events on the Formula-one and CART circuits that were previously shown live on TSN. In a sense, the conventional broadcaster has become a complement to the specialty channel. "CBC stays in the game by putting it into the gulch at night and serves their audience, particularly the 12 per cent that don't get us [because they don't get cable]," says NetStar Chairman Gordon Craig. "We don't have to worry about pre-emptions to other constituencies. A conventional broadcaster has all these other constituencies he must serve. We're just sports, and so we can come on at 6 o'clock...in the morning...and not worry about pre-empting."¹²⁷

There are limits to the collaboration between the CBC and TSN. The two networks have competed head-to-head on their coverage of the NHL. TSN started a pre-game

¹²⁵ Personal Interview with Jim Byrd

¹²⁶ Personal Interview with Dick Pound

¹²⁷ Personal Interview with Gordon Craig

show called *Esso Saturday Night* that ran 30 minutes before the CBC's *Hockey Night In Canada*. The show was so successful that the CBC decided to run a pre-game show of its own, forcing TSN to cancel the one it had started. "There are areas where clearly we kind of don't intersect," says Jim Byrd. "Each of us have areas where we had to do our own thing."¹²⁸ But for the most part, the two networks would rather work together and complement each other. "We're picking up the gaps where the conventional broadcasters for their own very good competitive reasons have backed off,"¹²⁹ says NetStar Chairman Gordon Craig. "There's no question that the specialty channels out there are picking off spectrum," says Jim Byrd of the CBC. "At one time, each of those niches was peculiar to a main over-the-air broadcaster. They are picking off those niches piece by piece. I think there will always be a position for a main over-the-air broadcaster in the spectrum."¹³⁰ But the role of the conventional network has certainly changed. These networks have become increasingly selective in what they broadcast. The most striking example of this is the demise of the sports anthology programs on the CBC and CTV. *Sportswelcome* on the CBC, and *Wide World of Sports* on CTV, used to be significant parts of each networks sports programming. By the mid 1990s the anthology programs had completely disappeared. The events that previously provided content for the anthology packages are now receiving extensive coverage from the specialty channel, which has become generalized in its coverage of sports. By contrast, the conventional network has by necessity become specialized in its coverage of sports.

¹²⁸ Personal Interview with Jim Byrd

¹²⁹ Personal Interview with Gordon Craig

¹³⁰ Personal Interview with Jim Byrd

CTV

CTV does not have a particularly close relationship with TSN. Although there have been times when the two broadcasters have actually worked together, such as, during the 1988 Olympics. Through most of TSN's history, CTV has viewed the specialty channel as a rival. "I don't think anybody would argue with the point of view that TSN has become a major player in sports broadcasting," says CTV Sports Vice-President Doug Beeforth. "By the time, I guess, the early nineties rolled around they had moved from being a complementary service to being a full fledged heads-on competitor."¹³¹ TSN actually started making an impact on CTV long before the 1990s with its acquisition of the Vanier Cup, a subject which has already been dealt with at length earlier in this paper. The Sports Network would eventually take over the rights to one of sport's crown jewels, the World Series, at the expense of CTV. A strong case can be made that TSN's presence in the marketplace contributed to a fragmentation in the marketplace that led to CTV's decision to de-emphasize sports from its programming lineup. "It has put another competitor into the hunt for properties which means that the pie isn't any bigger from the point of view of programming."¹³²

Before TSN came on the scene, viewers in Canada had few options when it came to watching televised sports. There were limited opportunities to watch NHL hockey, maybe once or twice a week at most. Networks were forced to pack hours and hours of sports coverage into their anthology programs. It was one of the few places on television that you could actually watch sports. "That's why *Wide World of Sports* in the early

¹³¹ Personal Interview with Doug Beeforth

¹³² Personal Interview with Doug Beeforth

seventies and early eighties was so popular," says Doug Beeforth of CTV. "In 1984, all of a sudden, the shelf space that's available for sports programming explodes."¹³³

There is ample evidence to suggest that CTV's commitment to sports programming started to decline at almost the same time TSN started to prosper. In 1985, CTV showed 518 hours of sports programming. That compares to the 568.5 hours the CBC showed in 1985. By 1990, CTV aired just 392.5 hours of programming, a decline of more than 125 hours, a decrease of 25 per cent. In 1995, CTV was showing even less sports, just 297.5 hours. The network was no longer showing its anthology program, *Wide World of Sports*. In 10 years, the amount of sports programming on CTV had dropped by more than 40 per cent. What sports programming CTV was showing had become increasingly specialized. In 1995, the Blue Jays, the Major league all-star game, playoffs, and the World Series accounted for over 49 per cent of the network's sports programming. Figure skating made up another 15 per cent. Baseball and skating took up 193.5 hours out of CTV's 297.5 hours of programming or 65 per cent.

As is the case with the CBC, CTV also reduced its commitment to U.S. programming from 1985 to 1995. An examination of Chart 10 demonstrates the decrease in the network's simulcasting of American sports programming. In 1985, CTV simulcasts 113.5 hours of U.S. network sports. In 1990, the network's commitment drops dramatically, to only 67 hours. In 1995, that number increases to 82.5 hours. But by this time, CTV's anthology program *Wide World of Sports* had been canceled. And *Wide World of Sports* relied heavier on American programming than CBC's *Sportsworld*.

¹³³ Personal Interview with Doug Beeforth

It would certainly appear that CTV's approach to sports programming was becoming increasingly specialized.

CTV's Sports Programming (in hours)

Chart 9

1985	1990	1995
518	392.5	297.5

U.S. Sports Programming on CTV (in hours)

Chart 10

	1985	1990	1995
U.S. Programming	113.5	67	82.5
Wide World of Sports	93	99	0

One problem CTV did have with TSN was the issue of siphoning. The Sports Network promised the CRTC when it was granted a licence that it would not compete with conventional broadcasters for properties. TSN reaffirmed that promise when its licence was renewed. When TSN's licence was renewed for a third time in 1994, the issue of siphoning was not even mentioned. "I'm not sure whether that was just an oversight on the part of the over-the-air networks," says CTV Vice-President for Sports, Doug Beeforth. "TSN's position has been, well, they're no longer a specialty channel, they are a full fledged competitor."¹³⁴ That does not mean that TSN was always a competitor. "In the early years...they did act as a complementary service," says Beeforth. "As they grew, they probably...had to look beyond the concept of just being a complementary service."¹³⁵

¹³⁴ Personal Interview with Doug Beeforth

¹³⁵ Personal Interview with Doug Beeforth

TSN believes the CRTC was addressing other concerns when it promised that it would not siphon. "Siphoning was somebody else's word," says NetStar President Jim Thompson. He believes that condition was part of TSN's first two licences because the network was owned by Labatt, a major sports sponsor. "Everyone got paranoid and thought, oh, they're going to take all the Labatt properties off and put it on their own network, so we committed we would not siphon," says Thompson. "The word's gone away. Everybody takes everything now. It's an open marketplace."¹³⁶

If there was any doubt that TSN was more than just a complementary service, the network's acquisition of the Major League baseball all-star game, playoffs and World Series certainly demonstrated otherwise. In 1997, TSN acquired the property which had previously been available on CTV. "Major league baseball came to us with post-season play," says NetStar Chairman Gordon Craig. "They came to us and said, 'if we move the World Series to you will you guarantee that every game is covered [that includes the other two full rounds of playoffs]' and we said, sure and so it came across."¹³⁷ This is another example of TSN's ability to leverage a property through its ability to provide bulk coverage that over-the-air networks cannot provide.

But the reasons for CTV losing the World Series are very complicated. Sports can be very disruptive to a conventional broadcaster's schedule, especially in this day of increased playoffs. CTV would have liked to keep the World Series and made a final offer to Major League Baseball. In that offer, the network indicated that it could not pay any more for the rights and still make a profit. But profit motives were not the only ones

¹³⁶ Personal Interview with Jim Thompson

¹³⁷ Personal Interview with Gordon Craig

that concerned CTV. "The World Series happens probably at the worst time from the perspective of regular series programming because mid-to-late October is where you're trying to establish your audiences for all of your new sitcoms and dramas."¹³⁸ In general, sports programming is extremely disruptive for any conventional broadcaster. For CTV to carry the World Series would require it to pre-empt such top rated dramas as *ER*. The consequences of such programming disruptions can be enormous. "As a major and over-the-air general purpose network you have a lot of different flavours of pie that have to be served up and yes, the World Series is nice to have, and you make money on it," says Beeforth. "But what's the long term implications if you don't get out of the box well with your other prime time series programs which is quite frankly the financial foundation of a network."¹³⁹ It should also be noted that during the mid-1990s the lustre of Major League Baseball had been severely damaged by a strike that wiped out the 1994 season. As a broadcasting property, it was much less attractive than it had been in many years. Furthermore, the Toronto Blue Jays were not as successful as they had been earlier in the decade when they were winning the World Series, and thus were also less popular. These factors also served to diminish baseball's allure to any broadcaster.

For TSN, the World Series does not cause the same kind of disruptions, since the network is a broadcaster that thrives on live event programming. "If I'm in TSN's position and I'm a sports channel," says Beeforth, "what better thing for me to get than the most compelling sports property that's available on a given night...the attractiveness of the property to CTV as opposed to TSN is dramatically different."¹⁴⁰ CTV is not

¹³⁸ Personal Interview with Doug Beeforth

¹³⁹ Personal Interview with Doug Beeforth

¹⁴⁰ Personal Interview with Doug Beeforth

suffering because it lost the World Series. But there are consequences to TSN's acquisition of the autumn classic. By moving from CTV to TSN, one of the biggest sporting events in the world is no longer available to a large number of potential viewers. TSN is a satellite to cable service, not available over-the-air for free like CTV. That means people without cable in rural areas, for example, can no longer watch the World Series.

TSN may have taken major events like the World Series off so called 'free tv'. But even CTV will concede that, for the most part, TSN's impact on the industry has been a positive one for the viewer, if not always for its network. "Bottom line is viewers have been able to watch more sports. More sports has been able to get on television,"¹⁴¹ says CTV's Doug Beeforth. It has also changed the way conventional broadcasters such as CTV approach the way they view sports programming. The success of TSN and the revenue streams it has realized has encouraged conventional broadcasters such as CTV to get into the specialty channel business. "That's why you see CTV starting an all-news channel, starting...an all-sports channel," says Beeforth. "The TSN's of the world, yes, they have changed the environment no doubt about it."¹⁴²

¹⁴¹ Personal Interview with Doug Beeforth

¹⁴² Personal Interview with Doug Beeforth

CHAPTER FOUR:

NEWS GATHERING AND NON-EVENT PROGRAMMING

SportsDesk

Sports news has been an important part of TSN's operation from the beginning. The network instituted the first national sportscast in the country. *SportsDesk* was one of the first programs that TSN aired, and has been a staple on the network since then, its profile growing as the specialty channel has prospered. At the outset, it was a simple highlights show. Today, it not only continues to provide extensive highlights, but also adds context and analysis of major events. *SportsDesk* has become as important to sports journalism as *The National* or *CTV National News* is to political journalism. It has not only become TSN's flagship program, but also its biggest money maker.

Today's slick fast-paced *SportsDesk* bears little resemblance to what the show looked like in the early years. "It was all based on getting the program to air," says TSN Sr. Vice President Keith Pelley, who started at TSN in 1985 as a part-time editorial assistant on *SportsDesk*. "Just to keep your head above water, that's what it was like."¹ Vic Rauter anchored *SportsDesk* during that first year and agrees that it was a sometimes painful learning process for all the editorial staff. "The difficulty I guess with *SportsDesk* was that there were no models...in Canada," says Rauter. *Sportslive* on Global was the first half hour sports show on the air in Canada, but its audience was primarily in Toronto and southern Ontario. *SportsDesk* was supposed to serve the entire country. "You didn't know quite what to be," says Rauter. "We didn't know what kind of highlight

¹ Personal Interview with Keith Pelley

packages...you put together, how [should] you approach stories."² The anchors on *SportsDesk* all came from local stations where the average sportscast lasted about five to ten minutes. "All of a sudden we had to do 30 minutes,"³ says original TSN anchor John Wells. "Did you go two minutes on highlight packages or did you go 30 seconds?" There were other issues, such as what sports to cover and which ones to ignore. "Did you want to cover auto racing, we're not sure. Do people really like auto racing? Did you cover curling...are you just basically a ball, stick and puck kind of network. So we had to find out first...what all the people wanted."⁴

An even more pressing concern for the anchors at TSN was to educate their own behind-the-scenes editorial staff. "We didn't have a big staff," says Wells. And most of the staff that was in place was extremely inexperienced. "A whole bunch of people with a first job in television. So it was the veterans trying to say, 'all right here's what a highlight package should be like. Here's what we have to include in the highlight package.' And then we have to somehow find seven or eight of them in a hurry."⁵ The Network built *SportsDesk* slowly, only running half hour editions at 7 pm and 11 pm Eastern Time. "We had a couple of shows that I would have preferred had been rehearsals,"⁶ said Peter Allies, executive producer for news at TSN in 1985. "A good show was considered, did you get on, on time? Did you get all your commercials in? Did you go to black? Do you get off?[the air on time] If you answered, yes, yes, no, and yes,

² Personal Interview with Vic Rauter

³ Personal Interview with John Wells

⁴ Personal Interview with Vic Rauter

⁵ Personal Interview with John Wells

⁶ Strachan, Al. "Sports Network scores with fans," in *The Globe and Mail*, Monday, February, 18, 1985. p. s-2.

that was a great show,"⁷ remembers Rauter. But all things considered, the fledgling network was off to a respectable start. "These shows are TSN's pride and joy," wrote Al Strachan of *The Globe And Mail* in February of 1985. "The vast majority [of shows] are crisp, complete and professional. They're certainly better than the only similar show in the Toronto market, Global's *Sportsline* at 11:30 pm, which relies almost entirely on the major U.S. networks for its feeds and lacks the class of its TSN counterpart."⁸

According to Allies, TSN's daily sportscasts provided a lot of credibility during that first year. "*SportsDesk* is not one of the main reasons that people will buy the service," said Allies. "But *SportsDesk* is one of the main reasons that people will keep the service."⁹

In January of 1986, TSN expanded *SportsDesk* to include another 30 minute edition that aired at 2 am EST. "It's all part of the natural evolution of it," says former *SportsDesk* producer Keith Pelley. "It's all part of walking before you run."¹⁰ This sportscast allowed TSN to improve its service in Western Canada where it aired at 11 pm in Vancouver. "As a national service...we needed a late time newscast."¹¹ TSN was also quickly developing its news gathering operation throughout the country. The network hired stringers and reporters to file from every major city in Canada. "We're proud of our news operation. We serve all the time zones in our country," said then TSN President Gordon Craig in 1988. "They feed into our program on a daily basis."¹² This gave TSN

⁷ Personal Interview with Vic Rauter

⁸ Strachan, Al. "Sports Network scores with fans, in *The Globe and Mail*, Monday, February, 18, 1985. p. s-2.

⁹ Strachan, Al. "Sports Network scores with fans, in *The Globe and Mail*, Monday, February, 18, 1985. p. s-2.

¹⁰ Personal Interview with Keith Pelley

¹¹ Personal Interview with Keith Pelley

¹² York, Marty. "TSN, now they've got it all," in *The Globe and Mail*, Saturday, August, 27th, 1988. p. a-15.

plenty of material to choose from, but it also had a widely diverse audience to serve. "If you're on at 11 o'clock in Toronto...what do you lead with, OK. we'll lead with the Toronto [story]," says Rauter. "Now you're on again at 2 am. But that's 11 o'clock Pacific time...you gotta lead probably with something from the west....Those kinds of things, who to serve, what to lead with," says Rauter. "That had never been done before. And those were some of the things you had to figure [out] before you could I think you could literally consider yourself to be doing the job."¹³

As TSN evolved, there was a feeling that *SportsDesk* was not reaching its potential. "It's always been kind of the coin phrase that it was the signature show. And it really hasn't been," says TSN Vice President Keith Pelley. "It used to be a highlights show with just features." Part of the reason that *SportsDesk* did not evolve as quickly as it could was that the network itself was expanding so rapidly. *SportsDesk* was just one of many projects that management at TSN was forced to deal with simultaneously. "It was a good show. But perhaps they didn't drive it."¹⁴ But there was no question that *SportsDesk* had room for improvement. "Considering its manpower and resources, it's probably not as sharp a program as it should be. Still, it's easily the most comprehensive sports-news show in Canada."¹⁵ The fact remains that until the 1990s, it was the *only* national sportscast in the country. "The feeling is that we are (the CBC's) *The National* of Canadian sports," said former executive producer Jack Hutchinson in 1988. "That's the

¹³ Personal Interview with Vic Rauter

¹⁴ Personal Interview with Keith Pelley

¹⁵ York, Marty. "TSN, now they've got it all," in *The Globe and Mail*, Saturday, August, 27th, 1988. p. a-15.

image we try to portray,"¹⁶ On nights when there was a huge national story that was very true. "The night of the Gretzky trade, we had record audiences. When Ben Johnson was caught in Seoul [for steroids] we could see audiences peaking,"¹⁷ says Rauter. Some critics believed that *SportsDesk* did not place enough emphasis on news the rest of the time. Former TSN anchor Peter Watts told *The Globe and Mail* in 1988, "I don't think the show is as good as it should be."¹⁸ Watts placed much of the blame on the inexperience of the behind-the-scenes editorial staff. They were the ones making the decisions on what was covered and what was ignored. *SportsDesk* had to fight what was actually becoming a growing problem in television journalism, reacting to stories instead of breaking them. "We generally, the electronic media, sit around and wait for stories to come to us rather than going out and getting them."¹⁹ Then *Calgary Herald* columnist Steve Simmons thought this was especially true of TSN when he assessed the network's news gathering operation in an open letter in 1986. "The look is good. The makeup is right and everyone's hair is in place----but content is lacking," he wrote. "TSN, with five shows a day [at the time] has fine readers and weak reporters. They respond to the news, instead of break it. Too many of the features look like filler."²⁰

SportsDesk had its critics even into the early 1990s. "TSN has also been criticized for the poor calibre of its on-air talent," ²¹ wrote *The Globe and Mail*, in a 1994 article on the

¹⁶ York, Marty. "TSN, now they've got it all," in *The Globe and Mail*, Saturday, August, 27th, 1988. p. a-15.

¹⁷ Personal Interview with Vic Rauter

¹⁸ York, Marty. "TSN, now they've got it all," in *The Globe and Mail*, Saturday, August, 27th, 1988. p. a-15.

¹⁹ Personal Interview with Vic Rauter

²⁰ Simmons, Steve. "TSN can take a deep bow," in *Calgary Herald*. Tuesday, Sept, 7, 1986. p. e-1.

²¹ Houston, William. "Real TV means real profits," in *The Globe and Mail*, Saturday, August 27th, 1994. p. a-16.

network's 10th anniversary. TSN's journalistic practices were also occasionally called into question. "Some TSN announcers have been accused of being gung-ho cheerleaders for Labatt's teams or ignoring fielding errors made by players on those teams," wrote Bruce Livesey in a *Financial Post Magazine* article in 1995. "A Toronto newspaper reported that at a news conference announcing Labatt's purchase of the Argos, TSN football analyst Leif Pettersen stood up and applauded . TSN anchor Gino Reda apparently did the same thing when the Argos introduced a new quarterback at another press conference."²² Labatt's ownership of TSN and its other sports properties made the network vulnerable to charges of bias.

SportsDesk may have had its shortcomings, but slowly management began to make the program one of its top priorities. One of the first changes Keith Pelley made when he became the Executive Producer of *SportsDesk* in 1988 was to stop using rotating anchors. In an effort to give the 11 o'clock show more of an identity, Pelley installed Paul Romanuk and Mark Jones as permanent hosts. "Consistency was big to me back then."²³ From that time on, the 11 o'clock edition of *SportsDesk* has always had permanent anchors assigned. Those anchors were eventually allowed to break from TSN's conservative mold and allow their personalities to come through. In 1992, the 11 o'clock show expanded to a full hour. Part of the reason for the network going to sixty minutes was that it provided better service to different regions of the country, such as the prairies. Viewers there will start watching the program at the bottom of the hour. The hour long *SportsDesk* is basically two half hour shows that attract two different audiences in

²² Livesey, Bruce. "Sportin' Life," in *Financial Post Magazine*, February, 1995. p. 42.

²³ Personal Interview with Keith Pelley

different parts of the country. Expanding *SportsDesk* to an hour also made sense financially. "Because you're doing a show that is basically the same for an hour, that's originally a half hour with very few changes, there's really not a lot of incremental cost as opposed to buying a show...that would run from 11:30 to 12."²⁴ In 1997, *SportsDesk's* 2 a.m. edition expanded to a full hour and became the first news or sports broadcast in Canada to use an anchor in Toronto and Vancouver simultaneously.

During the mid 1990s, TSN management attempted to make *SportsDesk* its flagship or signature program. "It's gone through an evolution stage, and it's gotten stronger and stronger," says TSN's Keith Pelley. "It's about a lot of things, it's about pace, it's about information, it's about entertainment, it's about experts, it's about in-depth stories, it's about highlights."²⁵ Today *SportsDesk* provides the network with two-and-a-half hours of original programming each day. The 2 a.m. show is repeated continuously in the morning from 6 a.m. until 12 noon. That means *SportsDesk* accounts for eight-and-a-half hours of TSN's daily programming schedule. "It's definitely the signature show on the network now. Our news operation has never even (been) remotely as strong as it is now," says TSN Vice President Keith Pelley. The staff in place today is very experienced and is on a very strong footing journalistically. "We've got a thought process that says here, here's the best story of the day; we've got some bright young producer minds in there who now have experience," says John Wells. "We've created a whole group of really talented television people just because of *SportsDesk*."²⁶

²⁴ Personal Interview with Rick Brace

²⁵ Personal Interview with Keith Pelley

²⁶ Personal Interview with John Wells

SportsDesk has successfully achieved a delicate balance between entertainment and information. The philosophy of the show is very simple. "If you're a sports fan, you're going to get all the sports," says TSN's Keith Pelley. But the program has adapted over the years to retain viewers who might be tempted to use the remote control and surf other channels. "It's all about pacing," says Pelley. "You're in a time right now that the concentration factor is at perhaps an all-time low based on the fact that you have so many options."²⁷ That means it is crucial for any news oriented program to be able to keep viewers entertained while informing them. "You're going to get the information," says Pelley. "It's now taking the information and how you're going to make it in the most entertaining fashion."²⁸ Careful attention is given to the writing, which has to be direct and to the point. The show must flow quickly. For the most part, *SportsDesk* will cut to video items, not dissolve. When the program returns from a commercial break, the show quickly resumes without any lengthy introductions. The 11 p.m. show and the morning repeats now include a constantly changing ticker at the bottom of the screen which carries all the latest scores and news. Even major stories are expected to be concise. For example, *SportsDesk* may have an exclusive on reaction to a big trade in the NHL. But that does not mean the show will be allowed to grind to a halt for four to five minutes just because the staff has landed an exclusive. "In the news environment, anything other than a minute thirty, it better be pretty good," says Pelley. "Pace and flow is key and it's an

²⁷ Personal Interview with Keith Pelley

²⁸ Personal Interview with Keith Pelley

art."²⁹ Long form pieces are generally discouraged. "*SportsDesk* is not an easy place for long form because people go to *SportsDesk* for highlights and breaking news."³⁰

When it comes to *SportsDesk*'s actual content, the top priority is to ensure that the Canadian sporting scene is adequately covered. The producers attempt to lead with a strong Canadian story whenever possible, especially on the early edition. "What you don't want to just lead with is a just a preview for tonight's game at 6:30, you want to have hard news."³¹ Canadian content on *SportsDesk* is prominent. A study was conducted in which one week of the 6:30 pm edition of *SportsDesk* was analyzed from December 14-20, 1998. A Canadian story was the lead six days out of seven. Canadian content averaged 13:44 minutes per day out of an average show length of 21:32 minutes. "I think we've done a pretty good job of covering Canada, covering all the teams, getting a good reputation in all cities,"³² says TSN original anchor John Wells. "When it's something major, something sports related, if you want the information and good coverage you go to *SportsDesk*."³³ The show has become so popular it has become crucial to the network's promotion strategy. *SportsDesk* now helps promote TSN's other shows. The network also proudly promotes *SportsDesk* as one of its premier programs. Many of the press releases written by TSN refer to the network as Canada's leading sports broadcaster, "led by its sports news and information program TSN *SportsDesk*."³⁴ As Keith Pelley says, "If you're going to make something your signature show you only

²⁹ Personal Interview with Keith Pelley

³⁰ Personal Interview with Keith Pelley

³¹ Personal Interview with Keith Pelley

³² Personal Interview with John Wells

³³ Personal Interview with Vic Rauter

³⁴ TSN press releases

have to do one thing. You just have to tell people that it is because people will believe that."³⁵

Perhaps the biggest demonstration of *SportsDesk's* strength is the arrival of CTV SportsNet and its daily sports news program *SportsCentral*. To compare *SportsDesk* and *SportsCentral* a week of their supper hour sportscasts from December 14-20th 1998 were examined. *SportsDesk* was extremely balanced from a geographical perspective when it came to selecting a lead story during the week examined. The network was always careful to lead with news rather than a simple preview. TSN led with a Vancouver-based story once, a story of Toronto interest once, and included two stories on the World Junior Hockey Championships in Winnipeg. There was also a lead item on Larry Walker's selection as Canada's male athlete of the year. Walker is a native of British Columbia and played baseball for the Montreal Expos. TSN also led with Ottawa Senators highlights one day. *SportsDesk* also started with Buffalo Bills highlights and had post-game reaction. Bills Quarterback Doug Flutie had played the previous year with the Toronto Argos of the CFL.

By contrast, CTVSN's 6:00 pm sportscast, *SportsCentral*, leaned heavily on preview type stories. On three occasions, the network led with a preview to an NHL game. Once, it was a straight preview of a Toronto Maple Leafs game. Another time, *SportsCentral* led with Wayne Gretzky's last game at Maple Leaf Gardens. The third time, *SportsCentral* previewed an Ottawa Senators game that CTVSN was carrying on a regional basis that night. *SportsCentral* also led with an item on that Senators game the following night. CTVSN's lead stories were also identical with TSN on two occasions.

³⁵ Personal Interview with Keith Pelley

SportsCentral led with a story that had a Blue Jays slant twice from the winter baseball meetings, while TSN did that only once.

LEAD STORY SELECTION

Chart 11

Dec 14th-20th 1998

	TSN	CTVSN
Monday, Dec 14th	Possible Pavel Bure Trade (Vancouver)	Baseball Meetings Tim Johnson and Clemens
Tuesday, Dec 15th	Roger Clemens Trade? from Baseball Meetings	Roger Clemens Trade? from Baseball meetings
Wednesday Dec 16th	Larry Walker athlete of yr	Leafs/Coyotes preview (Toronto)
Thursday, Dec 17th,	World Jr. Hockey camp (Winnipeg)	Senators/Bruins preview (Ottawa)
Friday, Dec, 18th	World Jr. Hockey camp (Winnipeg)	Ottawa Senators reaction from night before
Saturday, Dec, 19th	Bills/Jets v/o and post wrap (Buffalo)	preview Gretzky's last game at MLG
Sunday, Dec, 20th	Stars/Senators highlights	Senators/Stars highlights

Another difference between the sportscasts on TSN and CTVSN was the respective networks' approach to analysis of news events. TSN used 'talking head' analysis judiciously. During the week examined, TSN used experts commenting on events only twice, for a total of 6:20 minutes. That accounts for just over 4 per cent of the entire programs for the week. By contrast CTVSN relied heavily on its expert analysis. *SportsCentral* used this kind of commentary on eight occasions, totaling over 20 minutes of its newscasts for the week. This 'talking head' analysis accounted for 13.9 per cent of CTVSN's sportscasts for the week examined.

Both *SportsDesk* and *SportsCentral* used approximately the same amount of video in their supper sportscasts for the week in question. Both networks averaged about 12

pieces of video a night. But the similarities stop there. CTVSN relied very heavily on reporter stories. *SportsCentral* used an average of 3.4 reporter packages per day. *SportsDesk* used an average of 2.4 reporter packages per day. It would seem to indicate that TSN's show had superior pacing and was able to deliver more information than CTVSN. But that is strictly a subjective observation. When it comes to straight Canadian content, *SportsCentral* actually produced more than *SportsDesk*. Canadian content on CTVSN's sportscast during the week in question accounted for 72.8 per cent of the entire show. *SportsDesk* had considerably less Canadian content that week at 63.2 per cent. At least part of the reason *SportsCentral* had more Canadian content is due to the reliance on talking head analysis and reporter packages.

TSN management believes the presence of CTVSN's daily sportscast *SportsCentral* has actually made people realize how good *SportsDesk* has become. "From a pure comparison standpoint it was the best thing that possibly could happen to us," says TSN Sr. Vice President Keith Pelley. "I'm very proud of our newsroom accomplishments and the direction we take," says long time TSN staffer John Wells. "I think we've come a long way."³⁶ Today *SportsDesk* is not only important to TSN's image, it is critical to the network's bottom line. "It is the number one profit maker on the network."³⁷

³⁶ Personal Interview with John Wells

³⁷ Personal Interview with Rick Brace

Toronto Sports Network Accusation

There has always been one nagging criticism of TSN. Does the network have a Toronto bias? TSN's studios and business offices are located in Toronto. It freely admits that it airs plenty of programming that involves Toronto sports. After all, Toronto is Canada's largest city and has several major professional sports teams. This section of the paper will explore whether the 'Toronto Sports Network' label many critics have attached to TSN is valid. It is certainly a label that does exist.

When it comes to *SportsDesk*, even anchor John Wells admits there may have been a 'Toronto bias' in the early days. "Somedays it was a battle to not be the Toronto-based sports network with little interest elsewhere," says Wells. "The Leafs would always be the story that they wanted to lead with and the Leafs weren't a very good team. We're saying 'hey, the Flames are on a run, the Canucks are doing well. We've got to be coast-to-coast, we've got to be dealing with all of those important stories too.'" ³⁸ When the network signed on, resources were limited and largely based in Toronto, which may also account for why the network may have had a 'Toronto bias' But veteran staffers such as Wells quickly educated the staff to the importance of covering the entire country. "I was hoping what it would become was what it has become. A national voice. It's a network that's very involved in my idea in all areas of the country." ³⁹ Even *Globe and Mail* writer Marty York did not believe *SportsDesk* had a Toronto bias when he wrote in 1988 that: "Its most appealing aspect is that it doesn't focus exclusively on, say, Toronto angles." ⁴⁰

³⁸ Personal Interview with John Wells

³⁹ Personal Interview with John Wells

⁴⁰ York, Marty. "TSN, now they've got it all," in *The Globe and Mail*, Saturday, August, 27th, 1988. p. a-15.

Steve Simmons, who was writing for the *Calgary Herald* in 1986, offered a different perspective in an open letter to TSN. "What bothers [me] is the eastern base to your coverage," wrote Simmons. "Your *SportsDesk* shows, which are both your strength and weaknesses, pay far too much attention to eastern events than those from the West. When an Argonaut player stubs a toe, it's news. When an Eskimo does the same, it's not mentioned. Somewhere there's an inconsistency here."⁴¹

Many TSN staffers are very sensitive to the issue of a 'Toronto bias' and insist that it does not exist today. "From a *SportsDesk* point of view, it's absolutely I would say almost a malicious fallacy," says Keith Pelley. "To say that we have any type of bias in Ontario or Toronto is fabricated based on the fact that we have bureaus all across the country...Every story...that is of national significance is covered."⁴² But it would be impossible to ignore Toronto's impact nationally on sports. "A lot of things happen in Toronto," says Pelley. The city does have the Toronto Blue Jays, Maple Leafs, Raptors, and Argonauts. These are all teams that in varying degrees have national followings. But that does not mean coverage of those Toronto teams will come at the expense of other Canadian teams in other cities. "I would battle with anybody to say that the Toronto Maple Leafs get more play on *SportsDesk* than any other NHL team. The only reason Toronto would get more play would be if they were the story. If the...Calgary flames were the story, than they would get more." Even so, there is no getting around the fact that often, Toronto teams merit national coverage. "From a pure sports news standpoint, there are going to be more stories of national significance that come out of Toronto than

⁴¹ Simmons, Steve. "TSN can take a deep bow," in *Calgary Herald*, Tuesday, September, 7th, 1986. p. e-1.

⁴² Personal Interview with Keith Pelley

any other province and any other major city." One must also take into account that many key advertisers that sponsor major sporting events have their head offices located in Toronto. "Anytime there's a big announcement," says Pelley. "They're done from here."⁴³

A content analysis of *SportsDesk*, which examined a week's worth of the 6:30 pm EST editions from December 14th-20th 1998, certainly indicates that TSN does not over emphasize Toronto sports in its program. During the week examined, a Toronto based story led the newscast only once out of seven shows. By contrast, during the same week, CTV SportsNet's *SportsCentral* show, which aired at 6 pm, led with a Toronto item four times out of seven shows. In fairness, *SportsCentral* is a program on a regionally based network, which airs different sportscasts in each part of the country. So there should be a Toronto bias in its sportscast since it is only attempting to serve one part of the country with that particular sportscast. TSN's *SportsDesk* during the week examined only aired 17 minutes worth of Toronto content over the seven programs for an average of 2:25 minutes per day. That only accounts for just over 11 per cent of *SportsDesk's* entire content for that week. This is a large chunk of the show, but it hardly dominates. "The show has evolved," says TSN anchor Vic Rauter. "Maybe that's the best indication that the...Toronto Sports Network [accusation] isn't tossed around as liberally as it once was."⁴⁴

TSN's live event programming does include a lot of Toronto based teams. "I don't care if we're called the Toronto Sports Network," says NetStar President Jim Thompson.

⁴³ Personal Interview with Keith Pelley

⁴⁴ Personal Interview with Vic Rauter

"There isn't a major league baseball team in Edmonton."⁴⁵ The Blue Jays have always been an integral part of the network's programming. TSN will show 80 Blue Jays games during the 1999 season compared to 25 Montreal Expos games. The network makes no apologies for this. "The network is programmed by the viewers. Ratings drive the network." The Blue Jays have attracted huge ratings for TSN over the years. The second and third most watched programs in the network's history are a pair of Blue Jay games. On September 29, 1989, 1.65 million people watched the Blue Jays clinch the American League East title. In 1991, 1.6 million viewers watched a Blue Jays game. The only program that has outdrawn those two baseball games was the final of the World Junior Hockey Championships in 1999, which brought in more than 1.8 million viewers. Even when the Jays have not been competitive, they have still drawn more viewers than a Montreal Expos team in the middle of a playoff chase. The network even added Expos games during this scenario at the Jays expense, but the Jays games still outdrew the Expos games two to one. Yet, TSN was still criticized by the media. Writing in the *The Financial Post Magazine* in 1995, Bruce Livesey claimed: "Another failing of TSN is its bias towards the Toronto sports market, to the exclusion of much else...The Montreal Expos were the best team in baseball, [in 1994] and the Blue Jays slumped badly. TSN was slated to show only 25 Expos games, compared to 80 of the Blue Jays games."⁴⁶

The Toronto Maple Leafs also draw extremely good ratings on TSN. "They always outdrew the other teams," says Pelley. In 1995, for example, a Toronto Maple Leafs game against the New York Islanders was the network's highest-rated NHL game of the year.

⁴⁵ Personal Interview with Jim Thompson

⁴⁶ Livesey, Bruce. "Sportin' Life," in *The Financial Post Magazine*, February, 1995 p. 42.

"And both teams were not competitive."⁴⁷ When TSN had the NHL package, it decided to broadcast more Leafs games because they did draw significantly higher ratings. The network also picked up extra games from the Leafs because the team agreed. Other Canadian teams were more protective of their broadcasting rights and would not allow TSN to show any more than the minimum number of games permitted in their contract. "The way we operate is market driven," says Jim Thompson. "The Toronto Maple Leaf games in our national package would be at least 25 per cent higher than any other matchup. So we do more Toronto Maple Leaf games because we're the Toronto Sports Network. Sorry, it doesn't wash."⁴⁸

Non-Event Programming

A large portion of TSN's schedule is devoted to live event coverage plus news and information. But a significant part of the network's schedule is devoted to in-house studio shows. These programs have evolved and changed over the years. They are now an important part of TSN's identity and have allowed the network to turn its on-air talent into personalities. In-house studio programs also support and complement live event coverage. They also are relatively inexpensive to produce while generating considerable revenue. This section will trace how TSN's non-event programming has evolved over the years.

TSN's in-house studio programs were not a strength during the early years. One of the most successful was *SportsPage* hosted by John Wells. "*SportsPage* was wonderful television in my opinion," remembers Wells. The weekly half-hour show was a panel

⁴⁷ Personal Interview with Keith Pelley

⁴⁸ Personal Interview with Jim Thompson

discussion about current sporting issues moderated by Wells. The panelists were former Canadian national basketball team coach Jack Donohue, player agent Bill Watters, and Paul Beeston of the Toronto Blue Jays. "They had opinions that were fun to listen to," says Wells. "They were three sports fans who had a very impressive background." The panel tackled many controversial subjects, such as the Ben Johnson steroid scandal at the 1988 Olympics. But eventually some of the panelists left the show, and the replacements lacked the chemistry of the original trio. "Maybe it got a little bit tired," says Wells. Eventually *SportsPage* was canceled, but not without leaving a legacy. "From *SportsPage* I think a lot of talk radio has taken at least a little bit of a lead."⁴⁹

The biggest failure TSN ever had was the show *Knockout*. It was actually a half hour game show hosted by Blue Jays colour commentator Buck Martinez. It was a critical and ratings disaster. "*Knockout* was a monumental mistake," says TSN President Rick Brace, who was responsible for putting the show on the air during the 1980s. The network created the show in an attempt to expand its demographic base and attract younger viewers outside TSN's core audience of males aged 18 to 49. "All it served to do was fragment our audience." Ratings for *Knockout* were very poor. At the time, host Buck Martinez was relatively inexperienced as a television announcer and virtually unknown to viewers who were not baseball fans. Furthermore, the format was laughable. Contestants were dressed in boxing robes while Martinez attempted to moderate the proceedings. "The show wasn't very well produced," admits Brace. "It was something that was I guess a rookie mistake."⁵⁰ TSN canceled *Knockout* within months.

⁴⁹ Personal Interview with John Wells

⁵⁰ Personal Interview with Rick Brace

Another studio show that TSN produced during the early years was *It's Your Call*, which debuted in 1986. The weekly phone-in program was hosted by veteran sportscaster Pat Marsden. It allowed any viewer to call and voice an opinion about sports. The program was actually fairly successful for several years. "People love to phone into those things, and it was the only one that was really national in scope," says TSN President Rick Brace. "I just think we evolved beyond that."⁵¹ TSN management came to the conclusion that its non-event programming needed to support and complement its live productions. "If we maintained a theme throughout the evening, if you're doing hockey, if you do a pre and post-game show...You have a bigger chance of keeping the bigger audience,"⁵² says Brace. Programs like *It's Your Call* and *SportsPage* eventually gave way to the likes of *Friday Night Football* and *In the Paint*, a weekly show on the NBA. "It makes sense that you carry magazine shows that some way promote your big event programming," says Brace. "Those are your big ticket items, that's your bread and butter, and everything else can either be fill or it can be in support of...your major mandates."⁵³

During the late 1980s and early 1990s TSN became well known for documentaries on sports. These dealt with many controversial issues ranging from problems in minor hockey to the death of Montreal Canadiens player John Kordic. These documentaries, all part of a series called *For the Love of the Game* won the network much critical acclaim. It brought the network "a high degree of journalistic integrity," says TSN Sr. Vice President Keith Pelley. "What it did do was bring high quality programming." But

⁵¹ Personal Interview with Rick Brace

⁵² Personal Interview with Rick Brace

⁵³ Personal Interview with Rick Brace

as TSN prospered, it dropped the long-form documentaries. "*For the Love of the Game* was a great series," says Pelley. "It didn't work from a pure ratings standpoint." These documentaries would only attract 40-60,000 thousand viewers, far below the numbers other kinds of less expensive programming could draw. TSN management found it difficult to program documentaries consistently, and as a result they did not fare well in the ratings. "Appointment viewing is very key for people that are...watching documentaries," says Pelley. "With a live event network, our programming schedule is fluctuating all the time." TSN also believed that by airing documentaries the network was not differentiating itself from other broadcasters. "The need to be unique is at an all-time high, you really need to define exactly what you're going to be," says Pelley. "You need to find a way to be unique. And documentaries you can find on the History network, you can find on A & E, you can find them on Life channel, you can find them on Discovery."⁵⁴ As well, the cost of producing documentaries is prohibitive. In today's sporting scene, the type of access required from athletes necessary to do long form documentaries is getting harder and harder to obtain. "It was costing a lot of money for a return that always wasn't there in the numbers game that you were playing because it was a very specific style sports fan we were going after," says Wells. "It continues to be done in Canadian television but it's not done in very many places these days."⁵⁵

That does not mean TSN abandoned its efforts to do high quality programming. The network actually created different avenues for its longer form pieces through shows such as *TSN Sunday*, which eventually was renamed *SportsDesk Extra*.. These shows hosted

⁵⁴ Personal Interview with Keith Pelley

⁵⁵ Personal Interview with John Wells

by TSN veteran John Wells attempted to go beyond the highlights and headlines. *TSN Sunday* and *SportsDesk Extra* were composed of several different elements. Of course, there were highlights and information from the night before. But the show also included some longer feature items, and included a panel discussion on the issues of the day with well known print reporters, moderated by Wells. "There's a little *SportsPage* in it, there's a little morning highlights, there's a little in-depth reporting on a fairly major feature each week and a couple of other stories that we sort of add because we have time."⁵⁶ These feature reports, which are between six to ten minutes in length, helped to fill a void left by the departure of *For the Love of the Game*. These long stories were easier to produce than the traditional documentary while still providing the network with some very high quality journalism. "It's obviously easier to do six, eight or 10 [minutes] than it is to do basically 22 minutes and keep everybody's interest up."

In 1992, the network created a new daily half hour program called *Inside Sports*. The magazine show was hosted by well respected broadcaster Dave Hodge. *Inside Sports* was supposed to be to sports journalism what *Nightline* was to news broadcasting. *Inside Sports* attempted to take an issue from the headlines and explore it in greater depth. But the program was only partially successful. "*TSN Inside Sports* has been a critical success, if not a rating success,"⁵⁷ wrote William Houston in *The Globe and Mail* in 1994. In fact, ratings for *Inside Sports* were downright abysmal at times. In the summer of 1994, the show sometimes attracted as few as 38 000 viewers. Normally, *Inside Sports* attracted about 90 000 viewers. With a staff of three producers and two associate

⁵⁶ Personal Interview with John Wells

⁵⁷ Houston, William. "Real TV means real profits," in *The Globe and Mail*, Saturday, August, 27th, 1994. p. a-14.

producers, some industry observers believe that the resources provided *Inside Sports* were insufficient.⁵⁸ Even if that is true, *Inside Sports* was still extremely expensive for TSN to produce, given the ratings the program was attracting. The show's ratings were actually very good when the topic was hockey. Otherwise, *Inside Sports* numbers were mediocre. "On days when we had Martina Navratilova talking about whatever, it just didn't draw," says Pelley. "If we had Guy Lafleur it drew." The audience was extremely transitory. "We were getting...an audience that for the first while would tune in for a little bit, see what it was, and either stay or leave," says TSN President Rick Brace. "Eventually they were losing the habit of tuning in...You couldn't find a topic every night that would hold the audience."⁵⁹ There is one other possible explanation for the failure of *Inside Sports*. "Some feel that the weakness of the show hasn't been the content as much [as] its high-profile host, [Dave] Hodge, who seems at times detached to the point of being uninterested."⁶⁰

Whatever the reason, *Inside Sports* simply did not attract sufficiently high ratings. Despite the quality of the program and the critical acclaim it received, the Network canceled *Inside Sports* and replaced it with another half hour show called, *That's Hockey*. "It is a gargantuan success in terms of ratings, in terms of revenue," says TSN's Keith Pelley. In fact, the numbers for *That's Hockey* are 30 per cent higher than *Inside Sports*. "It was the right decision all the way around."⁶¹ It still was not an easy decision. "That

⁵⁸ Houston, William. "Real TV means real profits," in *The Globe and Mail*, Saturday, August, 27th, 1994. p. a-14.

⁵⁹ Personal Interview with Rick Brace

⁶⁰ Houston, William. "Real TV means real profits," in *The Globe and Mail*, Saturday, August, 27th, 1994. p.a-14.

⁶¹ Personal Interview with Keith Pelley

one was tough," says TSN President Rick Brace. "I was very proud of what I had created."⁶²

That's Hockey was not the only in-studio program created by TSN during the mid-1990s. When Keith Pelley returned to the network, he believed TSN needed to make some changes. The network's image was extremely conservative. For many years, announcers wore only black blazers embossed with a TSN crest. This conservative image was created deliberately by TSN founder Gordon Craig. "We don't want to be flashy," said Craig, just before the network signed on in 1984. "We don't want to fall into the 'gee whiz' school of broadcasting. We want to convey the well tailored, conservative look. We're here to stay."⁶³ That conservative image Craig created served TSN very well for the first 10 years. It gave the network credibility. But Pelley felt that TSN had outgrown its conservative image. "It needed character, it needed a personality, it needed an edge. It needed to be a little more vibrant."⁶⁴

In 1997, Pelley helped TSN break out of its conservative mold by creating a new in-house studio show called *Off the Record*. This talk show is hosted by original TSN anchor Michael Landsberg. It is unlike any other program TSN has ever shown. The guests are sometimes from the world of sports, but more often are celebrities with no sporting background. *Off the Record* is similar to ABC's *Politically Incorrect*. The program has developed into a huge ratings success, attracting more than 90,000 viewers to its 6 pm time slot. "The reason is Landsberg is a great personality," says Pelley. "You

⁶² Personal Interview with Rick Brace

⁶³ Patton, Paul. "Jays up, Expos out on TSN," in *The Globe and Mail*, Saturday, August, 28th, 1984. p. s-2.

⁶⁴ Personal Interview with Keith Pelley

don't necessarily have to like him, but you know who he is."⁶⁵ Pelley was changing the direction the network had always had towards its on-air talent. One of the nagging and negative perceptions about TSN was that the anchors and commentators were interchangeable, even bland. "We had to create personalities," says Pelley. "Landsberg was the first." *Off the Record* has succeeded where other shows like *Inside Sports* have failed because it relies on Landsberg's personality to attract viewers. "It's almost Landsberg driven."⁶⁶

According to Pelley, TSN's in-house programs serve several purposes. "They give you your edge, and your personality." The network also has complete control over them. TSN can schedule them whenever it chooses. The network has total editorial control. These programs are also very cost efficient. "When you look at it from a bottom line business standpoint the cost margin on an in-house show...is much higher if you've got a winner like *That's Hockey* or *Off the Record* than if [you] went out and purchased that show."⁶⁷ The profits from TSN's in-house studio shows belong completely to the network. "It has incredible revenue potential." These programs have also helped to solidify TSN's lineup. *Off the Record* airs at 6 pm EST daily, *SportsDesk* runs at 6:30, followed by *That's Hockey* at 7pm. *Off the Record* provides a good lead-in for *SportsDesk* which in turn leads into *That's Hockey*. "It's a very strong hour-and-a-half of information programming," says Pelley. "We used to put in a bunch of mish mash."⁶⁸ TSN's

⁶⁵ Personal Interview with Keith Pelley

⁶⁶ Personal Interview with Keith Pelley

⁶⁷ Personal Interview with Rick Brace

⁶⁸ Personal Interview with Keith Pelley

in-house studio programs are ratings successes that complement the network's other endeavors. They no longer just fill air time. "I think it's part of the evolution," says Brace. "In the early days we had a smaller staff, a less experienced staff so that we were better off hiring free lancers and doing remote productions."⁶⁹

TSN's transformation from conservative to cutting edge has included attempts at replacing some of the documentary programming that was lost. The network has created another periodic program called *The Dave Hodge Special*. This show does not air on a weekly basis, but allows the well-respected and well-known broadcaster a chance to do long form interviews with big name guests. "It's kind of like a Barbara Walters type special, high degree of journalistic integrity," says Pelley. At the other end of the spectrum, TSN also attempted to reinvent the talk show genre with *The Gallagher* show. This nightly program was hosted by sportscaster John Gallagher, whose personality is as Pelley puts it, "on the other side." *The Gallagher* show failed miserably and was canceled within a few months.

Under Pelley's leadership, TSN has developed a talented stable of announcers that vary tremendously in their approaches. There are the authoritative announcers such as original TSN anchors John Wells, Jim Van Horne and Vic Rauter. That category would also include Dave Hodge and Blue Jays announcer Dan Schulman. In the middle, there are younger commentators with a bit of an edge such as Darren Dutchyshen and Rod Smith from *SportsDesk* as well as Gord Miller of *That's Hockey*. At the opposite end, there is Michael Landsberg and beyond that is John Gallagher. "It's a wide range, but you have to maintain your integrity. But at the same time you have to keep the pace and the flow

⁶⁹ Personal Interview with Rick Brace

and the hipness of the entire network and I think that's important."⁷⁰ TSN's emphasis on its in-house studio programming has greatly contributed to the network's growth. "I believe that our network has never been as strong as it has in terms of the look, the feel, personalities, everything at this point,"⁷¹ says Pelley.

⁷⁰ Personal Interview with Keith Pelley

⁷¹ Personal Interview with Keith Pelley

CHAPTER FIVE:

SUMMARY AND RECOMMENDATIONS FOR FUTURE STUDY

There is no question that TSN's impact on Canadian broadcasting has been considerable. This specialty channel has clearly influenced all areas of the industry. Cable companies have changed the way they distribute television signals. Conventional broadcasters have altered their approach to sports coverage. Sports teams and leagues have seen their exposure increase. And the Canadian viewer has been given the opportunity to watch more sports on television than ever before. As much as TSN has helped to alter the industry in which it exists, its influence has almost always been beneficial.

TSN is one of the truly great success stories in Canadian television history. It started out as a marginal broadcaster and evolved into this country's premier sports broadcaster. Many factors contributed to TSN's remarkable growth. The management team in place certainly deserves much of the credit for the network's success. They understood the potential the specialty channel had. It was Gordon Craig who convinced Labatt that a national sports network in Canada could be viable financially. Craig was not frightened by the prospect of starting out on pay-tv. Craig also knew even before TSN signed-on that it would eventually have to receive broader distribution on basic cable in order to thrive. But he also was aware that such a process would have to be accomplished incrementally. TSN's management was very astute in its operation of the network. They paid close attention to the bottom line, learning from the mistakes of previous pay-tv operators. But TSN's management was also fortunate to quickly acquire a quality

programming lineup and constantly upgrade it over the years. The Sports Network's original owners, Labatt brewery, also deserve a lot of the credit. "Labatt was a fantastic owner,"¹ says NetStar President Jim Thompson. The brewery was especially supportive of TSN during its ownership. Labatt provided the financial backing necessary to see the network through some tough times during the early years. When TSN signed-on, there was no guarantee that the network would enjoy any success. It took the specialty channel several years before it even turned a profit. But Labatt's support never waned.

Even though TSN had a skillful management team and a wealthy owner in place, it is unlikely the network could have thrived without expertly taking advantage of certain government policies. First of all, TSN was granted a virtual monopoly for the first 14 years of its existence. It is highly unlikely that two specialty channels devoted to sports programming could have survived in the marketplace of the 1980s. This monopoly was essential to TSN's success. It still remains to be seen whether two sports networks can survive in this country today. Another government policy that was expertly exploited by TSN was its use of cable subscription revenues. As outlined in Chapter 2, specialty channels in this country receive revenues from cable companies based on the number of subscribers they attract and the tier they reside on. TSN's popularity allowed it to negotiate a high price per subscriber from the cable companies, which has resulted in a steadily growing revenue stream. To this day, advertising revenues only account for

¹ Personal Interview with Jim Thompson

40 per cent of the network's revenues. The other 60 per cent of TSN's revenue comes via cable subscriptions. This income from the cable companies is a benefit that conventional broadcasters do not receive. But this revenue is considered essential for the survival of specialty channels since they do not receive the broad distribution or attract the mass audiences that mainstream networks do. It is debatable whether or not specialty channels should be the only broadcasters to receive this revenue. But there is strong evidence to suggest that TSN---the most successful specialty channel---would have likely remained a narrowcaster without receiving the revenues available on the first tier of basic cable. "If there's less revenue," says Harris Boyd of the CCTA, "their production side would suffer...They would have to cut costs. So it wouldn't be the same service."²

There is some cause for concern for this system of guaranteed revenues in place for specialty channels. Many viewers are subsidizing TSN's profits even though they have no interest in watching the network. In order to get the other channels on the first tier, cable subscribers must purchase all of the channels on that tier. The tiering system partially credited to TSN has restricted the choice available to cable subscribers. A possible consequence of TSN's success is that it has encouraged other specialty channels to startup in an effort to copy the network's achievements. These new channels are distributed on various tiers, and must be purchased if viewers want to receive the other channels on that tier. Conventional broadcasters have been forced to go into the specialty channel business in order to compete and receive those revenue streams.

² Personal Interview with Harris Boyd

TSN has been an extremely well managed broadcaster which has always had very high quality programming, even if it was expensive to acquire and produce. TSN insists that its advertising revenues alone do not allow it to turn a profit on its coverage of major properties such as Blue Jays baseball, the CFL, and curling. For a network that generates such huge profits, this may seem hard to believe. But it would be difficult for TSN to justify its huge subscriber revenue if it was making significant profits on these events. It is even possible that the CRTC might decide to limit TSN's subscriber revenue if that were the case.

Another factor that contributed to TSN's success was the fact that it was one of the first specialty channels licenced, which always gave it an advantage with the cable companies. "Timing was everything," says Harris Boyd of the CCTA. "They were out there when there was nobody else."³ Televised sports also exploded in quantity and popularity over the time TSN has been on the air. "We happened to be in the right place at the right time. But we did it properly and we led the pack," says NetStar President Jim Thompson. "We found a niche and we developed it and we developed it with quality product. I mean TSN is the best trademark in this country."⁴

The impact that TSN has had on conventional broadcasters has been enormous. It appears that CTV and CBC have altered their commitment to sports programming over the years that TSN has been on-the-air. There is strong evidence to suggest that TSN's presence in the marketplace contributed to CTV's declining interest in sports.

³ Personal Interview with Harris Boyd

⁴ Personal Interview with Jim Thompson

Ultimately, both CTV and the CBC, two conventional broadcasters reaching mass audiences, became niche players in sports. By contrast, TSN, a specialty channel, has become a general all-purpose network for sports. TSN used its position as a 24 hour-a-day sports network to 'leverage' key events away from conventional broadcasters by providing more extensive coverage than they possibly could, given the limited amount of hours available on their schedule. However, it does not appear that The Sports Network caused the price of doing business to go up for conventional networks. TSN did not obtain programming at the expense of networks such as the CBC and CTV by simply outbidding them. As TSN became more popular, it was probably inevitable that the specialty channel would have to start to infringe on areas previously in the domain of conventional networks.

Another effect that TSN may have had on conventional broadcasters is that it eliminated the need for them to broadcast anthology programs. Shows such as *Sportsweekend* on CBC and *Wide World of Sports* on CTV were staple programmes for years. They provided coverage of a wide variety of sporting events. In the years before TSN signed-on, the anthology program was one of the few places where sports coverage was available. But as specialty channels such as TSN were licenced, events that received coverage on anthology programs were now able to receive much more air time elsewhere. Thus, anthology programs were no longer necessary. They were made obsolete. But that is not necessarily a negative consequence of specialty channels. Coverage of all sports was increasing dramatically. Before TSN started broadcasting, conventional networks such as the CBC and CTV also simulcast major events telecast by U.S. networks. It

appears that over the last 10 years, over-the-air networks have been simulcasting fewer and fewer U.S. network productions. Conventional networks may no longer feel the need to simply rebroadcast American productions now that TSN is widely available, and willing to include these programmes in its lineup. This, too, may not necessarily be a negative result of TSN's influence, especially if it frees up conventional broadcasters to concentrate their efforts towards more Canadian produced programming.

In terms of providing Canadian programming, TSN has been extremely successful. It may provide the most Canadian content of any specialty channel. It has always exceeded the requirements laid out by the CRTC. In fact, TSN relied on its Canadian programming to build a distinct service. Although TSN certainly broadcasts plenty of U.S. programming, the network takes its responsibility to telecast Canadian sports seriously. Of course, the network carries popular Canadian sports such as the Blue Jays and the CFL. But TSN also broadcasts the CIAU, even though it has not been very successful on national television. TSN carries the CIAU because it believes that is an important part of its mandate as a Canadian sports broadcaster. The Sports Network is unique in this sense, because it is a specialty channel that feels that it has a *mandate*, in much the same way as the CBC does. The network has also created many jobs in the industry that would not exist otherwise. TSN's diverse but strongly Canadian lineup has prevented American networks such as ESPN from being carried on cable in this country. It could even be argued that TSN provides a service that is superior to American sports networks since it offers the best they have to offer, plus extensive Canadian programming.

TSN has been faced with a new challenge in the form of direct competition. The landscape in Canadian broadcasting is changing very rapidly. It appears that the CRTC granted CTV SportsNet a licence in order to create direct competition for TSN. The effects of direct competition on TSN were very quickly felt. The cost of doing business for TSN rose dramatically as soon as CTVSN arrived on the scene. Sports leagues were now able to command considerably more money for their television rights. TSN attempted to deal with this new threat by locking up its key properties for extended periods of time by paying premium prices for broadcast rights. "I think there would have been a need for a second sports channel as far back as...1992," says CTV Sports Vice-President Doug Beeforth. "In some ways, I'd argue that we missed the boat for several years. If there had been a second sports channel in Canada, the Winnipeg Jets would still be in Winnipeg."⁵ It will not be easy for TSN to retain its place in the marketplace, nor will it be easy for CTVSN to establish itself with such a strong competitor already firmly entrenched. "If they're sensible about what the marketplace can absorb and therefore what they can afford to pay" says the CBC's Jim Byrd, "I think they will survive."⁶ The two networks may even reach an equilibrium, although that balance, at least initially, will come at TSN's expense. "Right off the bat, our business isn't as good as it was."⁷

It is still far too soon to make any judgements about the viability of two sports networks in Canada. But there is little doubt that TSN's programming lineup is weaker than it

⁵ Personal Interview with Doug Beeforth

⁶ Personal Interview with Jim Byrd

⁷ Personal Interview with Jim Thompson

once was. There was no way the network could retain all of the programming it had in place before CTVSN arrived. But management also prepared for impending competition by reaffirming their commitment to news gathering and placing increased emphasis on very profitable studio shows. Competition will make it more difficult for TSN to continue to record the huge profits it has enjoyed in the past, but this is not necessarily cause for concern. TSN has become a very strong operation. It no longer needs to be a monopoly. TSN argues that the original plan for specialty channels amounted to granting monopolies, with only one channel per genre. But it is hard to imagine that the CRTC foresaw the mammoth success of TSN when it embarked on that policy.

At the present time, CTV owns CTVSN and is in the process of purchasing TSN. It is impossible to predict how the CRTC will react to this move. There are two likely scenarios: The CRTC will allow CTV to purchase TSN with no conditions attached. The other possibility is that the government regulator will force CTV to sell CTVSN if it wishes to complete its purchase of TSN/NetStar. The CRTC's decision will have a huge impact on the future of sports broadcasting and the future of specialty channels in general. The regulator will be forced to make public policy with this decision. It will be up to the CRTC to decide if it is healthy--or even necessary--for a specialty channel to have competition after reaching a certain level of success.

It may be difficult for some observers to understand how NetStar could continue to see its equity value increase in the face of direct competition. By all accounts, TSN is a mature operation from a revenue generating standpoint. "The business has certainly reached a plateau," says TSN President Rick Brace. "The bottom line ability is

diminishing."⁸ It is uncertain whether the network can continue to expand its revenue base. In the face of this uncertainty, it may be surprising to see so many potential buyers for the NetStar company. "You have to be bigger now in this industry to survive,"⁹ says NetStar President Jim Thompson. There are very good reasons for Global and CTV to want to own Netstar. For Global, it would give the network a strong entity in the specialty channel market. CTV may have felt that it was necessary to purchase NetStar in order to keep it away from Global. CanWest may have become *too* big in the eyes of CTV if it ended up with NetStar. So it is possible that the true value of NetStar is inflated. But financial analysts have been saying that for the last five years and the value of the company continues to rise.

Attempting to predict the future of TSN is extremely hazardous. It is unknown whether the network will be facing direct competition or have a regional sports network as a partner. With a major network as the owner, there will be new synergies to take advantage of. There appears to be a desire on the part of conventional networks to either own or be partnered with specialty channels. Conventional networks can recoup some of the viewers they have lost through fragmentation by owning a specialty channel. The over-the-air networks also have a chance at gaining the potentially lucrative revenues available from cable subscriptions. If TSN ultimately faces direct competition, it will be difficult for it to expand on the revenues it has enjoyed. However, the network has had its doubters before and has always proven them wrong. But in today's marketplace, it

⁸ Personal Interview with Rick Brace

⁹ Personal Interview with Jim Thompson

would be an achievement for TSN to simply maintain the status quo. If TSN and CTVSN are both permitted to be owned by CTV, they could form an effective one-two punch that would probably see profits and revenues increase. The cost of doing business would probably not increase significantly, as evidenced by TSN's presence in the marketplace during the early years.

This thesis attempted to provide a thorough and detailed case study of TSN. But not all aspects of the network could be covered. That is not to say these subjects are not important. The relationship between TSN and its advertisers was not discussed. Studying this relationship would have been very interesting and subsequent research should consider dealing with it at length. TSN's innovative marketing approach and promotional strategy over the years should also be traced. It was also not possible to deal with TSN SportsRadio, a syndicated radio service heard on many stations throughout the country. TSN's innovative website, believed to be Canada's busiest, also merits attention. Other areas that were dealt with only briefly that deserve further study include Dome Productions and RDS. All of the aforementioned subjects certainly warrant examination.

One question that will not be answered here concerns fragmentation. It is hoped that some of the research presented in this paper will help spur some discussion into the matter. Do TSN and other specialty channels cause fragmentation and benefit from it, or do they simply reflect a marketplace that had to inevitably change with technological advances and the consumer desire for more choice? It is easy to get into a circular argument on this point. There is evidence to support both points of view. It should also

be pointed out that fragmentation has not necessarily been bad for the broadcasting industry. Specialty channels have provided competition to conventional broadcasters, and given viewers more choice. "The fragmentation of the market has put a whole bunch of new players out there. The industry has grown up and become more prosperous," says the CBC's Jim Byrd. "The emphasis on quality is far higher than it ever was before. There's a slickness and a professionalism now."¹⁰ This area of fragmentation and its causes and consequences should be studied in greater detail.

The topic of fragmentation will become increasingly important once the digital transmission of television signals becomes commonplace. This will alter an already rapidly changing landscape beyond recognition. The tiering concept on basic cable created partially by The Sports Network may be rendered obsolete. Specialty channels such as TSN that rely on cable subscription revenues may have to survive on their advertising revenues alone. Cable subscription revenues could shrink drastically or disappear altogether in a digital environment. "As cable goes digital, and people demand choice, when you actually have the ability to have smaller packages, to have a-la-carte services and have a digital box in your home, then everybody may not take everything,"¹¹ says Harris Boyd of the CCTA. This may seem absurd, but research conducted by the CCTA indicates that cable customers are actually willing to pay more money to receive *fewer* channels. They want *more* choice. But the present cable distribution system is in no danger of immediately disappearing. The digital universe is still many years off and

¹⁰ Personal Interview with Jim Byrd

¹¹ Personal Interview with Harris Boyd

government regulations have not even been contemplated yet. But there is already cause for concern with the increasing number of specialty channels on the present system of signal delivery. "I'm not sure some of the specialties can survive on Tier three,"¹² says NetStar President Jim Thompson. How much has TSN's success contributed to this explosion of specialty television? Attempting to answer that question goes beyond the scope of this paper. But there is a concern that the television industry is becoming oversaturated, especially when it comes to sports coverage. This is another area which needs to be examined further.

There are many other topics that merit further research. This may be the first thorough examination of TSN. It should not be the last. Within the next five years an update of this thesis should be attempted. By that time the ownership issues surrounding the network will have been settled. It will be very interesting to know how CTV's ownership will impact TSN. Another important area of study will be the impact TSN and CTVSN have on each other and the broadcasting industry at large. In just a few short months, it has become apparent that the two have been continually attempting to out-do one another in news gathering. This study of the two sports channels should be attempted several years down the road. It would be interesting to note the similarities and differences in the way CTVSN molded its operation in its early years compared to TSN. This, of course, assumes that the two will remain direct competitors.

¹² Personal Interview with Jim Thompson

Another area that deserves academic scrutiny is the evolution of the half-hour sportscast. The long form sportscast has changed sports journalism in North America, yet there has been very little research conducted. These shows have gone through considerable evolution over the years. With more and more channels on the air, almost every game in every professional sports league is televised. The explosion of technology has made highlights of virtually every game available for broadcast. It could be argued that the proliferation of these half hour sports shows has changed the way newspapers cover sports. The game story that used to be the very heart of the sports section is now an afterthought. Television now provides the game story that same evening. In response, newspaper reporters may have been forced to provide more analysis as opposed to simply describing what happened in a particular game. This hypothesis and its implications needs to be examined closely. The entire genre of half hour sportscasts and their impact on television and other media should be studied. With this suggestion for future research comes a warning. This thesis hoped to study news gathering in greater detail. A major problem with researching the evolution of the half hour sportscast is the difficulty in obtaining copies of sportscasts from previous years for comparative purposes. Television stations do not tend to archive their sportscasts. One of the benefits of this thesis is that one weeks worth of sportscasts on TSN and the brand new network CTVSN have been preserved and are available for future study. This collection of material should prove to be a valuable research source with the passage of time.

Curling Ratings on TSN and CBC

CHART 12

	Scott Tournament of Hearts	Brier
CBC (1998)	984,000	1,001,000
TSN (1999)	674,000	898,000

TSN has become a unique hybrid in Canadian broadcasting. It displays characteristics of both the specialty channel and the conventional network. A unique opportunity to emphasize this point came in 1999 when TSN was given the chance to broadcast the finals from both the Scott Tournament of Hearts and Brier curling championships for the first time because of a labour dispute at the public broadcaster. In chart 12, the ratings for both events are displayed, along with the audience numbers from the year before when these matches were on the CBC. Since TSN is not available on an over-the-air basis, it should not come as a surprise that the CBC generates higher audiences numbers for both events. But TSN's numbers are extremely respectable, especially since it was forced to show these important events at odd hours and without a lot of advance warning. Nevertheless, these ratings illustrate how far TSN has come as a broadcaster, and the constraints the service remains under.¹³

TSN may have some limits compared to pure conventional broadcasters. But its accomplishments during nearly 15 years of operation are very impressive. "We always had the attitude that we would be a service to everyone,"¹⁴ says NetStar President Jim

¹³ ratings provided by CBC and TSN

¹⁴ Personal Interview with Jim Thompson

Thompson. TSN has certainly impacted all aspects of the broadcasting industry. For the most part, TSN has made a very positive contribution to Canadian television. It has provided a distinctly Canadian service, eliminating the need for further encroachment by U.S. broadcasters. TSN offers viewers an effective combination of programming that satisfies most sports fans. The network has always played by the rules laid out for it, even if it has exploited them to its full advantage. TSN has become the model for all of the specialty channels in this country to follow. "Did we catch a wave, yeah. But maybe we created a wave too, and then we caught and rode it."¹⁵ It will be very interesting to see where this wave takes TSN next. The network has been through some very exciting and tumultuous times. There is no reason to expect the future of TSN to be any less exciting--or interesting.

¹⁵ Personal Interview with Jim Thompson

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