Network TV Revenue Structures

Streams of Revenue

TV shows are financed by a studio who floats loans. They own a percentage of the distribution. The shows are produced by independent production companies who also own a percentage of the show.

Networks commission pilots and invest development money. The studio covers the rest. If the Network likes the pilot and starts showing it to advertisers and gets some takers it is put on the schedule to go into series development.

The Network promises to pay a fixed amount per episode and then usually drags their feet, so the studio has to advance the money to the production company.

New advertisers don't pay top dollar.

If the show gets a positive rating the Network can raise advertising rates. Total advertising brings in more money than the Network has to pay for a show.

The Studio tries to sell this to Australia, New Zealand, UK, Italy, Denmark, France, etc.

You don't get as much money, but it's money. It usually takes a year before a foreign network might pick up a show.

The Networks, Studios and Production companies float loans to keep going. That means interest payments.

If a show runs over 4 years the Studio can now SYNDICATE the first 3 years to other stations or Networks for airing in the day time or afternoon or late night, but not in prime time.

They can lease that show for millions and the new buyer gets to run it for 5 to 7 years.

The Networks pay the studio to make the show. The studio and Production company own the show (sometimes the Network also owns part of it). This is why you see a show on CBS that is produced by Warner Brothers and CBS All Access won't get it, because HBO NOW is getting it because they are in bed with Warner Brothers.

Studios and Production companies get their profits from syndication. A show has to run at least 4 years to qualify for syndication.