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Local broadcasting is 'essential infrastructure' amidst COVID-19 pandemic

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7-8 minutes



Local broadcasting is 'essential infrastructure' amidst COVID-19 pandemic (MGN/Google

Maps)

The following is an editorial by Armstrong Williams.

Among the entrepreneurs that I've been speaking with over the past week, there seems to be a growing and reasonable sense of alarm about the future of their businesses and the state of the American economy. Despite initially attempting to downplay the significance of the COVID-19 epidemic, many entrepreneurs have come to view the evolving circumstances surrounding the public health response as deeply concerning, to say the least. At first, it seemed that the fallout from the virus might be contained to the entertainment and travel industries, but it has had widespread dampening effects on almost every economic sector in the United States.

One of our corporate clients called recently to discuss how the situation was impacting his customer base and exclaimed, “This thing has become a total sh— show! Guys are desperate. They’re scared this whole thing is going to get out-of-control and it’s going to destroy them and their business.” Others, including the president, have sounded the alarm that the public health system’s response might be too draconian, exclaiming on Twitter that “we can’t let the cure be worse than the problem itself”. He was, of course, referring to the potential for widespread and long-term economic devastation.

But, for many business owners, particularly small business owners, that sense of desperation has already set in.

Entrepreneurs concentrated in real estate are already seeing signs that the massive layoffs of service workers due to mandated business

closures is putting pressure on rent and mortgage payments. Understandably, people who are out of work would rather pay for food and medication than rent with their remaining savings. Landlords and long-term lessees who sublease to businesses that have been forced to close are also facing similar pressures. The effect is trickling down and there does not seem to be an end in sight.

The fact is, things could get worse before they get better. Congress appears to be on the verge of passing a relief package that would provide emergency loans to small businesses affected by the COVID-19 pandemic. However, that relief would only cover businesses that have not closed or laid-off employees. However, with mandatory closure of 'non-essential' businesses already in place across the country, the Federal Government's small business relief may not

be enough to stave off the economic contagion. While, some state and local governments have put in place short-term moratoriums on evictions and foreclosures, at this point, there has been a national, federal relief package of the same type contemplated.

Perhaps most alarmingly, from a business perspective, James Bullard, president of the St. Louis Federal Reserve Bank, which tracks U.S. economic data, predicted (in an interview with Bloomberg last Sunday) that the unemployment rate could reach 30% in the second quarter of 2020 and that gross domestic product might fall by as much as 50%. To put this in perspective, at the lowest depth of the Great Recession in 2009, U.S. unemployment only reached 10%.

Facing a situation that increasingly seems to

be not only worse than originally predicted but potentially worse than anyone could have ever imagined a month ago. how do we as a society work our way through this so that we don't destroy the country and instead put ourselves in a position to pick up the pieces and rebuild together when this ordeal is finally over?

For entrepreneurs in the thick of the fight to save the American economy, the essential question of "How do we survive this together?" might help to reframe difficult conversations around contract negotiations and business discussions with clients.

One of the bright areas I've seen thus far in negotiating with clients and advertisers is that local broadcasting is proving to be essential to American infrastructure amidst the COVID-19 crisis. Because of the lack of

coordinated Federal response, states and localities have crafted their own tailored plans. The public is demanding real-time updates of their own particular locale's emerging dynamics and for that information, people are turning more and more to the leading source of local news – local broadcasters. Even national online publications like the L.A. Times and Washington Post have removed their paywalls for essential news regarding local emergency responses.

Viewers from across our platform of local television stations around the country have expressed their gratitude for the fact that they can rely on us to provide up-to-date and relevant information about the dynamics that they are facing in their specific locales. One viewer, who generally watches cable to access sports programming and cable news,

admitted to us that for the first time in over a year he plugged in his television antenna, so he could watch our local station – as it was not being carried on cable in his coverage area. He did this because he needed up-to-date news on the spread of COVID-19 and the public health response in his area. As a result, we have been able to demonstrate to our existing local advertising partners and increasingly to large national and multinational corporations that might overlook local advertising, that during the time of the Coronavirus, local broadcasting is a preferred platform for many viewers.

Another area of contention within the broadcasting industry over the past couple of years has been the battles over retransmission rights – that is fees cable companies pay to local broadcasters to carry their signals. Amidst a rapidly shifting

advertising environment, cable companies have pressured local broadcasters to renegotiate their fees, and as a result some local stations even went dark on cable systems in 2019 as cable companies played hardball. The major television networks – CBS, ABC, NBC and Fox also put pressure on their local broadcast affiliates, demanding greater fees for carrying popular network-produced content like professional sports. As professional sports have been put on hold during the COVID-19 emergency, networks are losing leverage.

The unspoken elephant in the room is that neither television networks nor cable operators can provide the essential service Americans are now relying on more than ever – real-time local news programming. The unique realities of the nation's response to COVID-19 have put local broadcasters in a

great position to survive and thrive while proving and that they are essential leadership throughout the nation especially amidst times of uncertainty.

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