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New York Times
[Ads Evolve Into New Forms as Media Landscape Shifts]

All around us, the landscape of the TV market continues to buckle and heave, as old players scramble to hold on and new entrants jockey for position. Cable companies maintain that cord cutting isn't a big deal, but at the same time they are busy launching their own Netflix-style streaming services. And now Hulu, which is owned by Disney, 21st Century Fox and Comcast, says it is going to offer a streaming cable-style service.

Given the massive marketplace that TV represents, especially from an advertising point of view, there are a couple of names that seem like they should be obvious players in this Game of Thrones: Namely, Google (or Alphabet) and Apple. But none of them offers anything close to a cable-style streaming TV service yet, despite many attempts to build one.

You can get a sense of why that is by reading between the lines of a recent report from Bloomberg that YouTube is planning to launch an online TV service called Unplugged next year. This is apparently "one of YouTube's biggest priorities" and the site has had discussions with networks such as Fox, CBS, NBC and Viacom about content deals.

Crucially, however, the story also adds that YouTube "has yet to secure any rights" to programming from any of the major TV companies for its new service.

The idea of YouTube offering a web version of cable TV is not a new one. Depending on how you measure these kinds of things, Google has been talking about or working on such an idea since at least 2012. It has had repeated discussions with the major TV networks and media companies, and it has failed to reach anything close to a deal.

Apple has been trying to put together a cable-style service for even longer than Google has. The first reports of discussions between the consumer electronics giant and various TV players started surfacing in 2009, when Disney and CBS were rumored to be talking with Apple about allowing their shows to be streamed through iTunes. Nothing ever came to pass.

Periodically, reports continue to surface about talks with media companies aimed at putting TV content on Apple TV, but nothing ever seems to come of them. At one point last year, Moonves was talking about Apple's plans for a streaming service, and how CBS would likely be a part of it. Then, just as suddenly, he said there were no talks going on, and he didn't know if there would be any in the future. So what changed?

No one is saying much about the details of what the two discussed, but this isn't the first time Moonves has backed off an Apple TV deal — he did the same thing in 2011, after having discussions with Apple's then-CEO Steve Jobs about streaming CBS content via the Apple TV. The CBS president said at the time that he nixed the arrangement because because he didn't like the ad revenue split that Apple was proposing.

For both Google and Apple, the problem comes down to cost. Both want to offer a service that has a selection of different channels from different TV networks and providers, and they don't want it to cost more than about $30 a month, because otherwise not enough people will be tempted to sign up. Dish Networks already offers a similar kind of "skinny bundle" of channels via its SlingTV service for $20 a month, and Sony's PlayStation Vue is

$30.

The major TV networks like CBS and NBC, however, want Google and Apple to pay up for their programming — in many cases, in fact, they actually want more for their shows than they are getting from existing distributors such as Comcast and AT&T. Why? Mostly because they are afraid that the value of their content is decreasing in an age where anything can be streamed via multiple services, and getting giants like Google and Apple to pay more for streaming rights is one way of setting a firm benchmark on their value.

In a sense, TV companies are torn between two competing goals: They know that the traditional cable market is being disrupted, and they know that consumers want more choice, which is why they are working with Hulu and SlingTV and others. But if they provide their content to Google and Apple and don't find a way to drive a hard bargain, what's to stop those companies from becoming the new cable giants, and dictating unfavorable terms to the TV programmers?

On top of that, there's the risk of blowback from existing cable companies and distributors if TV suppliers start getting too friendly with their potential digital competitors. TV players such as Viacom have already been through tense negotiations with distributors like Dish Network because their content is seen as being less valuable than it used to be. The more competitors there are pushing streaming services, the more downward pressure there will be on prices for that content.

That's the main reason why you keep seeing reports about Google and Apple working on cable-style services that never seem to appear (Amazon is in much the same boat). The suppliers of TV programming are tempted by the reach they could get and the ad revenue they could share in, but they are also afraid of transferring too much power to some already massive Internet companies.

Like other traditional media companies, they know the future is coming, they just don't quite know how to get there without jeopardizing what they already have. And so the Game of Thrones continues. - ***Fortune***