School of Media Studies

THE NEW SCHOOL September, 2012

**GAME THEORY – PROGAMMING #2**

Should KAAA Switch to Early Prime?

 KAAA-TV, a CBS affiliate in a top-25 market in the Pacific time zone, was considering switching its current network prime time (8:00-11:00 p.m.) to an early prime time schedule (7:00-10:00 p.m.).  KAAA was number two in prime time and in late news ratings.

 KBBB-TV, the market's NBC affiliate, was number one in the prime time ratings, and because of NBC's strong 10:30-11:00 p.m. lead-ins, KBBB's late news was number one in the ratings and demos even though KAAA's news product and promotion approach were competitive.

KAAA's late fringe ranked number two in the ratings and demos.  KBBB's late fringe was number one, providing a robust lead-out for its late news.

KCCC-TV, the ABC affiliate, was number three in prime time and late news.  KCCC was a network-owned station and would not switch to early prime because the network wouldn't allow it.  The network thought a switch would have serious implications, as it might signal tacit approval of such a swap for other affiliates.  ABC believed such a wholesale switch to early prime by its Pacific time zone affiliates would hurt its ratings substantially.  KCCC's late fringe was also a weak number three.

KAAA and KBBB were both owned by large, powerful television station groups, which didn't mind risking their own networks' disapproval of a switch to early prime.

KAAA knew that KBBB was also considering a switch.

ASSIGNMENT

1. Create a KAAA Decision Tree.
2. Create a Payoff Matrix that shows values of 1-4 for KAAA and KBBB’s go or no-go decisions.
3. Based on your Payoff Matrix should KAAA switch to early prime?
4. Which strategic maneuver should KAAA use: false announcement or trial balloon?
5. If KAAA chooses false announcement, what other strategic maneuver should it use?