A Star Is Reborn: Alberta's Super Channel Keeps Punching Through Its Rocky Comeback

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Takeaway: *Once Western Canada's Pay TV champ, Super Channel's been knocked down once and almost counted out twice. After surviving its toughest round, can the old fighter rally?*

When Don McDonald was asked to consult at Super Channel in January 2009, he asked, "Is that still around?"

It was and still is – after McDonald himself helped stave off two major threats to its

continued existence. You can see the latest version of the premium television broadcaster's star logo outside of Edmonton's Riviera Plaza, just north of 51 Avenue on Calgary Trail. It's where the original Superchannel (one word) launched in February 1983.



Don McDonald, President and CEO of Super Channel Entertainment Network.

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Round 1: Looking Unbeatable

Charles R (Chuck) Allard flipped the switch nine years after his father, Dr. Charles Allard, launched Edmonton's first independent television (http://www.broadcasting-history.ca/listing_and_histories/television/citv-dt) station. Like CITV, Super Channel demonstrated the Allard family's passions for broadcasting, civic boosterism and taking risks. A year later, factors like competition from VHS rentals had whittled Canada's field of hopeful Pay TV broadcasters down to two (https://www.thecanadianencyclopedia.ca/en/article/pay-television) – Super Channel and eastern giant First Choice. To avoid a bidding war

(https://www.blogto.com/city/2013/02/looking_back_at_the_pay_tv_wars_in_toronto/) that would benefit only their U.S. programming distributors, the two companies merged (http://www.retrontario.com/2012/01/30/first-choice-superchannel-merge-1984/) in 1984, then split into eastern and western monopolies.

“We were the only game in town,” says Super Channel Assistant Programming Director James Hagerman. He started with Super Channel at its inception and saw it bring in almost all the movies, series, sports and events subscribers desired. “We had a license to print money.”

Allarcom, Super Channel’s parent company, parlayed its success into job-creating expansion. In 1988, it constructed a multi-million-dollar post-production facility. By 1997, its Riviera Plaza Operation was broadcasting Super Channel 2 and 3, Family Channel, MovieMax!, Teletoon and Home Theatre, the VHS-battling predecessor of Viewer’s Choice and On Demand (VOD).

“A handful of us have literally grown up together,” says Dan Rudolph, now Director of Program Services and Content Scheduling. Back in 1988, new broadcast operators like himself took part in a task rotation system that helped them get to know each other and the scope of the operation. Chuck Allard’s personable approach made employees feel welcome to share ideas and to stay on – in contrast to the four-year churn cycle of bigger companies. That would all change.

Round 2: A Stunning Knock-Down

In 1991, Western International Communications acquired Allarcom (https://crtc.gc.ca/eng/archive/1991/db91-80.htm), but Super Channel continued broadcasting as usual. In 1997, the Allard family bought in, splitting all but .04 per cent of WIC with Shaw Communications. However, a bigger, more serious buyout was in the works.

Canwest Global had been eying WIC’s TV stations, which could complete a third national network to compete with CBC and CTV, but it needed a partner to take the

other assets, including Super Channel. Shaw subsidiary Corus Entertainment had a reason to jump in. In 1996, WIC's interests in ExpressVu (http://www.broadcasting-history.ca/industry-government/expressvu) (now Bell TV) compelled it to take HBO to court over grey market satellite signals. When HBO retaliated by removing its content from Super Channel, Corus had an opportunity to acquire Super Channel, end the lawsuit, regain the HBO content and make a profit.

Hagerman says the employees "worked our butts off" to convince WIC shareholders not to jump at Canwest's offering, but the deal went through. Corus rebranded Super Channel as Movie Central (https://en.wikipedia.org/wiki/Movie_Central) and brought in a corporate culture that left employees feeling out of the loop, according to Hagerman.

"You just came in, did your job and kept quiet," he recalls. Movie Central settled the HBO dispute (https://variety.com/2001/tv/news/mob-s-northbound-1117794538/) and expanded its staff, but rounds of layoffs followed. Late in 2006, Movie Central moved its operations to Toronto. The Edmonton employees were out on the street at a time when other buyouts choked off local broadcast opportunities.

However, something new was underway.

Round 3: Comeback Hopes Dashed

As Movie Central wound down, Allarco Entertainment Inc., the Allard Family's new company, won a license (https://crtc.gc.ca/eng/archive/2006/db2006-193.htm) to become Canada's third premium TV broadcaster.

The new Super Channel (now two words, due to an existing copyright on "Superchannel") would feature four standard and two HD channels. It would be the only fully national network, while its competitors – Movie Central and The Movie Network (TMN) – were the heirs to the existing east/west split. The trade-off was that those networks maintained first pick of content from HBO, Showtime and most major studios. Super Channel inked deals with Starz, Fox and Warner Bros. It also earmarked almost $3 million a year (https://variety.com/2006/scene/markets-

festivals/canada-switching-on-new-feevee-net-1200336128/) for the development and marketing of Canadian content.

Super Channel launched on November 2, 2007, with Hagerman and Rudolph among the new and returning faces. But high hopes for a return to the old days were short-lived.

“The venture hasn’t been very similar to the original Allarco pay TV,” says Darcy Hnatiuk, General Manager of Allarco Entertainment 2008 Inc. Having served the Allard family in financial roles since 1989, he sees the difference between the 2000s and the 1980s. Super Channel’s launch coincided with shaky economic times. It wasn’t as big a fish as it used to be and was not well recognized (https://www.pressreader.com/canada/montreal-gazette/20130928/282484296466739) in some eastern markets.

The pre-eminent issue was the Broadcast Distribution Undertakings – the companies that carried Super Channel via cable or satellite. While Bell provided carriage at the launch, others took months (https://www.theglobeandmail.com/technology/super-channel-voices-displeasure/article1054390/) or even years (http://pricingexperts.ca/blog/?p=33), limiting access to new subscribers (http://playbackonline.ca/2010/11/03/crtc-refuses-to-order-videotron-to-carry-super-channel/). Often BDUs owned Super Channel’s competitors, creating an opportunity for preferential promotion. Even when the CRTC accepted (https://crtc.gc.ca/eng/archive/2009/2009-588.htm) Allarco’s evidence of promotional bias (https://openparliament.ca/committees/canadian-heritage/40-2/18/malcolm-knox-1/), it had no power to enforce restitution – a situation Allarco asked to have changed (https://www.newswire.ca/news-releases/allarco-entertainment-calls-on-heritage-committee-to-update-broadcastinglegislation-to-ensure-consumer-choice-539608741.html).

The cumulative losses - including a $12 million revenue shortfall in its first six months – compelled a reeling Super Channel to seek protection (https://www.theglobeandmail.com/globe-investor/pay-tv-network-files-for-court-protection/article4276862/) under the Companies' Creditors Arrangement Act (https://www.pwc.com/ca/en/services/insolvency-assignments/what-is-ccaa.html).

Fortunately, there was someone who could help get them out.

Round 4: Fending Off an Onslaught

Toronto certified general accountant Don McDonald came to Super Channel highly recommended. Before his January 2009 arrival, the consultant had successfully run his own businesses and guided others. His contribution to BDU contract renegotiations and other accomplishments impressed president and COO Malcolm Knox, who put him on the CCAA case. McDonald helped design a payment

schedule, which was accepted by Super Channel's creditors in August 2010 (https://www.newswire.ca/news-releases/allarco-entertainment-2008-super-channel-plan-meets-creditors-approval-545421492.html).

That success made the consultant a full-time fixture in Riviera Plaza. He became a full-time employee when he replaced the departing VP finance in 2012. By 2016, having weathered a barrage of hits against the company, he would earn the chief operating officer role.

In 2011, the CRTC dismissed Allarco's complaint against Shaw Movie Club (https://crtc.gc.ca/eng/archive/2012/2012-555.htm). Allarco unsuccessfully argued that the subscriber VOD repackaging of Movie Central films constituted more vertically integrated (https://www.thetelecomblog.com/2011/06/24/the-vertical-integration-hearings/) rule bending. Right or wrong, the service was Shaw's answer to Netflix (https://www.cbc.ca/news/technology/shaw-offers-netflix-like-movie-service-1.1054283) and other low-cost streaming services, which were forecast to eclipse traditional TV subscriptions by 2020 (https://www.cbc.ca/news/business/netflix-cable-tv-convergence-cord-cutting-1.4637065).

With one-third of consumers cutting entertainment spending to afford necessities (http://www.canadiangrocer.com/top-stories/canadian-are-spending-more-on-groceries-less-on-leisure-65543), Super Channel subscribers were more likely to bail out when their favourite series ended or an external buyout (https://www.usatoday.com/story/sports/mma/2013/01/09/strikeforce-boss-prepares-for-bittersweet-end/1822169/) impacted their fight viewing. Subscriptions decreased (http://mediaincanada.com/2016/06/02/super-channels-survival-struggle-in-saturated-pay-tv-market/) by 4.6 per cent between 2013 and 2014. By August 2015, subscriber revenue had dropped by $1.35 million over one year. By June 2016, Allarco was locked into (http://playbackonline.ca/2016/06/02/allarco-creditor-protection-puts-producers-in-limbo/#ixzz5hbgLNImr) 135 Canadian and international programming licenses, losing $1 million in each of its previous 12 months.

The network was back under CCAA protection (https://edmontonjournal.com/business/local-business/court-grants-creditor-protection-to-edmontons-allarco-entertainment-owner-of-super-channel), this time prompting painful decisions regarding Canadian content contracts (http://playbackonline.ca/2016/10/26/inside-super-channels-post-ccaa-filing-programming-strategy/) and Super Channel's loyal staff. As the network's programming was halved, so were many of its departments.

Enough was enough. McDonald conceived a new plan to get the network out of CCAA for good.

Round 5: Changing Stance

“We couldn't compete head-to-head with TMN,” McDonald says. With so many attempts to recover the old '80s glory quashed or foiled, it was time to look at what *could* be done.

His first focus was reinventing the four numbered channels (SC1, 2, 3 and 4), which reminded him of a store with the same product on every shelf. “We needed to be kind of a companion channel or an add on, but we had to find ways to be different.” McDonald’s quest would yield two common-sense solutions and two promising surprises.

First came Super Channel Vault (https://www.superchannel.ca/vault), an affordable rotation of movie classics that viewers would enthusiastically discover or revisit. Next came Ginx eSports (https://www.superchannel.ca/ginx), an existing channel from the U.K. McDonald opted to carry it after a chance call prompted him to investigate professional video gaming’s multi-million-dollar tournaments, lucrative sponsorships and burgeoning viewership. Vault and Ginx premiered in May 2017. Two more channels to go.

One was easy. McDonald compressed an exhilarating selection of the network’s existing content – movies, documentaries, sports, concerts and hit series like "Homeland" and "Mr. Mercedes" – into one channel called Super Channel Fuse (https://www.superchannel.ca/Fuse).

The network’s more sedate content had fans too. One of them, Desiree Nelson of Saskatchewan, convinced McDonald to look into more family-safe content. Upon discovering that the Hallmark Channel (https://www.hallmarkchannel.com/), a feel-good salve for contentious times, was America’s fastest-growing cable broadcaster, McDonald ordered a test block of similar fare, and discovered Canadians were ready for their own full-time, low-stress channel.

Super Channel Heart & Home (https://www.superchannel.ca/HeartandHome) would launch with a ready-made flagship show. The network picked up (http://playbackonline.ca/2013/12/04/super-channel-picks-up-when-calls-the-heart/) "When Calls the Heart" in 2013, and it became an instant hit with its fervent fan group. The “Hearties (http://www.heartieswcth.com/),” mostly women over 40, had a surprising social media habit.

“They’re on Twitter,” says Katie Lee, Super Channel’s new Director of Consumer Marketing. The Hearties loved to live tweet during broadcasts, which Lee says presented both a logistical problem and an engagement opportunity. To prevent cross-border Twitter spoilers, Super Channel had to match Hallmark’s commercial broadcast second-for-second. So husband-and-wife team Todd and Shelley Page created break-filling content from behind-the-scenes footage and researched trivia. American viewers were jealous of the results.

Round 6: Digging Deep to Turn It Around

McDonald became Super Channel's new CEO and president in July of 2017 (http://mediaincanada.com/2017/07/17/super-channel-ups-mcdonald-to-president-ceo/). It would be a year of resurgence, with new employees added and laid-off employees returning. Exactly 10 years after James Hagerman was hired, his scheduling desk partner Tom King graduated from part-time to full-time reinstatement.

Although optimism was more reserved than it had been in 2007, McDonald had plans to underscore the network's transformation. Creative director Michael Burgess had long asked for a rebrand. Now he had just over three months to design a new logo, visual elements and a colour scheme that would represent both the new channels and the overall brand of the renamed Super Channel Entertainment Network. Burgess delivered.

His reward came down to one word: "control." Where most creative directors encounter layers of bureaucracy, Burgess was trusted – as he trusted his on-air promotions department to maintain his standards while he was busy. That streamlined, symbiotic relationship, coupled with McDonald's regular information sessions, elevated Super Channel staff from employees to valued contributors. Their input helps Super Channel turn crucial decisions and actions around much quicker than its lumbering corporate competitors.

By April 2018, the network was once again clear of CCAA (https://www.tv-eh.com/2018/04/16/allarco-emerges-from-creditor-protection/). That June, it rolled out its new brand and its completed four-channel lineup with a 17-day free preview (https://ebosscanada.com/super-channel-unveils-new-corporate-branding-new-channel-logos/).

Super Channel logo

Round 7: Answering the Bell

It may be too early to call it a comeback, but Super Channel's long bruising bout has revealed its hidden strengths, its vulnerabilities and the futility of counting on the knockout power it once had. It's stepping out for the next round with a much better fight plan.

Super Channel's brand and programming are being reinforced and promoted in Movie Theatres and high-traffic pedways back east. Its contacts are being strengthened at sponsored film festivals and boxing events. Armed with distinct channels and a realistic price point, BDU sales reps are regularly recommending the network.

Sound interpersonal relationships are gelling into tighter teamwork. Everyone from

McDonald on down is taking a more personal approach to acquiring valuable subscriber input. The network's recommitting to Canadian content, providing the premium TV exposure for the gripping crime drama "Pure (https://www.t)" as it once did for the now-sensational "When Calls the Heart."

Going through CCAA twice has taught McDonald one valuable lesson:

"Embrace change. Not for the sake of changing but for the sake of making things better."

However, two things won't change: The reasons Super Channel and its fellow underdogs keep fighting and the heart to go the distance.