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What the Industry Reads First

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Digital vs TV: Where Does it All Fall for the Upfronts

With the '16-'17 upfront now in full swing, major programmers are taking the healthy scatter market as a sign of an improved market. But with advertising on digital platforms still leading on data insights, media buyers will be looking for TV to behave more and more like digital. "All arrows are pointing to what looks like will be a strong upfront," said **Discovery Comm** ad sales pres *Joe Abruzzese*. The scatter market—particularly the last 3 quarters—has been healthy, with pricing "consistently 15-25% above upfront," he said. But the tight market is also about the lack of supply. "Not for everybody, but the supply of cable network ratings have somewhat diminished—because you can't count everything... There may be less ratings points in '16 and '17 than there probably will be in '15 and '16... So you have increased demand with less supply, which can drive prices up." Abruzzese expects dollars from the Olympics to flood back into the market. **Scripts Networks Interactive** pres, national ad sales & marketing *Jon Steinlauf* also is optimistic. "The TV ad market turned positive around 9 months ago, and pretty positive for us. There seems to be momentum," he said. The past 2 upfronts were about money on the sidelines, money moving to digital and short-term commitments, he added, but the scatter market is "a sign of more confidence in the TV network business." But that doesn't mean digital ad dollars are not rising. Digital media will overtake TV as the No. 1 ad category in the US in 2016, according to **Magna Global**, with nearly \$68bln in ad sales compared with \$66bln for TV. Indeed, the digital networks' newfront season has grown over the last few years, and companies such as **YouTube** and **Maker Studios** have positioned their brands as original content machines worthy of TV dollars. According to **Horizon Media** chief investment officer *Marianne Gambelli*, it's not necessarily about TV ad dollars moving to digital. But clients are continuing to increase their digital spend overall. "Our clients know that television works, but we are seeing our digital budgets increase exponentially because audiences and impressions are migrating there. Publishers like **Google** and **Facebook** are doing a good job of capturing those dollars," she said, because of their ability to overlay data, resulting in more targeted and efficient investments: "Data infused advanced TV targeting will help to bridge the gap as TV becomes more akin to digital." Given the significance of data insights presented during the last season of upfront presentations, it's likely to be even heavier handed this year. And cable nets mean to play ball. "The commitment to producing richer data insights is something that the industry was well on to before the previous upfront and now is even further down the road,"

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said **Video Advertising Bureau** pres/CEO *Sean Cunningham*. "Without a doubt, data was a focus in the 2015/16 upfront and will continue to be this year," said **Turner** ad sales pres *Donna Speciale*. "There were several media companies talking about it, with a select few providing tangible examples of products that better allowed advertisers to buy against stronger data solutions. For Turner, data is a thread woven through all that we do with not only advertising partners, but for our own marketing and programming strategy." Turner is offering audience-based targeting products like AudienceNOW and products with increased intelligence around planning, such as Turner Incite. Look for the industry to showcase programmatic solutions as well. **NBCU**, for one, recently announced linear TV programmatic platform NBCUx launching this fall that will let advertisers use data and automation to build media plans across cable and broadcast nets. Speciale said that it's a mistake to pit TV versus digital. "The greatest value is in a campaign properly thread across all platforms. They are a great complement to one another," she said. Still, at least some media buyers are looking for TV to take a page from digital. "Clients are still looking for flexibility, and I think they are looking for TV to behave more like digital, which means more real time buying, more automation, more targeting," Gambelli predicted. "I think that's what we're going to push the TV side to keep doing. Clients are going to demand that kind of accountability from TV because they can get it in digital."

More on Advertising: Where did all this ad money come from? That's what analyst *Michael Nathanson* is asking given that digital was expected to post growth but TV's strong growth wasn't expected. "Driven by digital and national TV, 4Q US advertising, as defined by our Ad Tracker, grew at the single highest rate of growth in a non-Olympic quarter in the last ten years," the **MoffettNathanson** analyst wrote. Supply and demand seems to be a factor as networks drastically reduced upfront commitments and forced marketers into a scatter with limited inventory. Also helping was record automotive seasonally adjusted annual rate of sales, Nathanson said. The firm increased its 2016 ad numbers by 260 basis points, +7%. "Looking forward, we think that the strong scatter market will force buyers to move more money into the upfront," he wrote.

GOP Still Debating: Another day, another debate. A less raucous GOP primary debate Thurs garnered 11.9m viewers for **CNN** and nearly 2m live streams across all platforms (web, app, **Apple TV** and **Roku**). It was the 3rd highest debate of the year in the 25-54 demo, with 3.7m watching.

Hoping for YES: A bipartisan group of CT lawmakers are urging **YES** and **Comcast** to reach a new deal in time for Opening Day on Apr 4. "We hope you will put aside your respective differences between now and then to ensure Connecticut's Yankees fans—including all boys and girls who are just learning to love the game—are not denied access to the 2016 season," read the letter signed by 30+ legislators. YES has rolled out a multi-million campaign that will run in mass transit stations, newspapers, billboards and TV in NY and central NJ. The goal is to let Comcast subs know they won't see more than 120 Yankees games this season, with *Sports Business Daily* reporting that the Yankees are front-loading the TV schedule with more games on the RSN than other nets (9 games are viewable outside YES during Apr and May from 15 in the same time period last year... No games are slated for siblings FS1 or Fox until June). YES said it appreciates the CT legislators' efforts. "We are particularly grateful for their recognition of the indisputable fact that the New York Yankees are extremely popular with viewers and that the YES Network's ratings are consistently among the highest of any channel on television when the Yankees are playing," YES pres/CEO *Tracy Dolgin* said in a statement. "For our part, we were extremely surprised and disappointed when Comcast unilaterally dropped YES in the dead of night last November, and we stand ready to negotiate a deal with Comcast immediately." Comcast didn't immediately return a request for comment.

Univision Dealings: **AT&T** and **Univision** continue talking, with the 2 agreeing to extend access of Univision's cable net and its broadcast stations until 1am ET Sat on U-verse. The signal was brought back for Wed's night debate. Univision's other nets, including **Galavision**, will continue to remain unavailable during that time. It's not all contract deadlocks for Univision. **Atlantic Broadband** renewed a multi-year contract with the programmer in its Miami footprint that will see the MSO adding **El Rey** in select markets by year-end. The new agreement also brings with it rights for enhanced on demand content and TVE capabilities.

People: **Univision Comm's** corporate research group is being shaken up with the departure of *Kevin Conroy*, who has stepped down to pursue new opportunities in the technology sector. Univision hired *Jed Meyer* as evp, corporate research. Meyer, most recently of *Omnicom Media's Annalect*, will report to evp, CMO *Jessica Rodriguez*. In addition, *Roberto Ruiz*, evp, strategy and insights, will now also report to Rodriguez. Conroy will work closely with both Meyer and Rodriguez over the next few weeks to support the transition.

Cablefax Week in Review

Company	Ticker	3/11 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDs				
DISH:	DISH	49.54	(0.78%)	(13.36%)
ENTRAVISION:	EVC	7.82	(1.26%)	1.43%
GRAY TELEVISION:	GTN	12.74	1.92%	(21.84%)
MEDIA GENERAL:	MEG	17.04	1.43%	5.51%
NEXSTAR:	NXST	48.39	1.68%	(17.56%)
SINCLAIR:	SBGI	32.96	1.73%	1.29%
TEGNA:	TGNA	24.71	(0.64%)	(3.17%)

Company	Ticker	3/11 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLE ONE:	CABO	436.91	(1.19%)	0.75%
CABLEVISION:	CVC	32.89	(1.17%)	3.10%
CHARTER:	CHTR	187.61	1.53%	2.52%
COMCAST:	CMCSA	59.16	(0.97%)	4.84%
GCI:	GNCMA	18.38	(1.39%)	12.83%
LIBERTY BROADBAND:	LBRDA	53.35	1.97%	3.29%
LIBERTY GLOBAL:	LBTYA	36.07	(3.43%)	(14.85%)
SHAW COMM:	SJR	18.29	3.98%	6.40%
SHENTEL:	SHEN	24.86	0.81%	(42.25%)
TIME WARNER CABLE:	TWC	195.91	0.30%	5.56%

Company	Ticker	3/11 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
21ST CENTURY FOX:	FOXA	27.92	0.43%	2.80%
AMC NETWORKS:	AMCX	65.48	(1.68%)	(12.32%)
CBS:	CBS	53.12	3.35%	12.71%
CROWN:	CRWN	5.08	9.01%	(9.45%)
DISCOVERY:	DISCA	28.44	3.04%	6.60%
DISNEY:	DIS	97.94	(0.55%)	(6.79%)
GRUPO TELEVISIA:	TV	27.10	(2.62%)	(0.4%)
HSN:	HSNI	54.16	0.30%	6.89%
LIONSGATE:	LGF	23.89	2.62%	(26.24%)
MSG NETWORKS:	MSGN	17.84	3.60%	(14.23%)
SCRIPPS INT:	SNI	64.66	2.77%	17.12%
STARZ:	STRZA	28.21	0.00%	(15.79%)
TIME WARNER:	TWX	70.42	2.34%	8.89%
VIACOM:	VIA	43.50	0.00%	(1.11%)
WWE:	WWE	17.75	0.91%	(0.5%)

Company	Ticker	3/11 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
ADVANTAGE:	AEY	1.92	12.28%	6.08%
AMDOCS:	DOX	57.97	2.46%	6.23%
AMPHENOL:	APH	56.17	(0.05%)	7.54%
APPLE:	AAPL	102.23	(0.76%)	(2.88%)
ARRIS GROUP:	ARRS	23.71	(1.5%)	(22.44%)
AVID TECH:	AVID	7.00	(5.79%)	(3.98%)
BLNDER TONGUE:	BDR	0.43	(4.44%)	7.50%
CISCO:	CSCO	27.86	3.96%	2.58%
COMMSCOPE:	COMM	26.88	(2.01%)	3.82%
CONCURRENT:	CCUR	6.01	1.01%	21.41%
CONVERGYS:	CVG	26.49	(0.67%)	6.43%
CSG SYSTEMS:	CSGS	37.59	(2.29%)	4.47%
ECHOSTAR:	SATS	45.76	1.28%	17.00%
GOOGLE:	GOOG	726.82	2.24%	(4.22%)
HARMONIC:	HLIT	3.28	0.92%	(19.41%)
INTEL:	INTC	31.76	3.69%	(7.81%)
INTERACTIVE CORP:	IAC	46.75	(2.07%)	(22.15%)
LEVEL 3:	LVL3	51.99	2.32%	(4.36%)
MICROSOFT:	MSFT	53.07	2.00%	(4.34%)

Company	Ticker	3/11 Close	1-Week % Chg	YTD %Chg
NETFLIX:	NFLX	97.66	(3.86%)	(14.62%)
NIELSEN:	NLSN	50.67	(2.05%)	8.73%
SEACHANGE:	SEAC	5.53	(3.83%)	(17.95%)
SONY:	SNE	24.61	7.33%	0.00%
SPRINT NEXTEL:	S	3.71	(2.88%)	2.49%
SYNACOR:	SYNC	1.75	(2.78%)	n/a
TIVO:	TIVO	7.77	(4.66%)	(9.97%)
UNIVERSAL ELEC:	UEIC	65.20	14.57%	26.97%
VONAGE:	VG	4.74	(11.07%)	(17.42%)
YAHOO:	YHOO	33.81	(0.15%)	1.65%

Company	Ticker	3/11 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	38.36	1.13%	11.48%
CENTURYLINK:	CTL	31.87	0.89%	26.67%
FRONTIER:	FTR	5.38	(3.24%)	15.20%
TDS:	TDS	27.94	1.34%	7.92%
VERIZON:	VZ	52.53	1.39%	13.65%

Company	Ticker	3/11 Close	1-Week % Chg	YTD %Chg
MARKET INDICES				
DOW:	DJI	17213.31	1.21%	(1.22%)
NASDAQ:	IXIC	4748.47	0.67%	(5.17%)
S&P 500:	GSPC	2022.19	1.11%	(1.06%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS		
COMPANY	CLOSE	1-WK CH
1. UNIVERSAL ELEC:	65.20	14.57%
2. ADVANTAGE:	1.92	12.28%
3. CROWN:	5.08	9.01%
4. SONY:	24.61	7.33%
5. SHAW COMM:	18.29	3.98%

THIS WEEK'S STOCK PRICE LOSERS		
COMPANY	CLOSE	1-WK CH
1. VONAGE:	4.74	(11.07%)
2. AVID TECH:	7.00	(5.79%)
3. TIVO:	7.77	(4.66%)
4. BLNDER TONGUE:	0.43	(4.44%)
5. NETFLIX:	97.66	(3.86%)

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