

# Cablefax Daily™

Friday — September 16, 2016

What the Industry Reads First

Volume 27 / No. SPECIAL

## Long Live Linear

Although the headlines roll in like storm clouds, the reality of linear television's health sits somewhere between a *Mark Twain*-esque pronouncement that reports of death have been greatly exaggerated and the rush to a comprehensive eulogy.

There's no question many cable networks are suffering shrinking ratings and distribution, with a few—most recently Pivot—turning out the lights. But a look at recent data suggests not all nets are suffering from the same lethal contagion and that 1) viewing turbulence is on the wane, and 2) a small but representative percentage of networks are not only treading water, but thriving.

"We're all watching the cord cutters, and almost daily were getting a different report," says *Dale Ardizzone*, COO of **INSP**, which recorded a 1.1 percent gain in households YOY in August, according to **Nielsen** data.

"If you look closely, linear television remains one of the strongest entertainment models out there. Many networks that offer specialized programming and give the viewer the opportunity to watch in real time are doing very well despite the alternative distribution platforms," he adds. "People don't necessarily want to wait until a

series becomes available on an OTT platform. There's a natural evolution of the newness settling down."

"When DVRs first came out, everyone in the industry thought this was the end of us, thinking, 'If everyone starts watching TV like I am, I'm going to be out of a job,'" says *Glenn Enoch*, svp of audience insights at **Nielsen**. "But DVR penetration topped off at about 50 percent of TV households. I would not project a future where everyone has access to **Netflix**, **Hulu** and **Amazon**."

In fact, Nielsen's Q1 Total Audience Report reveals a heartening stat (the Q2 report is due out this month): Time spent viewing linear TV is still on the decline, but the decline is beginning to level out. "Live TV viewing was dropping off for a period of time at a fast clip, but it seems to have found its level and isn't going down as much now," Enoch says. "I think we've seen the largest decreases in TV were going to see."

In large part, this is because viewers are increasing the total amount of time they spend with media. "When we were first looking at it, there was talk of cannibalization. But it seems viewers are finding what my former boss, **ESPN's Artie Bulgrin**, called new markets of time," Enoch says.

**HERITAGE FALLS**  
LIKE FATHER, LIKE SON?  
EXCLUSIVE WORLDWIDE  
TELEVISION PREMIERE  
Sun, Oct 16th at 8p ET  
insp | insp FILMS



# JOIN US FOR A HEAPING HELPING OF AMERICA

WITH HOST  
**TAYLOR HICKS**



AN INSP ORIGINAL SERIES



CLICK TO GET A  
TASTE OF OUR SHOW

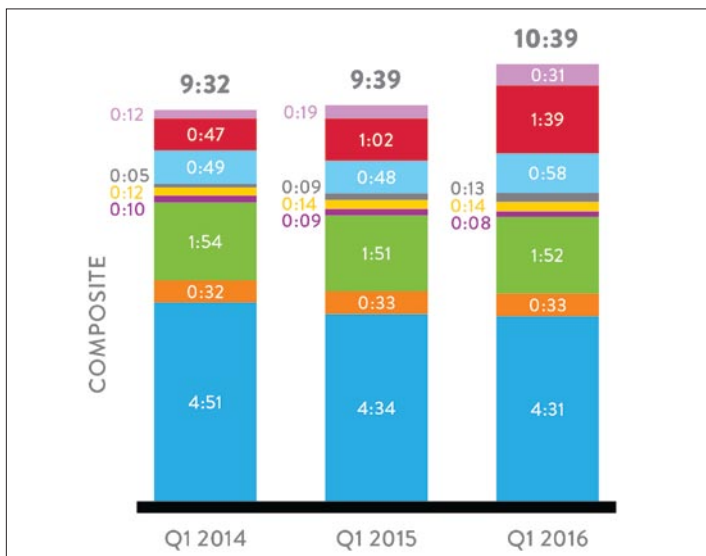


SERIES PREMIERE  
Oct 21st at 9p ET



CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Sr. Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Cablefax/Screenster Editor: Kaylee Hultgren, 646.764.8267, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Dir. of Business Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Dir of Market Dev: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Production: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sub Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,699.97/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

**AVERAGE TIME SPENT PER ADULT PER DAY BASED ON THE TOTAL US POPULATION**



	2015-16 Diff	2015-16 Diff %
<b>Total</b>	<b>1:00</b>	<b>+10%</b>
Tablet (App/Web)	0:12	+63%
Smartphone (App/Web)	0:37	+60%
Internet on PC	0:10	+21%
Multimedia Device	0:04	+44%
Video Game Console	0:00	0%
DVD	(0:01)	-11%
AM/FM Radio	0:01	+1%
Time-shifted TV (DVR)	0:00	0%
Live TV	(0:03)	-1%

Source: Nielsen Total Audience Report Q1 2016

A reality check: A report on Universe Estimates (UE) for all networks measured by Nielsen comparing August 2015 with August 2016 reveals that of the 107 networks measured during this time, 80 experienced declines in UE households, 26 experienced increases and two networks experienced no change.

What's working for the networks that are holding their own and even thriving against the OTT riptide? Unique programming, a consistent brand and engaging efforts to drive viewership.

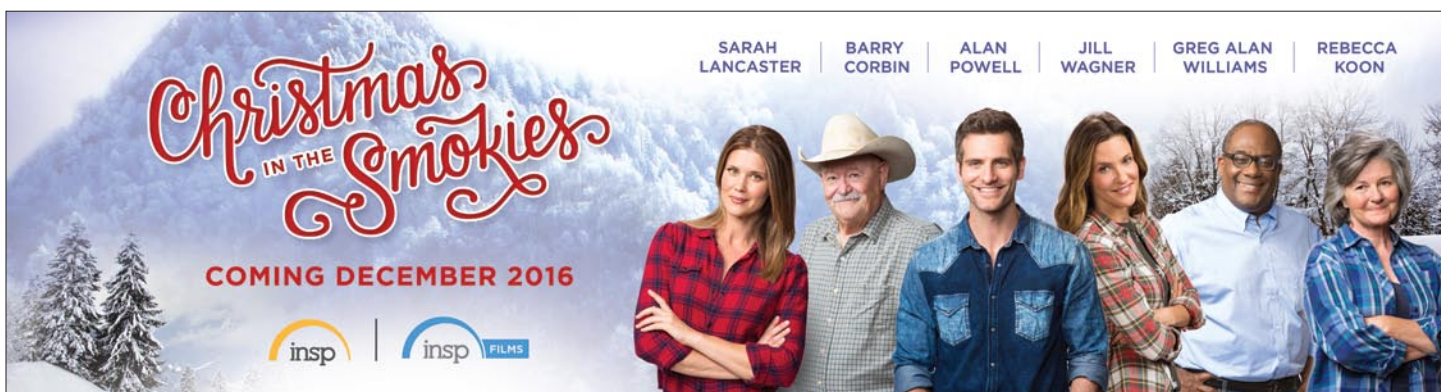
**Staying on Message**

"The uniqueness and consistency of the content is what creates brand loyalty," says Jon Steinlauf, president of national ad sales and marketing at Scripps Networks Interactive. "Today, a channel needs to have an identity and stand for something to break through. People want curated quality content that they can trust. Scripps

Networks has always believed in single-genre channels in the lifestyle categories."

Consistent brand identification is not only critical to drawing eyeballs, it augments tune-in time, says INSP's Ardizzone. "People put our network on and they leave it on," he says. "That's not something that is commonplace anymore. In an era where we increasingly come to be known by our shows and not by our brand, our viewers know us as a brand and an aggregator of that kind of content." For the week of Aug. 8 during primetime, viewers tuned in to the network for 30:49, placing it third behind ID and NBC affiliates.

"It sounds simple, but we deliver to viewers exactly what they expect every hour and every day," says Allison Page, GM of HGTV. "Furthermore, we lead the industry in the number of premiere episodes, so not only will viewers find something they love, they will also likely find



a fresh episode.”

First-run content is also a key component of the DNA at ID. “Another key to the strategy is we have a lot of premieres,” says *Kevin Bennett*, GM at the network, who notes sticky content that’s consistent with the brand is what cuts through the clutter today.

ID’s daily tune-in length for August was almost double that of the national length—51.5 minutes vs. 27.2, according to Bennett. “Things are coming at consumers left and right. If you’re a cable network in this day and age, you’re competing with a million options—and not just on the cable dial,” he says.

Other successful linear networks are capitalizing on their singularly defining elements. At **Hallmark Channel**, its kinship with the retail community has become an even bigger driver these days—and has contributed to the network’s 5.8 percent HH growth during the past year, according to Nielsen.

“We’re really trying to tie ourselves as closely as we can to what happens in the retail environment, and we are very unique in that way,” says *Bill Abbott*, president/CEO of parent Crown Media Family Networks. Abbott says Hallmark’s year-round original seasonal programming delivered in a branded environment is “what I would define as the secret sauce,” and adds, “With the retail outlets, we have built-in advertising the [other networks] don’t have, and we are trying to lean into those as much as possible.”

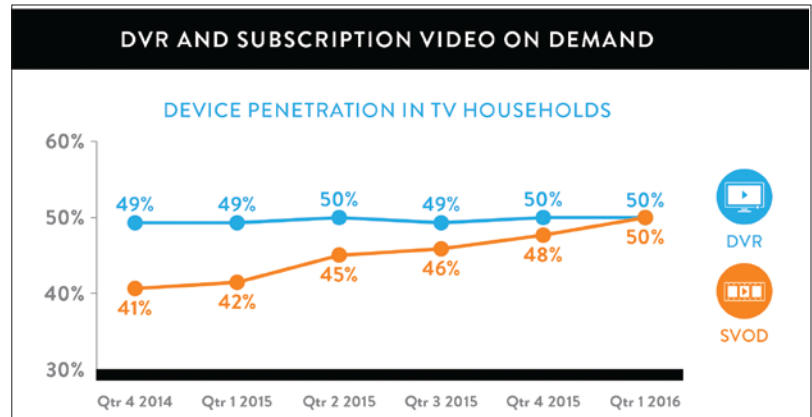
Importantly, advertisers have taken note. According to a July 2016 report from **Media Dynamics**, both cable and broadcast channels this year reversed two years of declining upfront spending on primetime TV to record a collective \$800 million increase, or 4.5 percent over the previous upfront.

“The financial models that surround linear television have been in place for a long time, and they are still the engine that drives this particular ecosystem,” says *Ardizzone*.

Notes Abbott, “There was a great rush over the past two to three years to migrate to digital, but the measurement there is even more difficult. The fact of how those messages are and are not seen in [digital platform] advertising has been a rude awakening to many. This past upfront saw a move back to the linear services that have worked so well for so many years.”

### Digital As Friend, Not Foe

Which is not to suggest linear nets can thrive in a bubble. “We’re definitely looking at digital to help extend



Source: Nielsen Total Audience Report Q1 2016

our message,” Abbott adds. “Our digital content is also very reflective of the seasons. Across the board, that’s what our brand is about.”

ID is also using digital to empower linear. For its first serialized series “Vanishing Women,” the net activated big on social media. “We were really able through social media efforts and the crime feed website to peak interest before the show aired,” Bennett says.

Similarly, ID orchestrated a social media takeover for the sixth season return of “Homicide Hunters.” “It was a great way to re-energize that series,” he says. “I think it was our highest-rated returning series in terms of audience delivery. We know what our audience wants and we know how to use digital to target them.”

A focus on linear viewing “doesn’t mean there are not approaches within the digital ecosystem that work,” *Ardizzone* says. “There’s a lot of packaging that can be done, but one of the challenges with too much focus in digital is it is across so many different platforms it doesn’t always enjoy the same concentration of like-minded observers of TV.”

Noting INSP has had strong ad sales growth over the past five years, he says, “For us, things have not changed that dramatically. INSP has a viewer base that is very much still a traditional linear viewing base. We package deals, we roll them in with our own digital efforts, and we are hopefully serving all the needs of our ad clients in a broad way.”

And satisfying viewer desires and advertiser needs, as always, hinges on compelling content.

Live viewing for A25-54 demo actually was up in August for the first time since April 2013, according to Nielsen, though *Enoch* advises those looking for the beginning of a broad trend reversal to keep the champagne corked.

“The reason, frankly, was the Olympics,” he says. “When there are compelling events on the TV, people do respond.” — *Cathy Applefeld Olson*