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# Cablefax Daily™

Thursday — March 16, 2017

What the Industry Reads First

Volume 28 / No. 050

## OpenAP Rap: Fox, Viacom & Turner Team Up on Audience Buying

The industry took a step toward audience-based buying Wednesday, but how big of a step remains to be seen. **Fox Networks Group, Turner and Viacom** announced the formation of OpenAP, an open platform for cross-publisher audience targeting and independent measurement. Simply put, this is a move from targeting audience by age and demo to targeting more layers—such as those who are in the market for a new car or even those who prefer a particular genre of programming. “While demand for audience targeting has grown significantly, adoption has been limited by the fact that audience buying is not as transparent, as consistent and as easy as traditional guarantees. It doesn’t need to be that complicated,” the 3 programmers said, pledging that OpenAP can provide truly independent measurement and reporting, not just reactive third party verification. The challenge brands and agencies have had is that every single network has had different targeting criteria for reaching those audiences. Now, at least the targeting criteria will be the same on Fox, Viacom and Turner networks. If the trio can get enough networks to climb on board the OpenAP platform, it could really open up audience-based buying. Notably absent is **NBCU**, which announced earlier this month a \$1bln commitment in annual ad inventory to data-based guarantees. It already has its own platform, and it’s unclear if it will join OpenAP. The solution may be more appealing to smaller players who haven’t developed their own solution. “I think it’s likely that more of the industry will come together. Whether it’s on this particular solution or another is still yet to be determined. The announcement is so fresh we don’t know enough about whether this is the right solution for everyone, but what I do think is that we absolutely need a solution that the market can align to,” said *Gabe Greenberg*, founder/CEO of **GABBCON** (The Global Audience Based Buying Conference & Consultancy). “I believe over time we’ll get to one or two [solutions] the market is comfortable with. Hopefully one.” Fox, Viacom and Turner intended to gather and share more about OpenAP with agency, client and media execs on April 7. “OpenAP will be a single platform that agencies and advertisers can integrate with their own planning systems to activate advanced audience targeting and independent measurement within premium content. That premium content reaches 93% of all television audiences today, and we hope it will expand if additional publishers join OpenAP in the future. This consortium is a necessity to move our industry forward,” Fox, Viacom and Turner said in an open letter about the initiative. **Pivotal Research** analyst *Brian Wieser* characterized OpenAP as helpful, but not

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needle-moving. “While we think the initiative has positive elements, many obstacles remain before many advertisers might choose to prioritize the bulk of inventory they buy on any basis other than age and gender,” he said in a research note. Besides the issue of whether enough network groups participate, Wieser believes a wide range of inventory has to be made available (including broadcast and primetime inventory) and he adds that brands often need to expose themselves to virtually every possible consumer. He doesn’t see the initiative having any direct changes on industry level spending but believes it may be viewed positive “to the extent it helps reinforce perceptions of relevance for the medium of television.” Within three years, GABBCON’s Greenberg believes we’ll see more than 50% of television being planned/bought/optimized by audience. “Some are further ahead than others, and this year’s upfront is the first material move from the talk about programmatic and audience to actually making something real happen,” he said.

**Altice Refi:** Altice successfully refinanced a portion of its existing debt under its Optimum and Suddenlink credit pools. **CSC Holdings** successfully priced \$3bln of 8.25-year senior secured term loans with institutional investors, while the financing subsidiary of **Cequel** has successfully priced \$1.265bln of 8.25-year senior secured term loans with institutional investors. This refinancing reduces total annual interest costs by \$66mln. The average maturity of Altice Group is now 6.7 years, and the weighted average cost of debt will decrease to 6.1% (from 6.2% previously).

**Ad Dollars & Cents:** “The Economic Value of the Advertising-Supported Internet Ecosystem” study commissioned by **Interactive Advertising Bureau** shows that the ad-supported Internet ecosystem generated \$1.121 trillion for the U.S. economy in 2016, which more than doubled since 2012. In addition, ad-supported Internet accounts for 10.4 million jobs in the US, accounting for 7.3% of the country’s total nonfarm employment. Again, twice that in 2012.

**Carriage: MLB Network** and MLB Network Strike Zone in HD will now be included in **Layer3 TV’s** allHD Platinum package, with Layer3 subs in the DC metro and greater Chicago areas able to access it starting today. Layer3 TV subscribers will also have access to MLB Network Strike Zone available on the Sports & Info tier in allHD. -- **Wurl’s** Internet-delivered programming is now available on **TiVo’s** cable TV and retail set-top boxes. For TiVo viewers, the Wurl TV network adds top digital studios, including new channels like **IGN TV**, **Newsy**, **Baeble Music TV**, the **ALT Channel**, **FNL Fashion** and others. For cable operators, Wurl provides a new programming alternative to traditional cable networks.

**Programming: Fox News Channel** (FNC) is set to debut 1-hour political talk show “The Next Revolution with **Steve Hilton**” as a regular part of its weekend lineup this coming May. The show will have FNC contributor Hilton interviewing major newsmakers and high-profile guests while primarily focusing on the populist movement and its global impact. -- **Disney Junior** has ordered a second season of “Mickey and the Roadster Racers” (2017’s number one series among preschooler-targeted networks) and a third season of animated series “The Lion Guard.” -- **A&E** renewed the limited docuseries “**Leah Remini: Scientology and the Aftermath**” for 10 more eps. The critically acclaimed hour-long series is cable’s number one new unscripted series. -- **FX** has ordered a second season of “Legion,” the applauded surreal new drama series from **Noah Hawley**. -- “The Good Wife” spinoff, “The Good Fight,” has been renewed for its second season on **CBS All Access**, the CBS Television Network’s digital subscription streaming service. The **Christine Baranski**-starring legal drama will return in early 2018. -- The **Judd Apatow/Pete Holmes**-produced comedy “Crashing” has been picked up for its second season at **HBO**.

**“Housewives” on Tour:** **Bravo Media** and **Mills Entertainment** are taking the “Housewives” on the road with multi-city tour called “The Real Housewives Live Tour: Uncensored & Unapologetic.” The first four tour dates kick off spring 2017 and will feature franchise favorites. Tickets and VIP packages go on sale on March 20 at [www.RealHousewivesLive.com](http://www.RealHousewivesLive.com).

**People:** **Jay Levine** has been promoted to evp, **Warner Bros. Digital Networks Group**. Levine will guide the division’s development and build-out of OTT services, the growth of its digital native content footprint and the further development of Warner Bros.’ direct-to-consumer capabilities. -- **Kathy Zachem** steps into the role of evp, regulatory and state legislative affairs for **Comcast Corporation**. -- **Maggie Malina’s** duties as svp and head of scripted at **VH1** will expand to include overseeing scripted programming at MTV. Malina succeeds **Mina Lefevre**, who recently left to join **Facebook** as head of development. The promotion is the latest step in integrating MTV and VH1 within the MTV, VH1 and Logo Group. -- **Gino Marliani** is joining **Fuse Media** in the newly created position of chief people officer, focusing on culture and talent for the company’s digital growth initiatives...

## Think about that for a minute...

### Choice Architecture

Commentary by Steve Effros

That's what those who study this stuff call it: choice architecture. For the rest of us it's more commonly called "spin," but in this case it's the "spinning" of the choices people are asked to make. We just went through an entire Presidential campaign where everyone experienced it when they heard strangely structured polling questions. The questions were designed to elicit a desired result.

I heard an academic explanation of this recently using some pretty convincing examples. For instance the number of folks agreeing to donate organs upon death fluctuated by almost 80% in similarly situated countries in Europe depending on whether the form was designed as an "opt out" or an "opt in" choice. The conclusion was that those being asked didn't really care that much about the result, they preferred not to choose, so they "went" with whatever the "default" position was.

I've written before about the "paradox of choice," where it has been shown that giving folks multiple choices does not enhance their decision-making, instead it often paralyzes their willingness to make any decision. Well, "choice architecture" can intentionally be used to take advantage of that reality.

Why write about all this? Because it really is the fundamental issue behind the current yelling and screaming about Internet "privacy." For my money both sides are making way too much noise and not truly seeking reasonable common ground, which I think is available. The first issue should be simple. There are two groups that can and do aggregate personal data from web use: the ISPs and the "Edge Providers." That's Comcast, Verizon, AT&T, and Google, Amazon, Facebook and the like. The ISPs get generalized data on where someone has "gone" on the Internet. The Edge Providers get far more



granular data. Comcast may know you went to Google, but Google knows what specifically you were looking for and where. Both major privacy issues. The current legal situation, however, is that because Congress has yet to rewrite the laws to account for broadband and the Internet, one group, the ISPs, are regulated by the FCC and the other is regulated by the FTC. This is crazy, and much to his credit, the new Chairman of the FCC says the privacy rules should all reside in one place and apply to all equally. That makes sense. That's why he proposes pulling back on the privacy rules the FCC introduced and that required "Opt in" on user information.

The problem with the FCC approach was that the other primary users of that data, regulated by the FTC, were only required to adopt an "opt out" choice architecture. As noted above, the businesses and academics know what that means: the ISPs would get little support for using the data available to them, but the Edge providers would, by default, get to use lots more. That's a significant government created tilt in the competitive playing field between the two groups.

But what about the issue of privacy? Well, it seems to me the answer is a relatively easy one, although it might make consumers uncomfortable: force them out of their paralysis. Require that neither "opt in" nor "opt out" be a default. Require consumers to choose. Yes, the companies could make one more attractive than the other by saying, for instance, that one choice will result in lower up front cost than the other (because it is made up by advertising revenue, for instance), but put the consumers in the position of being the architect of their own privacy.

Common ground.

*Steve*

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*(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)*



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