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What the Industry Reads First

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NBCU Gets Craftsy: Online Craft Site Joins Cable Portfolio

Comcast NBCU's digital acquisition shopping spree has it jumping into the world of handmade crafts. It has agreed to purchase Denver-based **Craftsy**, an online site offering HD how-to videos, project patterns, photo galleries and more for hobbies such as crocheting, photography, baking and quilting. Financials weren't disclosed. The website/mobile app claims more than 12mln users, with 2mln+ active visitors each week. If you haven't heard of it yet, just give Comcast-NBCU marketing machine time... Perhaps most interesting is that Craftsy will join the NBCU Cable Entertainment portfolio overseen by *Bonnie Hammer* and as such will be incorporated into both digital and linear programming. "As Craftsy expands its own entertainment content, it can benefit from access to NBCUniversal's lineup of talent and properties. Imagine synergies with shows like **Bravo's** 'Top Chef' and **Syfy's** 'Face Off,' and opportunities to develop creative new content for kids on **Sprout**," Hammer wrote in a memo to staffers Wednesday. Craftsy has its own production studios, and while it is a digital network at its heart, it's taken a different approach than the standard \$3-4/month SVOD route of so many of its peers. Craftsy charges for individual courses, usually in the \$15-\$40 range for each class. A knitter might pay \$20 for a course consisting of several videos on sock making, and then pay another \$30 for a course on knitting sweaters. While many digital networks may have to work to build a social element for their content, it's naturally baked in at Craftsy—customers can ask instructors questions about a video course that both the teacher and other students can respond to. Users are encouraged to upload photos of projects. While Craftsy also sells individual project kits and crafting supplies, there's enough free content to keep non-paying customers engaged. The purchase may feel a bit more appropriate for a lifestyle brand like **Scripps Networks Interactive**, but one look at Comcast-NBCU's portfolio and investments—**Fandango**, **iControl**, **Buzzfeed**, **MealPal**—and it's clear the company believes variety is more than the name of a Hollywood trade pub. NBCU Cable pres strategy & commercial growth *David Howe*, who Hammer credited with identifying the opportunity, will have oversight of Craftsy once the deal closes. CEO and co-founder *John Levisay* will report to Howe and continue to manage Craftsy's 190 employees in their home cities of Denver and Indianapolis. In a memo quoted by the *Denver Post*, Levisay said the deal will help Craftsy become an iconic brand. "We have had multiple overtures to buy Craftsy over the years. When I met the team at NBCU last year, something felt different," he wrote. "Their leadership team is committed to



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innovation and leading the way in changing the way people receive content.”

Tribune 1Q: Tribune interim CEO *Peter Kern* pledged it would be business as usual for the company until **Sinclair's** \$3.9bn acquisition closes, with an intense focus on margins and growing profitability. Ad rev fell sharply in 1Q with the company reporting a loss of \$85.5mln vs a profit of \$11.1mln a year ago. During Wednesday's earnings call, Kern stressed cost control. **WGN America** is a key part of that, with a focus on less expensive originals (“Salem” and “Outsiders” have been canceled). Execs declined to comment on a question about whether WGNA carriage contracts would allow the network to pursue a new strategy, such as news.

Fox on Fire: Fox News was the most-watched cable news network as the news of **FBI** director *James Comey's* firing broke Tuesday. According to **Nielsen**, the net averaged 3.3mln total viewers in primetime while **MSNBC** averaged 2.9mln and **CNN** averaged 1.9mln.

Carriage: Spanish language broadcasting company **LBI Media** signed a carriage deal with **Cox** to distribute its **Estrella la TV** network in San Diego and Phoenix markets. The deal gives Estrella carriage in two key, top 20 Hispanic markets.

Business/Finance: Comcast declared a quarterly dividend of \$0.1575 a share on the company's common stock. The dividend is payable on July 26 to shareholders of record as of the close of business on July 5.

App World: Stingray Digital, a B2B music provider whose services include **The Karaoke Channel**, purchased social music apps **Yokee**, **Yokee Piano** and **Yokee Guitar**. It believes the apps with their 80mln downloads offer content synergy opportunities for its karaoke product line. Stingray, which also provides digital music offerings to the pay TV industry, is currently embroiled in patent litigation with competitor **Music Choice**. -- **Univision** launched its Univision Now app on **Roku**. The Spanish language live streaming and on-demand subscription service includes original content, a VOD library, live broadcasts of the Univision and UniMás networks and 72-hour DVR functionality.

ESPN Goes Bowling: ESPN on Wednesday announced its college football postseason schedule for 2017-2018, which includes more than 35 bowl games in December and January across ESPN, **ESPN2** and **ABC**. Thirteen of the games are owned and operated by the net. All of the New Year's six bowl games will air on ESPN, including both College Football Playoff semifinal games on January 1. The CFP National Championship Game will also air on ESPN on January 8. Last season, ESPN continued its tradition of presenting a “MegaCast” for the title game, with different presentations of the telecast airing on various ESPN-owned nets and streaming platforms, each with its own unique hosts and commentary. The game drew 24.4mln viewers on ESPN alone and a total of 26mln for the entire MegaCast.

VR News to Use: Nielsen recently looked at VR and 360 videos as marketing tools for non-profits and charities in its published findings, “Virtual Empathy: How 360-Degree Video can Boost the Efforts of Non-Profits.” The measurement and research company found that consumer recall and donation intent both showed increased numbers with the use of the video technologies. 84% of VR consumers could recall a featured charity as opposed to 53% of traditional ad pod consumers. Intent was the metric most affected by the use of the technology as 51% increased their likelihood of recommending the VR-featured charity as opposed to 42%. -- **Viacom's** entertainment group Viacom NEXT premiered its original VR music video, set to the song “Withdrawal” by *Max Frost*, at the 2017 **Microsoft** Build Developer Conference. The video uses Microsoft Mixed Reality Capture technology to give fans a “face-to-face” experience with Frost.

Sports Emmys: Fox was the big winner at Tuesday night's Sports Emmy Awards, with **Fox Sport 1** racking up 9 wins and Fox broadcast taking home 7 awards—the most of any networks. **HBO** and **NBC** tied with 5 wins apiece, while **CBS**, **ESPN** and **MLB Network** each had 4. **NBC Sports Group's** Rio Olympics coverage received 4 wins, with Fox Sports Media earning 2 each for Super Bowl and MLB games. *Brent Musburger* was bestowed with the Sports Lifetime Achievement Award at the 38th annual awards.

Programming: The LEGO Movie's “Unikitty” is getting its own series, with **Cartoon Network** greenlighting the **Warner Bros** animated show. -- **FX** ordered 10 episodes of **Marvel's** untitled “Deadpool” series scheduled to premiere in 2018.

People: NBCU expanded *Dave Kaplan's* role to svp of strategic insights and research for Lifestyle Networks. Kaplan will continue to report to *Frances Berwick*, president of Lifestyle Networks and *Liz Mahaffey*, evp of research and brand strategy for NBCU Cable Entertainment and work closely with the research teams for **Bravo**, **Oxygen** and **E!**

Think about that for a minute...

Oh, Wu!

Commentary by Steve Effros

Columbia University professor Tim Wu coined the phrase “net neutrality.” Now he’s written a pretty silly op ed piece in the New York Times trying to justify why the FCC should retain Title II common carrier regulations to enforce his construct of net neutrality by suggesting that without them the Internet could have failed. Oh, Wu.

Here’s Tim’s definition of net neutrality in the piece: “Net neutrality refers to rules intended to ensure that broadband providers cannot block content or provide faster delivery to companies that pay more.” He said these policies were first initiated in the Bush administration and that rather than “blocking and throttling” being the major issues, as most folks still characterize it, he says it’s blocking ... which no one has taken issue with for years, and “faster delivery to companies that pay more.” That’s “paid priority” or “fast lanes” or, in my effort to get folks to actually relate to what is being talked about, I prefer to refer to as “Express Mail.” More on that next week.

Tim suggests that he’s just confused as to why anyone would fiddle with the rules as they are now. After all, he notes, “...one looks in vain for the problem that needs to be fixed.” But that’s exactly the point those of us make who note that in 2015, when broadband service was suddenly declared a utility/common carrier, to be regulated under Title II of the Communications Act, there similarly was no identifiable failure that needed to be fixed. The broadband revolution had been going on for many years very successfully without the need or demonstrated use for a massive new regulatory regime. That’s today’s issue.

Wu disingenuously posits that “net neutrality” can be credited with some of the success of services like Netflix and Amazon. That’s downright self-aggrandizement.



Amazon was hugely successful long before there was a political move to add rate regulation through Title II to the mix. Netflix rolled out “House of Cards” two years before the Commission suddenly found it had to massively change the regulatory landscape in order to “save” it. Nonsense. After all the yelling and screaming we are about to be treated to, the issue is not blocking and throttling or the “freedom” of the Internet. As Tim noted, no one has ever shown a major existing problem related to those things, only unsupported apocalyptic fear mongering that things could, or might happen. We’ve just gone through an election where the same “fear motif” was used. It’s not pretty whoever uses it.

So now we get John Oliver on HBO promoting that fear and once again importuning folks who he acknowledges can’t understand the details about these issues to inundate the FCC with negative “comments” on a proposal to retain the core of “net neutrality” but in a far less draconian way. It would not include the notion that the staff could decide what is a legitimate or prohibited business plan for broadband with no prior written rules that could be assessed. He also doesn’t trust Congress to write broadband rules. John; Title II was written by Congress!

Oliver, amusingly, undermined his own “rally the troops” effort with a hilarious review of the nonsense many folks spew on the Internet. He then importuned those very same folks to spew to the FCC about Title II regulation! To what end? It’s still mostly uninformed nonsense, John, and rules are not established based on the number of viral “votes” any one group can muster. More next week.

Steve

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