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What the Industry Reads First

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Bundle in the Jungle: Evaluating An Entertainment-Only Virtual MVPD

The potential introduction of an entertainment-only skinny bundle has been a hot topic since **YouTube TV** and **Hulu** brought the number of major virtual MVPDs on the market in the US to five. **Discovery** CEO *David Zaslav*, **Viacom** CEO *Bob Bakish* and **Turner** chmn & CEO *John Martin* have all recently sought to bring attention to the need for such an offering. Their criticism of skinny bundles—which Zaslav referred to as “overstuffed turkeys”—is that prices are too high due to the cost of carrying sports and broadcast channels that only some consumers want. Nets from all three of those programmers have been left out of at least one major skinny bundle, which they attribute to those services ponying up to carry sports and broadcast nets. **Univision** evp, content distribution *Eric Ratchman* expressed similar frustration, as neither YouTube TV nor Hulu carry his company’s channels. “They’re challenged on their margins after getting the four core broadcasters in at their \$35 retail price point, that they’re just under water,” he said. “Paying for us on top of them at launch, they have not been willing to pick us up.” Ratchman said Univision—like Discovery, Viacom and Turner—sees opportunity in an entertainment-focused offering. Given that 90% of Univision’s audience also watches English-language programming, he believes viewers would buy in. Still, **Hulu** svp & head of distribution and partnerships *Tim Connolly*, whose company is the most recent entrant into the skinny bundle field, is skeptical about demand for a linear entertainment-only bundle. “We just don’t think that’s nearly as compelling because, in terms of live services and current-season services, sports and news are the cornerstones of the MVPD business,” he said. “There are so many ways you can get entertainment services—whether that’s through **Netflix**, our SVOD services or all of the premiums now going direct to consumer; there’s lots and lots of ways to get entertainment services.” Ultimately, the Hulu exec said it comes down to consumers finding what they most want. “If the Discovery networks are critically important to you as a TV viewer, when you look at our content lineup, you’re just not going to buy us,” he said. While sports are certainly a major driver of live TV viewership, it is unclear whether sports fans are who virtual MVPDs should be targeting. **BTIG** analyst *Rich Greenfield* said sports fans are less likely to leave traditional cable given that they are “super served” in big bundles. “So, if you believe the sports fan is staying the big bundle, the question is what’s the most compelling bundle for non-sports fans,” Greenfield said. “If you’re looking for a broad cross-section of general entertainment networks, kind of the niche general entertainment

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networks—**History Channel, Nat Geo, Nickelodeon, Discovery ID**—there's a whole wide array of family-fresh, kid-skewing networks that could probably be made available for \$15-plus." Greenfield added he would be surprised if such a package doesn't surface within the next six months, though it remains unclear who will bring it to market. He pointed to legacy MVPDs as possible players, but also mentioned **Amazon** and **Philo**.

June FCC Meeting: No matter what the temperature is outside, the first summer **FCC** meeting of 2017 should be less heated than May's with its key Title II vote. The June 28 tentative agenda includes a Notice of Inquiry on ways to facilitate greater consumer choice and enhance broadband deployment in apartments, condos and other multiple tenant environments. The NOI seeks comment on the state of competition in such locations. Also of interest to cable is a declaratory ruling that cable operators could use verified email addresses to provide required written info about products and services. This comes following a petition from the cable industry, which has said it will cut down on millions of pages of paper and reduce compliance costs for smaller ops. Other items to be considered include granting **OneWeb's** proposal for a fixed satellite system (FSS) with conditions and a Blue Alert code for EAS to deliver info when law enforcement is killed, injured or threatened. If OK'd, it would be the first FCC approval to facilitate a new generation of non-geostationary-satellite orbit FSS large satellite constellations proposing to provide ubiquitous low latency broadband connectivity across the US, including remote areas in places like Alaska. The FCC also plans to look at a report and order on procedures the agency will use to review plans submitted by states seeking to opt-out of the first responder network and build their own radio access networks that are interoperable with FirstNet.

The Communicators: On an upcoming **C-SPAN** "Communicators" episode, **Mediacom** svp *Tom Larsen* discusses the decline in customers the company has seen on the video side as it faces challenges due to pricing and OTT competition from companies like **Netflix** and **Hulu**. "It's certainly our worst product, it makes the least amount of money," he commented, but countered himself by saying video has always been a big revenue driver that the company isn't ready to walk away from yet. He was joined by **American Cable Association** CEO *Matt Polka* who declared that cord cutting is "the video issue of our time as users learn that they have choice." Polka added that ACA's members are "very aggressive" in giving consumers choice through on-demand, availability of OTT services, and making sure consumers have fast-enough broadband speeds to support their video habits. Watch the full ep on **CSPAN.org** Friday or view it on the flagship channel Saturday at 6:30pm ET.

International Relations: After a 12-year joint venture with **NBCU International**, **A+E Networks** will acquire **A+E Networks Germany** in a transaction subject to regulatory approval. A+E Networks Germany will join other wholly-owned and majority owned A+E Networks' entities, including Southeast Asia, Italy, Japan, and Korea—set to launch this fall.

Over-the-Airheads: **Hero Licenseco** withdrew its application to sell **KBEH's** license and must carry rights to **Meruelo TV** for an additional \$10mln (it sold its 6 MHz of spectrum for \$146.6mln in the FCC incentive auction). No additional info was provided in the letter. This is an issue worth watching as the KBEH transaction was the first of these deals for a TV license with no spectrum. It was put out for public comment by the agency last month. An ad hoc group calling itself **Broadcasters for Free Market License Transactions**, which includes 15 stations that submitted successful bids to channel share in the incentive auction, has filed comments urging the FCC to approve such transfers on delegated authority, claiming that the FCC Media Bureau is disrupting the allocation of licenses through free market mechanism and unnecessarily interfering with licensees' expectations.

Watch your Step: The **FCC** and **OSHA** released the Communications Tower Best Practices Guide. A joint statement issued by FCC Chairman *Ajit Pai* and Deputy Assistant Secretary of Labor for Occupational Safety and Health *Dorothy Dougherty* called the guide "an important step to reduce the tragic number of fatalities involved in communications tower work" and stated that every tower climber death is preventable.

High-Tech: **SCTE/ISBE** launched a new online course aimed at expediting the rollout of DOCSIS 3.1 installations for cable telecommunications operators. The course seeks to increase technical proficiency for broadband installation professionals by offering background in DOCSIS 3.1, a comparison with previous versions, a technical overview of the new specification, and an understanding of operational implications, procedures for installation, and methods of troubleshooting. It is available as an eight-hour, eight-module online program.

PROGRAMMER'S PAGE

Emoji Entertainment

In case you haven't noticed, emojis aren't just for millennials anymore. Whether you're 15 or 50, emoji literacy is a requirement for effective communication in 2017. That's why **GSN** believes its upcoming show, "Emogenius," is one that will appeal to entire families when it premieres June 14. "Emojis are certainly front and center in pop culture right now, and we find that everybody's using them in all ages," said GSN evp, programming *Amy Introcaso-Davis*. "It isn't necessarily just about bringing in young people, but everyone in the family." Introcaso-Davis also anticipates the show will resonate particularly well with the net's core demo of women 25-54. *Craig Brooks* and *Larry Barron*, executive producers of current GSN show "Idiotest," came up with the concept for a comedic game show in which teams compete against one another in emoji-based challenges for cash. A promo video for the show offers the following example: "What racetrack is this? 🏇 🏠 🏠 🏠?" The answer: Churchill Downs. GSN tapped 26-year-old *Hunter March*, a personality from Generation Z-focused **AwesomenessTV** who has almost 400K **YouTube** subs, to host the show. March is following in the footsteps of his grandfather, *Hal March*, who hosted "The \$64,000 Question" in the late 1950s. The show is divided into four segments. First, in the "Get the Message" round, teams will take turns attempting to decode messages used in a conversation. During the "In-App Purchases" segment, teams are given a category and must solve a pictograph-based clue. Team chemistry becomes a real factor during the "Hit Send" and "Masters of Text" rounds, during which one teammate gives clues to their partner using a keyboard filled with emojis. GSN filmed 40 episodes of "Emogenius," 20 of which will air as part of the show's first run. The net plans to launch desktop and mobile versions of the game next week ahead of the show's premiere. — *Alex Silverman*

Reviews: "I'm Dying Up Here," series premiere, 10pm, Sunday, **Showtime**. There's something to like about this 10-parter from *Jim Carrey* that looks at the mostly depressing lives of comics attempting to make it in the business in the early 1970s. The pinnacle is an appearance on "The Tonight Show with Johnny Carson;" nirvana is being asked to sit on Johnny's couch following your set. To scale that mountain the motley crew of comics—was the hair as bad in those days as the cast's wigs make it seem?—must graduate from comedy college, a club run by Goldie (the wonderful *Melissa Leo*), a mother who eats her young and smiles while's she dining. There are moments of comedy, but mostly it's the serious business of comedy: Goldie doesn't pay her comics/students to perform, although she lives nicely. If you want a realistic slice of comic history, "I'm Dying" is it. But don't expect too many laughs. -- "Dumb: The Story of Big Brother Magazine," Wednesday, **Hulu**. This short doc about the origins of skate magazine "Big Brother" is nearly as wild and witty as the periodical itself. The principals tell the story well of the no-holds-barred magazine whose staff subsisted on gas station food. But they knew their audience and ended up eating the lunch of staid competitors. — *Seth Arenstein*

Basic Cable Rankings			
(5/22/17-5/28/17)			
Mon-Sun Prime			
1	FOXN	1.0	2312
2	TNT	0.9	2064
3	MSNB	0.7	1648
4	USA	0.6	1383
4	HGTV	0.6	1353
6	TBSC	0.5	1228
6	ESPN	0.5	1200
6	CNN	0.5	1086
6	HIST	0.5	1082
10	NBCS	0.4	927
10	DISC	0.4	902
10	ID	0.4	898
10	DSNY	0.4	868
10	AMC	0.4	824
10	FX	0.4	823
10	DSE	0.4	74
17	HALL	0.3	776
17	NAN	0.3	771
17	FOOD	0.3	763
17	A&E	0.3	760
17	TLC	0.3	750
17	FRFM	0.3	702
17	ADSM	0.3	681
17	TVLD	0.3	680
17	LIFE	0.3	633
17	VH1	0.3	571
17	NKJR	0.3	553
17	INSP	0.3	529
17	HMM	0.3	524
17	DSJR	0.3	523
31	BRAV	0.2	549
31	APL	0.2	543
31	SPK	0.2	490
31	WETV	0.2	477
31	LMN	0.2	427
31	TRAV	0.2	413
31	SYFY	0.2	411
31	EN	0.2	409
31	OWN	0.2	399
31	NGC	0.2	386
31	GSN	0.2	360
31	CMDY	0.2	350
31	BET	0.2	347
31	TRU	0.2	344

*Nielsen data, supplied by ABC/Disney, is based on coverage area of individual networks



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