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What the Industry Reads First

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Scripps Insight: Too Many Nets, Careful Affiliate Fee Chat & Millennial Love

Even programmers these days are agreeing that it's time to cull the herd when it comes to cable networks. "There are some TV networks that will probably go away over the next few years that probably should," **Scripps Networks Interactive** pres/CEO *Ken Lowe* said at an investor conference Friday. Don't blame the bloat completely on the content side of the house. Not that long ago, distributors were asking for more networks, particularly for digital tiers, he said. As that starts to rationalize, Lowe suggested virtual MVPDs will likely offset some of those losses. Meanwhile, Scripps Nets feels pretty good about its position in terms of affiliate fees, despite believing its portfolio is undermonetized. The good news for distributors is that Scripps realizes that it can't get to the price it wants overnight. It has taken patience. Recall that when it bought **Food Network** in 1997, Scripps inherited a young channel that had distribution contracts in place for 10 years of free carriage. That meant it didn't even start getting affiliate fees for the net until 2003. There do seem to be some advantages to being on the cheaper end of the spectrum. "It probably means we can push the rate and price more than some of our competitors," CFO *Lori Hickok* said at **Bernstein's** annual Strategic Decision Conference. Industry vets may remember that Scripps' attempt to take a bigger bite from distributors in 2010 resulted in **HGTV** and **Food** going dark on **Cablevision** for about three weeks. In the months leading up to that blackout, the programmer was very vocal (particularly at investor conferences) on plans to seek a bigger helping from affiliates. Friday's appearance didn't have a similar vibe, with Lowe sounding much more sympathetic to distributors' pressure. He declared that Scripps would have a "decent business" if it only had advertising as revenue stream, though he was quick to add that's not the plan. "We are fighting that fight [for increase affil fees] as hard as we can," he said. It probably helps that about 80% of Scripps' distribution deals are locked up, according to Hickok. With this conference focused on strategy, Lowe once again spoke about Scripps' inroads with millennials as it has pivoted from a linear TV business to a lifestyle company. Entries in HGTV's long-running Dream Home Giveaway used to be at about 2-3% for millennials, he said, estimating that today more than 20% of 120mln entries are from that demo. Food in particular is ubiquitous with millennials, according to Lowe. That helps to explain its acquisition last month of college-gearred online publication **Spoon University**. According to Hickok, SNI ranked No 1 on social in the food and beverage space for April and May, sur-



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Source: Nielsen, NPM (04/27/2017-05/24/2017) Mon-Sat 8pm-11pm/Sun 7pm-11pm, Persons 2+ (000). Live+SD.

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passing brands it had been trailing for months, like **Tasty on BuzzFeed**. “In a way, we’re building a separate business over here that’s connected to the linear business, but can stand on its own and has its own strategic goals,” Lowe said.

UHF Discount: All eyes on the **Sinclair’s \$3.9bn Tribune** deal after the DC Circuit issued a stay to the **FCC’s** April decision to restore the UHF discount to the national television multiple ownership rule. The court hasn’t decided on the merits of Free Press’ argument that the order should be vacated, but has said it needs more time to consider the case. The UHF discount counts the audiences of UHF stations only half what it counts the audiences of VHF stations toward the 39% national audience reach ownership cap.

ViaSat-2: Global broadband services and technology company **ViaSat** launched its ViaSat-2 satellite aboard an Arianespace Ariane 5 ECA launch vehicle on Thursday. The geostationary satellite operates in Ka-band frequencies and is designed to offer high-capacity connectivity that can move based on requirement demand. It is expected to improve speeds, reduce broadband service costs and expand services across North America, Central America, the Caribbean, part of northern South America, as well as the primary aeronautical and maritime routes across the Atlantic Ocean between North America and Europe.

On the Road: **FCC** Chairman **Ajit Pai** will be visiting Wisconsin, Minnesota, Iowa, South Dakota, and Wyoming next week as he meets with rural broadband providers to discuss broadband in rural America. Throughout the trip, Pai will hold events along with Sen Homeland Security chmn **Ron Johnson** (R-WI) and Sen Commerce chmn **John Thune** (R-SD). Pai will also participate in a Tribal consultation on the Rosebud Sioux Reservation.

Programming: The ramifications of Trump’s decision to pull out of the Paris climate agreement go beyond **Disney** CEO **Bob Iger** resigning from the president’s advisory council. It also means an encore of **Nat Geo’s** critically acclaimed climate change documentary “Before the Flood.” The film will be available commercial-free for free through Natgeotv.com and Nat Geo TV Apps. It is produced by **Leonardo DiCaprio**, **Fisher Stevens**, **Brett Ratner** and **James Packer** and executive produced by **Martin Scorsese**. -- **Showtime** ordered “Escape at Dannemora,” an eight-hour limited series based on the 2015 prison break in upstate NY.

Ratings: The fourth season of **Discovery en Espanol** show “Mexicánicos” maintained a number one position for its 10pm timeslot over the course of its six-ep season from March 6 to May 9. It held number one ratings for P2+, P18-49, P25-54, M18-49 and M25-54.

Sling’s Shortlist: **Sling TV** is the first OTT television provider to offer the on-demand channel **Tribeca Shortlist**. The addition of the channel will provide new content each month including films recommended by Hollywood insiders. On Wednesday, Sling rolled out several updates to its user interface for **Android** users that it will roll out across other devices over the next few days. The new features, which are all aimed at improving content discovery, include a grid guide, featured programs, “what’s hot now” and a “shows screen.”

People: **Discovery** has named **Christopher McGrath** svp, data and analytics. McGrath, who previously served as svp, data strategy and consumer intelligence at **Viacom**, will report to Discovery CTO **John Honeycutt** and be based in the company’s New York office.



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