

# Cablefax Daily™

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What the Industry Reads First

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## Set-Top Streaming: How Cable Partners Are Reacting To Hulu's Live Offering

Since **Hulu** launched its live TV service last month, the dynamics of its relationships with cable operators have understandably changed. Previously, a number of cable operators had reached deals to offer Hulu's SVOD content to their customers through technologically capable set-top boxes. The company, which says 80% of its users also subscribe to cable, has direct relationships with **Mediacom**, **Suddenlink**, **MidContinent**, **WOW**, **Armstrong**, **Atlantic Broadband**, **GCI** and **Altice USA**. Hulu svp & head of distribution and partnerships *Tim Connolly* said the launch of the live product raised new concerns from some partners. "Cable operators were saying, 'You guys now offer a competing service, and I'm a little worried about having your SVOD business. Are you going to target and try to poach my subscribers?'" In response, Hulu proposed a truce, of sorts, urging the operators to continue offering its SVOD service and promising it would not promote its live service on the set-top box interface. "We're actively every day talking to those guys, saying, 'We still think it makes sense for you to have our SVOD service on your set-top box,'" Connolly said. "We'll agree that you're not going to try to poach your subs or anything like that because that's bad business and bad faith and we don't do that. But it still makes sense for you – for the same reasons it made sense for you before – to not force our joint subscribers out of your ecosystem." This approach is similar to the one Hulu previously took regarding its **Showtime** offering. In order to avoid competing with operators, Hulu simply has not enabled users to subscribe to Showtime via its app for set-top boxes. Interestingly, two Hulu distribution partners we spoke with – **GCI** and **Mediacom** – both expressed interest in offering Hulu's live product. GCI, which already has a deal in place with **Sling TV**, sees a number of benefits in making virtual MVPDs available to customers. One is that the company charges its subscribers for broadband based on usage, and more streaming generally means higher-priced plans. "Internet is our core product, and that's what we focus on," said GCI director of consumer marketing *Stephanie Lovett*. "We make sure that our Internet customers are happy. There are going to be people that love to view TV the traditional way, and there are people that will be complete cord-cutters." Lovett noted GCI has embraced OTT to the point it offers a free **Apple TV** or **Roku** device with certain plans. In addition, offering Sling TV, or any other virtual MVPD, takes some pressure off of the operator to pay for high-priced programming. GCI, for instance, promotes Sling TV as a way to get AMC channels that it has opted not to carry itself. For Mediacom, which has yet to begin negotiating with any virtual MVPDs, the strategy would be different. Svp, marketing *David McNaughton* envisions an arrangement in which customers would subscribe to Mediacom's smallest bundle of channels for about \$30 and compliment that with a virtual MVPD through their set-top box. "I'd rather have them buying my skinnier bundle, in which my dollar margin is pretty similar to the big bundle, and if they want to add Sling TV to it and pay someone else instead of us for that extra \$20, that doesn't hurt me that much," he said. "I'd rather get as much of the wallet as I can, but since the margin on the extra programming on television is relatively slim, I don't really care

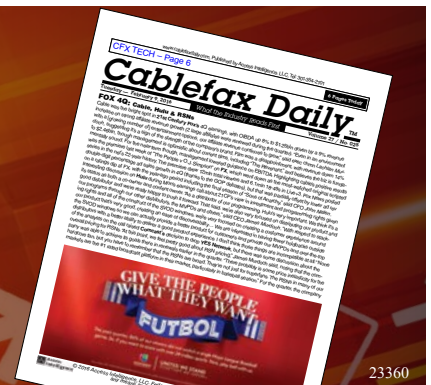
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that much.” He added he doesn’t believe there is much overlap between Mediacom’s smallest bundle, which is main broadcast nets and a few low-cost cable channels, and the lineups of virtual MVPDs. It is unclear at this point whether Hulu intends to make its live TV product available through cable operators.

**Comey on Cable:** Just about every news network switched gears to broadcast the testimony of former **FBI** Director *James Comey* on Thursday. According to Early **Nielsen Media** Research, **Fox News** had the highest viewership during the hearing coverage block from 10am-1pm ET with 3.1mln total viewers, followed by **CNN** (3.0mln) and **MS-NBC** (2.7mln). Fox also came in first as the most-watched cable network in primetime Thursday (3.2mln P2+) and as No. 1 in total day (2.1mln P2+). CNN’s coverage during the hearing block ranked No. 1 among A25-54 with an average of 1.017mln viewers. It was also the number one cable news leader among millennials (A18-34) with 319K viewers. **CNN Digital’s** live stream of the testimony generated 3.9mln live starts, ranking it in the top 10 of all days on record for live stream starts.

**Public Television Replies:** America’s Public Television Stations, the **Corporation for Public Broadcasting** and **PBS** filed reply comments at the **FCC** regarding the ATSC 3.0 Next Generation broadcasting standard. The filing urged the FCC to issue a rule permitting the voluntary transition to Next Generation Television without delay. It also requested the FCC adopt an “origination” approach to noncommercial and commercial stations partnering during the transition to the Next Generation standard. Public television also asked the FCC to reject the arguments of some MVPDs suggesting that broadcasters should be responsible for the MVPDs’ costs in receiving and retransmitting “good quality” broadcast television signals, including ATSC 3.0 signals.

**Science in the Summer:** **Altice USA** will send over 60 students to STEM summer camps at Henderson State University, Arkansas Tech University and Southern Arkansas University. The universities will partner with Altice USA’s Altice Connects community initiative. The initiative will also give students from Arkadelphia, Russellville and Magnolia communities and surrounding areas the opportunity to experience real-world applications of STEM and learn about STEM careers and the skills needed to innovate.

**Programming:** **Logo** will celebrate LGBTQ Pride month with special programming including “Pride History Project,” “We Remember Orlando” and “Trailblazer Honors.” “Pride History Project” is a series of ten animated vignettes highlighting LGBTQ people throughout history. “We Remember Orlando” will acknowledge the one-year mark of the Orlando nightclub shooting with themed programming starting at 6am. “Trailblazer Honors” will celebrate LGBTQ equality leaders with a one-hour special premiering June 23 at 9pm.

**Zombie Ratings:** **AMC’s** third season of “Fear the Walking Dead” premiered last Sunday as the number two drama on cable TV and the number three series on cable overall in 2017 falling behind AMC’s “The Walking Dead” and “Talking Dead.” The premiere saw 4.7mln viewers with 2.7mln adults 25-54 and 2.4mln adults 18-49 in Nielsen Live+3 ratings.

**People:** **Univision** appointed *Rosemary Ravinal* as its new vp of entertainment and consumer public relations. Ravinal will oversee publicity efforts for UCI’s Spanish-language entertainment, broadcast and cable networks and serve as a primary point of contact with consumer media.



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