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What the Industry Reads First

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Bill Who? Fox News Tops 2Q Ratings

Speaker of the House *Paul Ryan* (R-WI) took a swipe Tuesday at cable news in an op/ed for the *Independent Journal Review*, but 2Q **Nielsen** numbers released the same day show that viewers are quite content to watch what Ryan referred to as “cable news bickering.” Fox News handily won a quarter that scarcely included *Bill O’Reilly*, averaging 2.4mln total viewers in prime, up 19% from last year. The last edition of “The O’Reilly Factor” aired in April. Prime runner-up **TNT**, which won 2Q16 with 2.1mln viewers, was a distant second place in the most recent quarter with 1.76mln viewers. **MSNBC** took third place, with 1.67mln viewers in prime, a whopping 86% increase from 2Q16’s average of 897K average. **CNN** didn’t see as big of an uptick, averaging 1.07mln viewers in prime compared to 982K a year ago. The news networks were about the only cable channels to see an increase in prime viewership compared to a 2Q16. Among the few gainers were **TLC**, whose prime viewership rose to 951K viewers from 899K a year ago; **Hallmark** was up to 856K from 802K, while sibling **Hallmark Movies & Mysteries** hit 589K from 482K. **Viacom** nets **TV Land** (694K vs 556K) and **VH1** (668K vs 636K) also go in the winner category, along with indie net **INSP** (542K vs 427K). And CNN’s numbers were good enough to mark its most-watched 2Q in total viewers for total day and its best 2Q in 25-54s in total day in 14 years. Fox celebrated its 62nd consecutive quarter as the highest-rated cable news channel in total viewers, while MSNBC has been on a tear. **HGTV** held pretty steady at 1.5mln total viewers in prime, while **ESPN** saw viewership drop YOY from 1.54mln to 1.4mln. Similar declines were the norm with **Discovery** dropping from 1.42mln to 1.25mln, **Disney** falling from 1.34mln to 940K and **USA** dipping from 1.58mln to 1.47mln. News wasn’t the only thing being watched in the quarter, however. The Season 7 finale of **AMC’s** “The Walking Dead” easily was the most-watched program of 2Q, with 16.4mln viewers (L+7), and TNT and ESPN’s NBA playoff coverage accounted for several of the quarter’s top programs. Also cracking into the quarter’s top 20 programs among P2+ were HGTV’s “Fixer Upper” (5.2mln), AMC’s “Fear the Walking Dead” (5mln) and TNT’s “Major Crimes” (5mln). In fact, only one news program, Fox News’ “Hannity” with 5mln viewers, made it into the top 20. So, take heart, general entertainment networks... Fox News also won total day, averaging 1.47mln total viewers to **Nick’s** 1.15mln (down from 1.2mln a year ago). Disney’s total day viewership dropped off to 802K from 1.03mln in 2Q16, helping HGTV to overtake it (841K).

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Sprint in the Cable Mix: This isn't **Pivot 2.0**—the failed cell phone joint venture between cable and **Sprint** from nearly a decade ago. Analysts seemed to think a report from the *WSJ* that **Sprint** is talking to **Comcast** and **Charter** about a potential MVNO or equity agreement could be a positive. “While we believe that **CMCSA** and **CHTR** are entirely capable of rolling out their wireless service using their Verizon MVNO deal, having another partner would certainly make sense, and likely result in improved economics for the offering,” **Evercore ISI** analysts concluded. “In particular, if **CMCSA** and **CHTR** could utilize a structure like Google Fi, where devices choose among multiple networks, they could take advantage of (presumably) better pricing from **Sprint** when available, but fall back on the better network coverage of Verizon when necessary. According to the *WSJ*, the companies have agreed to negotiate exclusively until the end of next month. In a research note, **New Street** pegged the hard cost saving based on merger synergies between cable and **Sprint** at \$35-40bn. “A new MVNO deal with an equity stake in **Sprint** and a path to network sharing or an eventual merger would be a very sensible ‘second step’ (following on from a straight MVNO). An outright merger would be a much bolder step; one we think less likely right now, but certainly possible,” the analysts concluded.

Premier Showing: **NBC Sports Gold** is launching a Premier League Pass, which gives fans in the US access to 130 live **EPL** soccer matches, replays and shoulder programming, for the '17-18 season. At least three matches per club will be available exclusively on the service in the US. **NBC Sports**, which holds exclusive TV rights for **EPL** games, noted its coverage on **NBC**, **NBCSN** and **CNBC** will not decrease as a result of the new premium offering. The product is priced at \$49.99.

Charter Changing Quarters: **Charter** plans to keep its HQ in Stamford, but it's looking for new office space to accommodate growth. *The Stamford Advocate* first reported the news. No word on where the new locale will be, but a rep said the company is well engaged in evaluating a few options in Stamford. In other news, the company announced that it intends to offer senior secured notes due February 2028, which will form part of the same series as the 5.375% senior secured notes issued on April 20 in the aggregate principal amount of \$1.25bn. **Charter** plans to use the proceeds to pay related fees and expenses and for general corporate purposes, including potential buyback of Class A stock.

5G Trial: **AT&T** launched its second trial of mmWave tech for 5G in more Austin, TX, locations. The trial is being used to deliver vMVPD **DirecTV Now**. Austin was the site of the industry's first fixed wireless 5G customer trial, also by **AT&T**. This latest effort will deliver ultra-fast Internet to residential, small business and enterprise customers using **Ericsson's** 5G RAN and the **Intel** 5G Mobile Trial Platform. Later this year, **AT&T** will test virtualized-RAN core network capabilities.

Luxury Hotel: **DISH** on Tuesday introduced Evolve, a 4K-capable Android TV set-back box that integrates streaming apps, linear TV and casting. The product is being marketed toward the hospitality industry as a way for guests to engage with mobile content using their room's TV. Evolve features **Google** Play Store access, built-in Chromecast, an advanced program guide, hotel branding and Bluetooth headset compatibility.

Patent Watch: **Kudelski Group** signed a patent cross-license agreement with **Turner**. No further details were disclosed. The firm and subsidiary **OpenTV** haven't been shy about suing to protect intellectual property. In January, **Kudelski** filed an IP suit against the **NFL**. It's also sued **Comcast** and Canada's **Shaw** over its licensed version of the X1 platform.

More Ratings Notes: Sunday's **BET Awards** saw total viewership drop from a record 7.2mln viewers a year ago to 5.8mln, but it still ranks as the most-watched cable awards show among 18-49s this year. It also won the night among the demo. The show was up against the return of **Starz's** “Power” notched 3.26mln multiplatform viewers. That's down from the Season 3 premiere's 3.59mln viewers, but will likely see significant growth through VOD and DVR given that it was up against the awards. Case in point, **Starz** OTT saw a surge of weekend subscriber signups, nearly a 150% jump from last season's record subscribership. The **Starz** app hit a record premiere day usage with 830K total plays of the Season 4 premiere. As for the **BET Awards**, there's still plenty of brag-worthy moments for the telecast, which was simulcast across nine **Viacom** networks vs 12 nets a year ago. With 10.5mln total interactions across **Facebook** and **Twitter**, the awards rank as the Most Social Program of the week and #1 Social Cable Special of the year (#3 on all of TV). -- “The Mist,” **Spike's** first drama series in more than a decade and based on a Stephen King story, notched 1.3mln viewers in L+3 for Thursday's premiere. It's up 137% in its timeslot compared to the previous four-week average. The inaugural **NBA Awards** show on Monday night delivered a 1.4 HH rating on **TNT**.



OTT Latest Focus in NFL Eurotrip

The NFL hasn't been shy about its ambitions to grow its brand in Europe. Its 2007 initiative to play a game in London each year will be ratcheted up to four this season, and the league has also professed interest in putting a team there.

Last week, the league revealed a partnership with **Bruin Sports Capital** and marketing giant **WPP** to revamp and grow its OTT service in Europe. The two partners have formed a currently unnamed company based in London to operate and scale the service that the league ran from its L.A. office since 2006.

"There's clearly a market for the NFL, which the Game Pass over the last few years has started to tap into, but it's not reached anything like the full potential of what that product could be," said **Two Circles** Group Managing Director *Matthew Entwistle*, whose WPP-owned shop will lead the Game Pass marketing push across 61 European territories. Fellow WPP subsidiaries **Ogilvy** and **MEC** will also support the effort.

The European version of Game Pass boasts a content offering far more comprehensive than any single product fans have access to stateside. In one place, European fans can view live and archived games, condensed games, a linear feed of **NFL Network**, access to NFL Red Zone and on-demand video, including both timely short-form and documentary-style content. **Deltatre**, a Bruin-owned company that creates digital solutions for sports rights holders, will utilize its Diva player in the new version of Game Pass.

Entwistle declined to disclose specific subscriber targets for Game Pass, but discussed how Two Circles plans to acquire and retain customers. On the retention side, for instance, Two Circles can determine how many minutes of live action a user needs to watch to reduce their likelihood of churning and adjust messaging for

users deemed at risk of unsubscribing. In addition, the company can identify which parts of the app customers are using and offer recommendations and notifications that encourage them to use different functions.

Deltatre President of the Americas *Claude London* said that while the product will be similar in most European markets this season, the company ultimately plans to tailor it to each region. In addition to providing VOD content in different languages, London left open the possibility of eventually transitioning from using live US TV feeds to giving the broadcasts a local flavor. He added the Diva player's customizable overlays and interactive features, including real-time stats and information, will give the product a boost over its previous incarnation.

One of the big upsides in the NFL expanding its OTT push in Europe is the customer data the league can acquire and use to further grow its business. Through traditional distribution deals, he said, sports properties often squander or fail to take ownership of important data about fans. Going direct to consumers, however, allows for a one-on-one conversation.

"Obviously, that's a really strong way to build that direct relationship with fans, but also having that data is what's going to help you sell tickets, communicate directly with those fans and build relationships," he said. "Having that database and understanding your fan base is really the gold mine."

London, a recent addition from **Google**, echoed the sentiment about OTT as a powerful way for sports properties to reach fans directly.

"They have this channel, which is incredibly attractive and relatively new, which is OTT, because it allows them to go get people they never would've gotten to and allows them, frankly, to have a one-to-one conversation about what they want and how they want it," he said.



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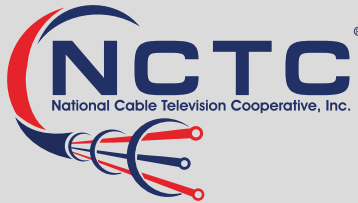
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