

# Cablefax Daily™

Wednesday — December 20, 2017

What the Industry Reads First

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## On Top: Fox News' Ad Sales Chief on Another Calendar Year Viewership Win

For the second consecutive year, **Fox News** is poised to win both prime and total day viewership among cable networks in P2+ for the entire year. As of last week, the net had averaged 2.4mln viewers in prime—on par with its 2016 finish. While last year's presidential election made the news nets an obvious ratings winner, few predicted just how hungry Americans' appetite for news would be in 2017. **MSNBC** is set to take third place in prime with 1.6mln viewers, behind only **ESPN** (1.9mln)—a nice surge from last year's 1.1mln average. **CNN** scored its highest ratings ever in total day among 25-54s and total viewers, and delivered its second-most watched year since 2008 among P2+ and 25-54s. "I keep hearing advertisers saying 'news is the new sports,'" said Fox News and **Fox Business** ad sales president *Marianne Gambelli*. "Football is not as interesting as it used to be. This seems to be the focus point of what we're all talking about." Excerpts from our interview with Gambelli below. **All cable news boats have risen. Does it create a different dynamic for you to have other news channels seeing a surge in viewership as well?** It's bringing more money to news. Most clients looked at news as sort of an add-on to the schedule. Now, as entertainment shifts to more non-ad-supported or more on-demand viewing, news and sports have become sort of the focus, and I think more money is coming to those dayparts. And I think people want to cover all sides, so they don't just buy one. They tend to place bets on all three (cable news nets). Obviously, we're bigger, so we can get a bigger share. **While cable news has been strong, viewership for broadcast news has been shrinking. Why does cable have the leg up?** Broadcast news is just churning out news, which you can get from your own sources. Twitter, Yahoo, and so on. Whereas I think they are coming to cable news for the 'explain it to me.' That's what broadcast is not doing because broadcast has a half hour to give you the facts, which I already know. Now I want to understand it, which is why I'm going to go to my trusted source. **Fox News did lose Bill O'Reilly this year. How was that for you in terms of dealing with advertisers? Did you have to calm anyone down?** It showed the brand is stronger than the personalities. I think as long as the ratings stood. And we kind of rejiggered the schedule, which I think looks great. The talent we've added has been terrific. I think the advertisers have embraced that. The churn of whom we put on the air, as long as we deliver what we're supposed to deliver, I think that's all they are concerned about. **Looking at midterms and what just happened in Alabama, do you have any predictions for ad spending?** The midterm elections regardless of what happened in Alabama are always strong for us. We know that will be a very busy time for us. We're doing our estimates and all of that right now. **Fox Business just outpaced CNBC for the year in business day viewers for the first time. CNBC is still leading in prime and total day. What does Fox Business do with that momentum?** CNBC kind of owns the trader space. I think Fox Business has finally been recognized as a source for the average investor. I think we've done a great job of taking policy and how does that apply to you and your own personal finances. I think we will continue to see momentum there. They own primetime, but they run "Shark Tank." They win, but they win with entertainment.



## The most powerful franchise in television.

Hallmark Channel's Countdown to Christmas Saturday night original movie premieres outperformed ABC, NBC, CBS, FOX and The CW!



Source: Nielsen (10/28/17-11/25/17), Live+3 W25-54 impressions, Sat 8-10p, Hallmark Channel Original Movie premiere program average ranked vs. ABC, NBC, CBS, FOX, CW time period data. Subject to qualifications made available upon request.

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**GOP Net Neutrality Bill:** House Communications subcommittee chair *Marsha Blackburn* introduced legislation Tuesday that would amend Title I of the Communications Act so that ISPs would be prohibited from blocking and throttling. It doesn't address paid prioritization. The move follows last week's heated, party line vote at the **FCC** to essentially reverse the agency's 2015 decision to regulate ISPs under Title II. The bill has cable's support and is similar to legislation drafted three years ago by Sen *John Thune* (R-SD) and Rep *Fred Upton* (R-MI). The industry has been quick to argue that legislation is the only way to stop the regulatory ping pong over net neutrality. Called "The Open Internet Preservation Act," the bill leaves in place FCC chair *Ajit Pai*'s new transparency requirements that require ISPs to disclose any affiliated prioritization and paid prioritization. But unlike the 2015 FCC rules, it doesn't ban paid prioritization or include a general conduct standard. "We can [introduce legislation] now that chair *Pai* has successfully done his job of getting net neutrality rules off the books," Blackburn said. The bill limits FCC oversight to enforcing the no blocking/throttling and transparency obligations. It remains to be seen how willing Dems are to work on such legislation, with the party enjoying a groundswell of support among consumers who are worried about internet fast lanes under the new policy. The bill also clarifies that broadband services are eligible for USF support, something that Title II advocates have fretted would be in danger with the move to Title I. **The Internet Association**, which represents **Amazon** and **Facebook** among others, commended Blackburn for moving the conversation along, but added her bill in its current form isn't the solution. "The proposal circulated today does not meet the criteria for basic net neutrality protections—including bright-line rules and a ban on paid prioritization—and will not provide consumers the protections they need to have guaranteed access to the entire internet. Net neutrality in name only is not enough to protect our economy or the millions of Americans that want and rely on these rules," said IA pres/CEO *Michael Beckerman*.

**Secret Sauce:** AT&T believes **21st Century Fox** is being overprotective of sensitive business information that the wireless carrier wants access to in its defense against the **Department of Justice's** antitrust lawsuit. The company said in a court filing Monday that Fox's request for additional protective measures—beyond those already granted by the court—would put AT&T at a disadvantage. Fox, a third party to the legal battle over the AT&T-Time Warner merger, is wary of disclosing documents that include distribution deals, financial details and subscriber information on a distributor-by-distributor basis. It initially provided that information to the DOJ as part of the agency's probe of the merger. In addition to limiting disclosure to outside counsel, Fox asked that it be permitted to withhold or redact "highly competitively sensitive material" that isn't important for the case at hand. It also wants AT&T to provide a list of individuals that would have access to the information. Finally, it wants to impose a two-year "cooling off" period, during which the individuals with access to the document can't be involved in "any other matter that involves Fox (absent Fox's consent)." AT&T responded to Fox's mo-

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tion Monday, stating the initial order “provides more than adequate safeguards,” and that the restrictions would put AT&T at a disadvantage given that the government has already seen all of the material. “Allowing the Government to develop its case with evidence only the Government can see would contravene the most basic notions of due process,” AT&T’s legal counsel wrote. A status conference is scheduled for Thursday; the trial is set to begin March 19.

**CAF II:** The **FCC** released the final map and list of eligible areas for the Connect America Fund Phase II auction that begins in 2018. MVPDs can take a look [at the interactive map](#) to see if there are areas adjacent to their footprints that are eligible for USF support in the auction, which will use competitive bidding to allocate up to \$1.98bln of support over 10 years in high-cost areas served by larger phone providers. The FCC identified nearly a million homes and small businesses in locations unserved by high speed internet of at least 10 Mbps downstream/1 Mbps up. In other CAF news, **Frontier** said this week that it has exceeded milestone requirements from Phase 1 of the CAF program in eight additional states: FL, ID, IL, IN, MI, TN, TX and WI. Companies that accepted funding must deploy broadband to 40% of eligible locations by the end of 2017. Frontier already hit that benchmark for AZ, CT, GA, MT, NY, NBC, PA, WA and WV.

**Headed West:** **Tegna** and **Midwest Television** jointly announced the former’s \$325mln acquisition of **KFMD-TV**, a San Diego **CBS** affiliate, along with digital subchannel **KFMD-D2** (a **CW** affiliate) and radio stations **KFMB-AM** and **KFMB-FM**. The deal is expected to close in 1Q. Winning the stations takes Tegna into a new market and grows its roster of CBS affiliates to 12. Tegna currently owns 46 TV stations in 38 mid-to-large sized markets, predominately composed of **NBC** and CBS affils. **Wells Fargo Securities** senior analyst *Marci Ryvicker* believes the purchase is a bold move for the company, a potential result of *Dave Lougee* stepping in as CEO/president in June.

**Making Waves:** Washington state-based **Wave Broadband** filed a claim at the **FCC** Tuesday against **NBC Regional Sports Networks**, alleging unfair business practices. The operator claims **Comcast**, which owns the three NBC-branded RSNs serving Wave’s footprint, is seeking to enforce unfair minimum penetration thresholds that defy industry norms and became unattainable once Comcast began offering the RSNs to customers via OTT packages (NBC also recently made some Trail Blazers games available via a direct-to-consumer product). Comcast could not be reached for comment by deadline. Wave and Comcast Cable are also competitors in the region, and the filing says the RSNs’ conduct is “aimed at crippling Wave’s ability to compete.” Since July, the operator has been distributing the RSNs to 100% of its customers as a “free trial,” a violation for which it paid Comcast more than \$2mln in contractual damages. Wave’s deal with **NBC Sports California** expired Sept 30; its deals to carry **NBC Sports Bay Area** and **NBC Sports Northwest** will expire Dec 31.

**Trump Calls for 5G Deployment:** President *Trump*’s National Security Strategy stressed the importance of 5G technology in fostering economic prosperity. The report, which the White House released Monday, calls for the deployment of “a secure 5G Internet capability nationwide” among necessary infrastructure improvements (along with improving transportation hubs, transit systems and manufacturing processes). **CTIA** pres/CEO *Meredith Attwell Baker* cheered the nod to 5G in a statement. “CTIA and the wireless industry are pleased that the President’s national security strategy acknowledges the critical importance of next-generation 5G wireless to maintaining America’s competitiveness,” she said. “We are locked in a race with countries such as China and Russia to be the first to deploy 5G. To win this race we need government to make more spectrum available to industry and modernize the rules governing the deployment of wireless infrastructure.” The White House also identified broader needs, such as “improvements in bandwidth, better broadband connectivity, and protection from persistent cyberattacks.”

**Nothing But Net:** **FS Southwest** signed a multiyear deal to continuing carrying San Antonio Spurs games. Their current agreement expires after the 2018-2019 season. FS Southwest is one of the 22 **Fox**-owned RSNs slated to change hands as part of last week’s megadeal with **Disney**. The *San Antonio Business Journal* first reported the new deal.

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