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Millennial Movement: Comcast's Matthew Strauss on the Young Generation

The notion that millennials don't watch television is simply false, according to one of **Comcast's** top lieutenants. "In some cases they watch more than other demographics, they just watch it differently," Xfinity Services evp *Matthew Strauss* told the crowd at **NAB New York** Wednesday. He points to college campuses, where **Comcast** quickly learned that nobody wants a set-top box and most students don't even have a television. "So we pivoted," he said, describing the launch of online streaming service Xfinity on Campus. "We're now deployed at about 130 universities throughout the country. We're finding that about half of the video is now being consumed by the students live. Internet is critical, but we're finding they also do want video, but they just want it differently." Does it matter if millennials don't understand that Comcast-owned NBC is a broadcast network? While that may rankle some of the NAB crowd, Strauss doesn't seem bothered, noting that 30% of all video consumption still comes from broadcast TV. Ultimately, it's really about the content. "The networks and the brands used to be what resonates with how we watch television. Now the content has become the brand, and the network becomes secondary," Strauss said. "If you ask if you watch 'How To Get Away with Murder' or 'This is US,' that'll resonate differently than if you ask 'Do you watch broadcast television?'"Comcast has seen video consumption increase 20% this year versus the prior year, and Strauss believes this is largely due to the X1 platform. "What's very clear is some people say the future of TV will be apps, but I think it's aggregation," he said. "When you can aggregate all the choices in one place, I think that will grow video consumption even more. And that's been our intention with X1. We call that 'snapping.' If we can snap all this together, we think people want to see everything in one place. In a given month we'll do 700mln voice commands. A technology that didn't even exist is now redefining how people do video." While X1 was not the first platform to add **Netflix** to its box, Strauss contends it presented it in a unique way. When searching a TV show such as "The Walking Dead" on the guide, users aren't even necessarily aware that Season 1 comes from Netflix and Season 9 from **AMC**. "As a result, we're now the number one platform for Netflix in our footprint in about a year. I think it reinforces that when we see this world of how people want to interact with and consume video. If you want to watch a new release movie, do you want to go into every single network, or would you rather see all of the movies available in one place?" Strauss also does not see value in focusing efforts out-of-footprint, instead choosing to sell greater tech bundles

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to existing subscribers. "We just bought **Sky**. So there's our out-of-footprint," he joked.

NAB Notebook: Though **NAB New York** is dedicated to broadcast, some non over-the-airheads still managed to sneak in a presence. *Sarah Lyons*, vp, OTT media products for **AT&T Mobility and Entertainment**, discussed efficiency and personalized streaming experiences for **DirecTV Now** at the conference's inaugural Streaming Summit panels. Lyons believes that while live content is important to consumers, speed and personalization is more important. "When consumers are streaming content on mobile devices, tablets, etc, they don't expect to have a pure 4K video stream all the time," Lyons explained. "They're looking for convenience and easy access. The resolution of the video themselves isn't what's most important. When I say quality, I'm talking about video start-up time, how much time is spent buffering. That's where consumers get frustrated and they disengage." According to Lyons, two-thirds of the time consumers are engaging in habitual viewing. "In our experience to date, we prioritize live because that's one of our strengths. It's meant to make accessing that live content as easy as possible. I do think the pendulum is a little too far on the live side, and we need to make finding on demand content a little easier," Lyons said. -- What's a broadcaster conference without some retrans banter? **ACA** chair and **MCTV** pres *Bob Gessner* represented cable, complaining about the constant rate increases. "I won't say collusion, but there's a practice I would describe as conscious parallelism among the eight large media companies. They all do exactly the same thing, because content providers don't compete with one another," he said. "They are consciously parallel with one another when it comes to distribution. From my perspective, the ecosystem is eight large companies that act as one, to drive prices higher." *Mike Ruggiero*, founder of consulting firm **ATV Broadcast**, puts the blame squarely on the big broadcast network owners. "Do not blame the local broadcasters for any disruption in any cable negotiation. It's really because the networks got involved," he said. According to *Mark Fratrik*, svp & chief economist for **BIA Advisory** services, retrans generated an estimated $9.43bln in revenue in 2018, growing at around 8% each year. He said MVPDs pay approximately $60bln in programming expenses, with the majority of that goes to cable nets.

Lee to Leland: Despite the industry's diversity strides in recent years, "we still have a long way to go," said **BET Networks** chmn/CEO Emeritus *Debra Lee* on Wed as she accepted the 2018 Mickey Leland Humanitarian Achievement Award at the closing lunch for **NAMIC's** annual conference. "It is still hard for women and people of color in this industry, and that should not be the case," she said. "We need to continue to push for diversity, inclusion and parity. We need diverse voices on air and in corporate suites to produce the best content for our audiences and to have the best corporate performance for our companies." Lee said it's important to "reflect on the progress that we have made in this industry," but she called it an "ongoing battle" to ensure that women and minorities get the same opportunities as white males. "We've made some progress with getting women and people of color through the door," she said. "Now we have to make sure that they feel comfortable and safe in their work environment."

Future First: **Fox Television Stations**, **NBC and Telemundo Owned Stations Group**, **Univision**, **Pearl TV** and **SpectrumCo** are coming together to support the deployment of ATSC 3.0. The standard, designed to enhance over-the-air services while combining broadcast and broadband functionality, is expected to launch broadly by individual broadcasters starting in 2020. They're also going to come together to determine how broadcasters can offer both ATSC 1.0 and ATSC 3.0 while expanding the availability of the next-gen ATSC 3.0 technology. **America's Public Television Stations** pres/CEO *Patrick Butler* applauded the group effort. "Public television's 170 licensees operating 350 stations reaching more than 97% of the American people are fully committed to adopting this Next Gen broadcast standard as quickly as possible, and we are pleased to see Fox and NBC join us, along with the station groups represented by Pearl TV and SpectrumCo, in seizing this historic opportunity to reinvent television and greatly enhance our ability to serve the public," Butler said. -- You don't have to be big to jump in on ATSC 3.0. Family-owned local broadcaster **News-Press & Gazette Company** is investing in bringing ATSC 3.0 to Santa Barbara, CA. NPG is partnering with **NAB** and the Pearl business alliance of TV broadcasters to launch the next-gen standard on KSBB-CD. The test will be an indicator for broadcasters in smaller markets on how the standard can enhance services for their customers.

NAMIC Notebook: A **NAMIC** panel on customer loyalty raised the intriguing prospect that some customers threatening to cut the cord (or following through) aren't necessarily worth the trouble. "Some of these customers have to be fired," said *Christian Ruiz*, **Charter** svp, inbound sales and retention. "We are providing a good service with a good product, and we expect to be paid for it." *Keith Holmes*, **Cox** svp and head of sales, residential, agreed that "not every customer should be treated the same way from a value-proposition perspective" and noted that Cox's CSRs can tailor their offers and responses to a value score that comes up when a customer calls. "We're obviously not a charity," he said. *Rick Lang*, **Comcast** evp and CMO, noted that many customers who leave Comcast to go OTT or take a cheaper offer from a competitor actually end up returning before too long. "They'll come back and say 'wow, I didn't realize that what you were telling me all this time was really true, that this really is a great experience,'" he said. Panelists acknowledged that companies need to strike a balance between letting some customers go and retaining the best ones—while treating everyone fairly. "That's the conundrum that we face," said Holmes.

Following Up: The battle between **Univision** and **DISH** rages on, and the former is calling on the **FCC** and **FTC** to get involved. In a letter to FCC chmn *Ajit Pai* and FTC chmn *Joseph Simons*, Univision followed up on a missive sent by the **Latino Coalition** expressing concern over DISH marketing the availability of Univision after it was dropped. Univision highlighted the presence of the network on DISH's website and certain advertising materials. This included a page where Univision was advertised as part of DISH's Latino Bonus Pack. "When Univision chose to remove its channels from DISH and DishLATINO customers, our team worked to remove references to the impacted channels on marketing materials and web properties," DISH said in a statement regarding the letter. "The logos of some Univision channels were inadvertently left within the cart flow of one of our add-on package offerings. Upon learning of this oversight, we worked quickly to remove the logos. We are happy to work with any customers who were impacted." DISH also reiterated that it is offering DishLATINO customers a $5/month credit, replacement content and over-the-air antennas in select markets while the dispute continues. Univision argued that the offer "certainly does not approximate the value of the Univision services lost" and that it is not aware of DISH agreeing to release Univision viewers from their contracts.

Mark Your Calendar: The DC Circuit Court of Appeals has set Dec 6 as the date for oral arguments in the **DOJ's** challenge of the **AT&T** and **Time Warner** merger.

With His Own Eyes: **FCC** chmn *Ajit Pai* will head to the panhandle Friday to see the damage caused by Hurricane Michael firsthand and assess how much remains to be done to restore service. He plans to meet with service providers and government officials focused on that restoration during his trip. Pai has criticized the rate at which wireless coverage is being restored in the area near where the hurricane made landfall, saying that he hopes he'll see it being restored more quickly during his visit. Wireless outages in Bay County fell to 46% Wednesday morning, down from 61% on Tuesday.

Board Elections: **C-SPAN's** board ratified the appointment of **Comcast Cable** pres/CEO *Dave Watson* to serve in his second term as chmn of the executive committee at their annual meeting Tuesday. **Cable ONE** pres/CEO *Julie Laulis* and **WOW!** CEO *Teresa Elder* were each elected to full two-year terms while Laulis will also serve as a trustee of the C-SPAN Education Foundation. **NCTC** pres/CEO *Rich Fickle* and **Vyve Broadband** pres/CEO *Jeffrey DeMond* were each re-elected to additional 2-year terms. **Evans Telecommunications** CEO/chmn *John Evans*, who has served on the board since the company was founded in 1978, was elected to another three-year term as senior director.

Think about that for a minute...

On The Rights Side

Commentary by Steve Effros

When Congress started seriously discussing the adoption of extensive statutory regulatory reform of cable television in the early 1990's, the industry was on the wrong side. I don't mean regarding many of the policy arguments that were taking place, I mean we were on the wrong side of the strategic and tactical decision not to participate in the process. A conscious decision was made to simply fight against the entire regulatory effort. It was a mistake.

To be sure, there were lots of things going on at the time that caused us to be in the cross-hairs of the politicians and the public. We were building an infrastructure faster than any other that had been built before. We were running over rose bushes, using half-trained personnel because we were growing so fast, increasing our prices as the business changed from simply being an antenna service to one that was financing the production of hundreds of new channels, and learning, or at least hopefully learning as fast as we could while running full tilt. Things did not always work out well, and the public image of the industry made us an easy target.

But rather than acknowledge that there was a need for some standardization, some transparency, some accountability for what was going on, we chose to fight. It was a loser. We were too much of an obvious punching bag for the politicians and we had not (and unfortunately still have not) developed a strong relationship with our customers to the point where we could enlist their help in refuting the hyperbole. The decision to simply battle against any statutory change made it a total "win or lose" type of fight, and we lost.

The best example of why our strategy was wrong is exemplified by the so-called "retransmission consent" rules. These were, and still are an anti-consumer brazen steal by the broadcast industry to force virtually all members of the public to pay for "free TV." Now I don't dispute that once CNN, CSPAN, ESPN, TNT, AMC, HBO and all the others came along the broadcasters found themselves in a new world. Competition had come to an industry used to government largess and protection. The original cable rules had indicated the way things were going back in the 1970's. "Local" stations would always be protected against any competition from other broadcast stations. This was extended by the retrans rules into a "right" by local stations to have absolute leverage over the prices they demanded for cable to deliver "free TV" to consumers who in many cases could not get it any other way. But the gimmick, of course, was that the cable system had to deliver the bill to consumers. The broadcasters got to hide behind the "free TV" rubric while extorting money from consumers who could not get any other programming, according to the rules, without also having the cable operator pay for and deliver "free TV" as well.

Would that all have happened if we had participated in the give and take of the legislative process rather than just trying to shut it down? Hard to tell. Given that we had no say in writing the "record" of the legislation, and that's what the courts look at to interpret the statute, my guess is we would have been a lot better off had we participated. The broadband "Internet Bill of Rights" legislative fight is coming up. More on that next week. Hopefully we will make a better choice this time.

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)