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What the Industry Reads First

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Minute Men: Antitrust, Competitive Concerns in Digital Advertising

When it comes to advertising, every dollar spent is a play to move one step ahead in the battle for eyeballs. But how has the growth of digital and mobile platforms changed the overall media mix? “Video is now this digital battleground for consumer attention,” Stanford University Graduate School of Business professor *Susan Athey* told the crowd in DC at a **DOJ** workshop on competition in television and digital advertising Thursday. “We can see the consumer is moving, but what is that going to do for the advertising market.” The two-day workshop is an effort by the DOJ to explore the new dynamics within media advertising and what implications, if any, it has for antitrust enforcement and policy. “The question for us is how do they compete and how have these new challenges changed or should change the antitrust analysis,” assistant attorney general for antitrust *Makan Delrahim* told attendees. “Although they may have embraced digital advertising, we must understand if advertisers view advertising on digital media as a substitute to television advertising or as a useful complement.” What it all comes down to is a consumer’s time and how much are they choosing to spend on any one platform or service. “Television is going through a renaissance with consumers being able to watch any kind of content they want whenever they want on multiple different devices,” **Viamedia** pres/CEO *Mark Lieberman* said during a panel discussion. “The advertisers want data in order to drive targeted advertising and reduce waste.” The supply of user attention has only grown since the growth of mobile media, but that’s only meant more competition for linear cable. And at the end of the day, it may not always be about where there is an ad placed. Where an ad isn’t allowed is just as important. “A subscription-based service that takes consumer time and doesn’t have ads on it creates scarcity for the time that’s left,” Athey said. “That can raise advertising prices by restricting the amount of time that you can reach certain consumers.” Freemium models like AVOD services have a role to play in the advertising mix. According to Athey, those testing the freemium model think of the free users as part of the marketing funnel. It’s a tool used to convert consumers into paying customers later down the line, and it allows advertisers to get their content in front of a greater number of viewers. Even with all the opportunity for growth in the digital space, Lieberman isn’t quite convinced that TV and digital are equal. In his eyes, TV is much more of a brand-safe environment with tried and true measurement methods. One of the greatest challenges with the variety of ways in which people are choosing to watch

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is that no one has created the perfect way to measure their viewing journey. The result is lot of guesswork, plenty of overlap and inaccurate results. “Data is the oxygen that drives the media economy,” Lieberman said. “However, regulations will inhibit use of that data to do better targeting, to hit those fragmented audiences.”

Altice Sticking to Its Knitting: Altice USA isn't looking to snap up more content or get into the content creation business, despite this week's \$200mln deal to acquire **Cheddar**. “We're very focused at doing things that we're very good at, or we think we're very good at,” CEO *Dexter Goei* said in a call with reporters Thursday. “We clearly don't have any of the competencies to do original programming that's outside of news, and so we'll leave it to the professionals to do that. We're very focused on creating value on our existing active base, and to the extent we find new revenue streams that we can hang off our existing asset base is what Cheddar is all about today.” Goei said the Cheddar deal doesn't have anything to do with any sort of renegotiation or reset of carriage agreements for a network like **CNBC**. The acquisition is about complementing the company's existing news portfolio and serving as a vehicle for its advertising and analytics work. Right now, Altice is busy gearing up to launch its mobile phone service this summer. Altice USA reiterated its 2019 guidance, including its \$1.5bln target in share repurchases. Total unique customer relationships increased by 22K in 1Q19, up from 8K a year ago. Video losses totaled just 10K, up from a 30K loss a year ago. Chalk the improvement up to customer growth at **Suddenlink** for the second consecutive quarter. Residential broadband RGUs net adds of 37K are up from 26K a year ago. Management gives the credit for improving sub metrics to the Altice One gateway, which just received an update last week that includes a sports hub and better search & discovery. “With the platform, we're seeing our highest-ever Net Promoter Scores for video and broadband. Additionally, Altice One has contributed to a big WiFi enhancement performance,” Goei said. **Optimum** cable plant is being upgraded to DOCSIS 3.1, with the company on track to launch 1 Gig services over coax later this year at Optimum while adding more gigabit capacity at Suddenlink. As for 10G, Goei said its fiber network should put it in the position to launch the service next year for residential and SMB customers. Revenue for 1Q was up 2.9% to \$2.4bln, while adjusted EBITDA grew 5.3% to \$1.03bln.

Fox RSN Deal Close to Closing?: It's been expected for days that **Sinclair** will pay in the \$10bln range for the **Fox** RSNs that **Disney** must sell, but nothing has been official and there's been talk of various financial backers. The *WSJ's Joe Flint* reported late Thursday that Sinclair will indeed pay \$10bln+ for the 21 nets, with a deal to be announced as early as Friday. No immediate word if anyone is joining with Sinclair.

Busting Government-Funded Overbuilding: Bipartisan legislation was introduced Thursday aimed at reducing the use of federal funds to overbuild existing broadband providers. The “Broadband Interagency Coordination Act,” spon-

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sored by Sens *Roger Wicker* (R-MS) and *Amy Klobuchar* (D-MN) would direct the **FCC**, **NTIA** and **Dept of Ag** to enter into a memo of understanding to coordinate the distribution of federal funds for broadband deployment to ensure funds are targeted to unserved and underserved areas. Over the years, cable has supported government programs to encourage broadband deployment, but has wanted assurance the funds would go to areas that are truly underserved. “With up to three federal government agencies spending billions of dollars annually on these programs, real coordination and information sharing among these agencies is critical to ensure that funding is directed to where it is needed most, fund recipients are held accountable, and best practices are shared,” **NCTA** said in support of the bill.

Stream Team: **Lionsgate’s Jennifer O’Connell** and **Fox’s Suzanna Makkos** have been added to the **WarnerMedia** streaming executive team. O’Connell will serve as evp, original non-fiction and kids programming for the upcoming service, while Makkos will be evp, original comedy and animation. Both report to WarnerMedia streaming content head *Sarah Aubrey*.

Discovery Dollars: **Discovery, Inc’s** 1Q revenue rose 17.3% to \$2.71bln, with US advertising and affiliate revenue growth up 4%. It also has authorized \$1bln in share buybacks. “The advertising business is clearly benefiting from last year’s **Scripps** acquisition, as the 4% growth reported in the first quarter represents the fifth consecutive quarter of YOY US advertising revenue growth,” **Evercore ISI** analysts said. As for affiliate revenue, management said it remains comfortable with full-year guidance of mid-single digit range, particularly given the recently announced **YouTube** deal. Nonetheless, the stock closed down 5% Thursday. “The market clearly seems to be more focused on Discovery’s fully-distributed networks’ slightly worsening subscriber trends that went from ‘flat’ in 4Q to down -1% in 1Q. This does not yet include the benefit from YouTubeTV, which kicks in for 2Q,” **MoffettNathanson** said in a research note that suggested investors probably need to be “spoon-fed” why some of Discovery’s strategies (such as digital investments) make sense.

Sign of the Times: The **Virginia Cable Telecommunications Association (VCTA)** is the latest industry organization to rebrand. It’s switching over to **VCTA-The Broadband Association of Virginia** following the completion of its Virginia Cable Summit in Williamsburg this week.

WICT Hits 40: It was a packed room at the Plaza Hotel in NYC Thursday as industry members from across the country gathered to celebrate **WICT’s** 40th anniversary. “By no means is our work here done,” *Maria Brennan*, pres/CEO of WICT, told the crowd at the sold-out 2019 Signature Luncheon. “In the new era of Time’s Up, the value of an organization like ours, one that supports diversity and inclusion, remains increasingly relevant and paramount to our companies. Because we know that by investing in women we’re creating a pipeline of leaders that will help innovate, inform and influence the industry for the next 40 years,” she continued. Since 1979, WICT has grown to over 10.5K members and 24 chapters (including ones in the UK, Latin America and Amsterdam). “My wish was that there wasn’t a need for an organization like this, that if we did have a WICT it would be to celebrate the many joys of sisterhood. While we have much to applaud, we still have a mountain ahead to climb,” **A+E Networks** acting chmn *Abbe Raven* said. “I have always found that the best way to succeed was simply about the work. I’ve been known to say that we can’t focus on being the only women in the room, which very often we are, as that’s a distraction. It’s truly about being the best you can. And yes, sometimes we work harder. We work harder to shine and that is a burden we have to bear. But the good news is the world is very different than 1982, when I began in the cable business.” The celebration ended with **Comcast’s David Cohen** and *Martha Soehren* announcing WICT had made a donation in Brennan’s name to her favorite charity, St. Jude’s Children’s Research Hospital.

Florida Fiber: **Hargray Fiber** closed on its acquisition of **Dark Fiber Systems** Thursday. The purchase of Dark Fiber, based in Jacksonville, FL, will give Hargray an even wider footprint in the southeast. It’s the latest in a string of Hargray acquisitions and expansions, including **USA Communications’** Alabama assets and its new presence in Conyers and Covington, GA. Financial terms were not disclosed, and integration plans are expected to be completed this fall.

Programming: **INSP** is trotting out “Ultimate Cowboy Showdown,” a reality competition series designed to determine the “ultimate modern day cowboy.” It sounds like contestants should leave the rhinestone suits at home, with 12 men and women facing “grueling physical and mental challenges” in order to win a herd of cattle worth more than \$50K. The six-night series will be hosted by country music superstar (and ranch owner) *Trace Adkins*. -- **HBO** scored the rights to feature-length film “Diego Maradona,” a doc following the legendary soccer player. The doc will debut on the platform on Sept 24. -- The ninth and final season of “Suits” will premiere on **USA** July 17 at 9pm, followed by spin-off series “Pearson” at 10pm.

PROGRAMMER'S PAGE

Radiating Truth

The truth can be elusive, especially in a political environment in which both sides see largely what they want to see—or what backs up their own preconceived notions. In “Chernobyl” (premieres May 6), **HBO** explores the folly of bending to party orthodoxy rather than exercising critical thinking as it tackles the gruesome destruction and cleanup that occurred when a nuclear accident near Pripjat, Ukraine, spewed radiation into the atmosphere in 1986. For Americans, the disaster occupied a few days in the international news cycle. But for the Soviets—especially those near the reactor—it was a life-changing event that exposed a political system in which people were afraid to speak out against authority or think for themselves. “When you watch the series, you will realize how difficult it is to make a nuclear reactor explode,” noted executive producer *Craig Mazin* during Winter **TCA** in February. “There have to be errors in judgment and intentional lies and disassembly from the very top all the way down to individual people in a room... The cautionary tale here is about what happens when people choose to ignore the truth... we have choices about what we will or will not confront as true, but the truth does not care.” In other words, consequences occur either way. *Star Emily Watson* said playing a composite character trying to navigate a broken system taught her that “it’s so easy for truth to be undermined and then suddenly everything that is on the basis of scientific fact is suddenly not about scientific fact. It’s about politics or it’s about something else, and then that’s really dangerous.” Perhaps the overall message for politicians of all stripes (as well as a divided citizenry) is that it’s difficult to find solutions when everyone is using their own set of facts. In the end, Chernobyl is perhaps a reminder that when people willfully construct their own bubbles and fail to listen to each other, the inevitable consequence is meltdown. — *Michael Grebb*

Reviews: “Kids Behind Bars: Life or Parole,” 10pm, Tuesday, **A&E**. Each week this series explores a different story about child offenders who’ve received mandatory life sentences. This week’s ep is typical and excellent. It presents the case of 22-year-old *Aaron Schmidt*, 14 in 2011 when he shot and killed his friend *Alana Calahan*. She also was 14 at the time. He claims the killing at her parents’ home in Harlem, GA, was an accident. Sentenced to life without parole, Aaron, now 22, has hope. A recent Supreme Court ruling could result in Aaron becoming eligible for parole. The filmmakers offer a balanced view of this story. The pain Alana’s family continues to feel daily is documented, as is her parents’ hate of Aaron. But the doc also shows people making the case for Aaron’s parole. It’s an uneasy story well told. — “Killing Eve,” 8pm ET, Sunday, **BBC America** and **AMC**. It might not be the measure of a great series that a viewer can tune in mid-season and find it captivating. Still, it’s as good a measure as any. It works for next week’s “Eve” ep, “Smell Ya Later.” Depicting wild extremes of fear and sexual tension, there’s really nothing like this series on TV. Trying to describe it would be pointless. Leads *Sandra Oh* and *Jodie Comer* are terrific. — *Seth Arenstein*

| Basic Cable P2+ Prime Rankings* (4/22/19-4/28/19) | | |
|--|-----------------|-------------------------|
| Mon-Sun | MC US AA% | MC US AA (000) |
| TNT | 0.757 | 2,311 |
| FNC | 0.742 | 2,267 |
| ESPN | 0.666 | 2,033 |
| MSNBC | 0.517 | 1,580 |
| HBO | 0.451 | 1,377 |
| HGTV | 0.395 | 1,205 |
| USA | 0.378 | 1,155 |
| A&E | 0.367 | 1,121 |
| TBSC | 0.308 | 941 |
| HIST | 0.300 | 917 |
| HALL | 0.291 | 887 |
| DISCA | 0.286 | 874 |
| ID | 0.283 | 865 |
| CNN | 0.273 | 834 |
| TLC | 0.269 | 822 |
| NBCSN | 0.261 | 797 |
| FOOD | 0.257 | 784 |
| TVLAND | 0.220 | 672 |
| SYFY | 0.212 | 649 |
| FX | 0.202 | 618 |
| NICK | 0.202 | 617 |
| INSP | 0.200 | 611 |
| BRAVO | 0.189 | 578 |
| ADSM | 0.179 | 546 |
| DSNY | 0.170 | 519 |
| NAN | 0.165 | 505 |
| HMM | 0.162 | 494 |
| DSJR | 0.158 | 484 |
| AMC | 0.157 | 478 |
| VH1 | 0.153 | 466 |
| APL | 0.143 | 438 |
| WETV | 0.143 | 438 |
| NFL | 0.138 | 422 |
| LIFE | 0.138 | 421 |
| NKJR | 0.134 | 410 |
| TRAVEL | 0.134 | 410 |
| MTV | 0.134 | 409 |
| GSN | 0.133 | 407 |
| NATGEO | 0.130 | 397 |
| BET | 0.125 | 381 |
| FRFM | 0.124 | 379 |

*P2+ L+SD rankers are based on national Nielsen numbers, not coverage.

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