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What the Industry Reads First

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Streaming Wars: Life After Netflix

OTT services and SVODs have been major disruptors in the industry, more so in this past year that anyone could have predicted. “Television is where Wall Street is super freaked out because the disruption is happening in many places and it’s happening very, very quickly,” said *Marci Ryvicker*, managing director for **Wolfe Research**, at **MFM’s Media Outlook 2020** conference on Thursday. And the numbers back it up. For Wall Street, the most important metric right now is pay TV subs. Wolfe is forecasting that traditional MVPD video subs will decline by 6.5% on average for the next five years. “If you asked me a year ago if I thought we were going to decline this quickly, I would’ve said no. I would’ve been shocked,” Ryvicker said. It’s estimated that **Netflix** will have as many subs (78mln) in the US as the entire pay TV ecosystem within five years. “What Netflix was supposed to be was a complement to the TV ecosystem. What it did was it took our viewership away from the television and it took us to an unmeasurable platform,” said Ryvicker. According to research from **Nielsen**, traditional TV consumption is projected to decline to average 202.1 minutes by 2021, but counting digital, the total time spent consuming is estimated at 310.9. In 2018, OTT and SVODs had an 11% share of viewership, and Netflix had 46% of that. “There’s been more change over the past three to five years than I’ve seen over the past 25 years,” said *Tom Ziangas*, svp of research for **AMC Networks**. “The prior biggest changing piece of technology was the DVR in the early 2000s. But with the explosion of streaming and how people have access to it... the experience of watching content that doesn’t have to buffer is as clear or better than cable over the air,” he said. Ziangas also believes that in order to predict future watching trends, it’s important for the industry to pay attention to how different age groups are watching content. He noted that younger generations aren’t going to put down iPads and begin watching TV in the same way their parents do as they get older. “What’s going on with the younger generation, and how is that going to transform into what their defaults are?” he questioned. And of course, we can’t talk about the shifting ways customers are consuming content without talking about the impact it has on advertising. Ryvicker says the biggest impact disruption in TV has thus far is the advertising revenue stream. Digital is expected to grow about 13% over the next five years, driving total ad growth up 6%. “The streaming businesses are creating new models that are not dependent on advertising, putting additional pressures on the networks to find new ways to monetize their content,” said *Steve Luttinger*, who is a consultant for **Spectrum Reach** and **MoffettNathanson**. “The streaming services are really eroding the audiences available for ad-supported networks. There’s so many choices out there, there are now fewer viewers out there available for each of the ad supported networks,” he continued. But all is not lost for linear. The top 100 advertisers account for roughly 70% of linear’s ad dollars, as the biggest advertisers value reach the most. TV ad spend is down 4.7% YOY, but the streamers are forcing MVPDs to become more innovative. “If anything, Netflix has really disrupted the bundles that the cable operators provide their customers. I think the streamers are really bringing innovation into what was otherwise a very staid industry,” said Luttinger.

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Charter CFO Tackles Mobile, Price Hikes & More: Charter CFO *Chris Winfrey* weighed in on everything from RSNs (“It is a challenged market”) to the company’s [upcoming subscription price increases](#) (“I think we’re highly competitive”) during an appearance at **Bank of America’s** investor conference Thursday. Spectrum Mobile also got some attention, with the exec acknowledging that it’s a bit early to assess the product. “I could sit here and paint a really rosy picture, which would say that the customers who take our mobile product churn less. The reality is there’s a massive amount of self-selection that’s taking place,” Winfrey said, explaining that those who sign up for mobile are likely to hold the Charter brand in high esteem and thus may already be less likely to churn. “I absolutely think long-term, we’ll get the churn retention benefit on cable as a result of mobile.” As for the RSNs, Winfrey said some markets are better than others. Charter is familiar with both sides of the RSN coin. Dodgers-owned/Charter-marketed **SportsNet LA** has never managed to get **DirectTV** or **Cox** to carry it. Over the summer, Charter renewed carriage of the **Fox** RSNs now owned by **Sinclair** and agreed to launch the Cubs’ upcoming **Marquee Sports Network**. “As people have renewals, they’re going to have to be disciplined as we all have been. What can you really afford to take on, if it’s a basket of RSNs,” the CFO said. Charter has taken a licking for upcoming price increases, which Winfrey pushed back against. “Our goal is to maintain our competitiveness across all of our products, and all of our bundles. We haven’t done anything here to disadvantage us. We’re still very competitive across all our pricing and the value we provide,” he said, adding that the rate hikes won’t impact those in promotional pricing. “We have a lot of customers in Year 1 and Year 2 promotional rates. It doesn’t apply to those until they get to Year 3.” Winfrey said ongoing rate increases from programmers have caused Charter to create new, slimmer packages, such as OTT offering TV Essentials and family entertainment plan Spectrum Lifestyle, which won’t be as impacted as heavily.

Altice USA Loves Locast: Altice USA CEO *Dexter Goei* acknowledged at an investor conference Wednesday that while carriage negotiations are only getting tougher, there are a growing number of “mousetraps out there that will allow consumers more choice,” including **Locast**. “We love what they’re doing because we don’t think the retrans dynamics make a lot of sense, not only from an economic standpoint, but from the fact that this is a free broadcast signal,” Goei said, adding that Altice will continue to observe Locast and the legal questions surrounding it for now. The Big 4 broadcasters filed a lawsuit in July challenging its legality, a challenge that followed a \$500K donation from **AT&T** to Locast’s operator. “We’ve had a lot of discussions with *David Goodfriend* and his team on Locast, and we’ve spent the time with them.” Charter CFO *Chris Winfrey* said Thursday that his company is also keeping an eye on the service. Earlier this year, the MSO did refer customers to Locast during a blackout with **Tribune**, something the exec said would previously have been “unthinkable.” “We have not gotten behind Locast in the way **DISH** or **AT&T** have. We’ve seen the recent litigation, and all I can say is we’re following it with great interest for what is essentially free over-the-air content,” Winfrey said at the conference.

NAB Chief Calls Foul on AT&T STELAR Ads: NAB pres *Gordon Smith* has a bone to pick with **AT&T** chmn/CEO *Randall Stephenson* over a **DirectTV** campaign warning viewers they could lose channels should Congress allow the Satellite Television Extension and Localism Act Reauthorization to sunset this year. “These ‘auto-tuned’ scare tactic messages appearing on TV screens of DirecTV customers are disingenuous at best, and deceptive at worst,” Smith wrote in a letter to Stephenson. Smith added that DirecTV can easily ensure that its viewers wouldn’t lose programming if STELAR was not renewed. “The solution: Simply fulfill your company’s decade-old promise to carry local TV station signals in all 210 US

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TV markets,” Smith wrote. “We urge you to reconsider airing alerts that only confuse your viewers, and to work with local broadcasters to ensure that all DirecTV customers receive their network programming from local TV affiliates.”

Meredith Stations Come Back to DISH: Meredith and DISH Network have agreed to a multi-year retrans consent agreement, putting an end to a nearly two-month long dispute. Programming from 17 local television stations were restored to DISH customers in 12 markets Wednesday evening, including Atlanta, Phoenix and Nashville. “We are pleased that DISH customers are again able to watch the award-winning news and popular sports and entertainment programming that are a hallmark of Meredith’s television group,” Meredith local media group pres *Patrick McCreery* said in a statement thanking viewers for their patience during the negotiation period.

FCC Okays Another Round of CAF Phase II Support: The FCC commenced the fifth wave of support from last year’s CAF Phase II auction Thursday, authorizing more than \$112.2mln in funding over the next decade to bring broadband service to 48K unserved homes in nine states. Funding applications approved in the wave include those from **Cal.net, Inc** (\$50.5mln), **W.A.T.C.H. TV** (\$53.4mln) and four rural phone companies (\$1.8mln) looking to offer gigabit-speed fiber service to 536 homes and businesses in Iowa, Minnesota and Wisconsin.

NFL Ups Facebook Deal For Recaps, Archived Content: The NFL and Facebook have extended their partnership to bring video content from the league to Facebook Watch. The NFL will continue distributing recaps from all 256 regular season games, playoff matchups, the Super Bowl and events like the Pro Bowl. Other content will include news and analysis, video versions of NFL-produced podcasts, archived content from the NFL Films vault and special NFL 100 moments. The news comes at a time when NFL viewers are migrating from cable, according to the latest research from **Colling Media**. About 58% of survey respondents said they watched at least one game via paid streaming service apps during the NFL’s 2019 opening week. NFL’s Sunday Ticket service took the largest portion of streaming viewers, finding 20% penetration among those who streamed during the first week of the 2019 season. Other services seeing major followings were **Amazon Prime** (18%), **Hulu** with Live TV (18%), **Sling TV** (15%) and NFL Game Pass (13%). About 26% watched NFL games on at least two different streaming services or apps.

Spectrum Symposium Notebook: How to unlock the spectrum necessary to deploy 5G to as many consumers as possible has been debated all year by everyone from the FCC to carriers to associations and beyond. Through it all, one thing is clear: reaching the best solution will only be possible if the federal government and private industry are able to come together. “There are ways to get more efficient use of spectrum, but ultimately there are parts of it that depend on good public policy,” **Qualcomm** svp, spectrum strategy & technology policy *Dean Brenner* said at **NTIA**’s Spectrum Policy Symposium Tuesday. “I actually think this is an area where the US has always been a leader... whether you look at going back to the first auctions and incentive auctions, the example of CBRS. We have always led in finding innovative ways to use public policy to try to make sure spectral resources are used efficiently.” Brenner added that spectrum debates are usually conducted in good faith, making him more hopeful that a solution will be reached. But where folks need to be careful is in exactly how that spectrum is allocated, and that they’re not putting too many eggs in the 5G basket too early. “There is a big difference between allocating spectrum to a specific technology and allocating spectrum for flexible use,” **AT&T** vp, federal regulatory *Hank Hultquist* said. “An entity that holds flexible use rights does have incentives to drive that spectrum to its highest value use.” **SpaceX** director, satellite policy *David Goldman* had his own concerns surrounding the allocation of spectrum for specific technologies, pointing back to the FCC’s allocation of the 5.9GHz band for Dedicated Short Range Communications Service in October 1999. While he thought the move brilliant at the time, it has now hindered other technologies from taking advantage of the band. “Now we have this legacy rule that is preventing new, more efficient technology from coming in. And I think as we look higher and higher, it’s worth it to ask the same question of are we actually allocating something and are we setting rules that are going to be with us for decades, ut maybe we don’t know actually know how this is developing yet and maybe we want to allow the spectrum to develop first,” Goldman said.

Anthem Places IMPACT! on AXS TV: **IMPACT Wrestling**’s weekly flagship program has a new home. The professional wrestling org, a subsidiary of **Anthem Sports & Entertainment**, has agreed to broadcast “IMPACT!” nationally on **AXS TV**. The news comes just after *Mark Cuban* sold his controlling interest in AXS TV and **HDNet Movies** to a partnership led by Anthem. IMPACT! will begin airing weekly on AXS TV immediately following the wrestling org’s PPV “Bound For Glory” event on Oct 20. The program will continue to be simulcast globally on IMPACT Wrestling’s official **Twitch** channel.

People: There’s a new woman in charge at **Fox Business Network**. *Lauren Petterson* has been upped to pres, FBN while *Brian Jones*, who previously held the position, has left. Petterson started in the new role Thursday while continuing to oversee talent development at **FNC**. She most recently served as svp, morning programming and talent development for FNC where she’s overseen the “Fox & Friends” weekday and weekend franchise for 11 years.

PROGRAMMER'S PAGE

Univision Gives the Classics a Makeover

It's hard to beat the classics. The adage applies to novelas just as much as novels. That's why **Univision** is turning to established, popular dramas and re-imagining them for "The Collection," an anthology of classic telenovelas from the 1980s and 1990s retold for today's audience. "These are the stories that captured the attention of millions of people throughout the US and Latin America back in the day when they aired. These are the stories with the top of the top stars from Mexico. We're reimagining them for a new generation, really bringing them to life in this faster, quicker, can't miss every single episode way of storytelling," said *Elisa Segovia*, vp, corporate marketing and brand strategy. "These are stories that people are still talking about today." The update means that instead of a drama spooling out over 120+ episodes, they'll be condensed to 25. "We're really honing in on that 25 episode format," said Segovia. "It's more conducive of today's audiences and really gets that sense of urgency—you have to see every single episode; it's a blink, and you miss it moment." Up first is "La Usurpadora," a tale of identical twin sisters separated at birth with *Sandra Echevarría* starring (begins Monday at 9pm on Univision). To give you a sense of the faster pace, what happens in ep 1 of La Usurpadora might have taken 20 or 30 episodes in the original drama. New eps will air Monday-Friday at 9pm. Other titles coming in The Collection include "Cuna de Lobos" (Den of Wolves) and "El Maleficio" (The Evil One). "We're expecting significant co-viewing here. Not just of the adults, who in their own time watched it and there's a nostalgia, but also to get to experience them for the first time with some of their kids who might have been too young to have seen them back in the day," Segovia said. — *Amy Maclean*

Reviews: "The Affair," 9pm, Sunday, **Showtime**. Storytelling has become a buzzword in media and corporate PR circles. This week Showtime has two excellent examples of storytelling. In "The Affair," one of the main differentiators of this hit series about a married couple is that the story is told from the viewpoints of various characters. Typically, each ep contains two versions of the same story. It works far better than it sounds. This season, the series' last, has taken storytelling to a new dimension. One of the protagonists, Noah (*Dominick West*), is a novelist in the series. His book, which recounts his failed marriage and broken family, is optioned. Good, right? No. Noah is unhappy with the actor playing him in the film. Confused yet? In the interests of those wishing to start bingeing, which we recommend, we'll not say more. — "Killing in the Bayou" Showtime. Docuseries about murders are not every viewer's thing. Yet this one grabbed us. Common wisdom says the storyteller isn't supposed to outshine the story. Yet, similar to the recent "No One Saw a Thing" (**Sundance TV**), this docu's rural, poor storytellers are a large part of what makes this series compelling. Their stories are very similar. Each of four families has lost an early 20-something daughter and all of the cases have gone cold. -- *Seth Arenstein*

| Basic Cable P2+ Prime Rankings* (9/2/19-9/8/19) | | |
|--|----------|----------------------|
| Mon-Sun | MC US | MC US AA (000) |
| FNC | 0.700 | 2,150 |
| ESPN | 0.520 | 1,598 |
| MSNBC | 0.444 | 1,365 |
| HGTV | 0.392 | 1,204 |
| USA | 0.342 | 1,051 |
| TLC | 0.336 | 1,034 |
| HALL | 0.296 | 909 |
| ID | 0.294 | 902 |
| DISC | 0.287 | 881 |
| CNN | 0.278 | 853 |
| HISTORY | 0.277 | 851 |
| FOOD | 0.246 | 757 |
| TBS | 0.241 | 742 |
| A&E | 0.239 | 734 |
| WEATHER | 0.210 | 646 |
| ADSM | 0.205 | 631 |
| INSP | 0.204 | 627 |
| NICK | 0.203 | 624 |
| TVLAND | 0.190 | 583 |
| BRAVO | 0.188 | 579 |
| FX | 0.180 | 553 |
| LIFE | 0.177 | 545 |
| TNT | 0.175 | 537 |
| SYFY | 0.167 | 513 |
| HMM | 0.166 | 511 |
| VH1 | 0.165 | 506 |
| NAN | 0.160 | 490 |
| FRFM | 0.157 | 482 |
| AMC | 0.152 | 468 |
| ESPN2 | 0.152 | 467 |
| DSNY | 0.148 | 455 |
| WETV | 0.143 | 439 |
| ANIMAL | 0.143 | 439 |
| MTV | 0.133 | 407 |
| TRAVEL | 0.126 | 387 |
| GSN | 0.125 | 383 |
| DSJR | 0.122 | 374 |
| PARA | 0.119 | 366 |
| CRN | 0.117 | 360 |
| OWN | 0.116 | 356 |
| HBO | 0.114 | 350 |

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

Cablefax Industry Jobs

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