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What the Industry Reads First

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All About AVOD: Streaming Takes Control at NATPE Miami

There's been a lot of talk about paid streamers in the past few months, but AVOD platforms are carving out their own territory in the media landscape. "It's getting real crowded quickly in the AVOD space, with news, with talk," said **Fox TV Stations** CEO *Jack Abernethy* on Wednesday at **NATPE Miami**. That's why Fox decided to try something different. Last week, the company surprise debuted **Fox Soul**, an AVOD that houses original talk and lifestyle series, as well as locally produced content designed for African American audiences. Abernethy said the company had a "number of ideas" for the service, but that it made the most sense to go after a black audience. "One, it was big enough. Two, we have some expertise in it," he said. "Yes, there's **BET**, there's some other services, but [Fox Soul is] more of a talk network, issues that you wouldn't see anywhere else." Fox isn't running a big marketing campaign for Fox Soul, instead choosing to utilize a beta period and one large media push in Atlanta. "The natural tendency is promote, promote, promote and I was like no," said Abernethy. "The worst thing that happens in this business is you get a syndicated show ready, you launch it with fanfare in June, you have two bad weeks of ratings. We want to make sure that the programming continues to improve before we push it out aggressively." And Abernethy isn't worried about Fox Soul diverting viewers from Fox's linear broadcast stations. "That's the concern that kept traditional companies from getting into cable in the beginning," he said, adding that original innovation in cable came from those outside the TV industry. "We don't want to make that mistake." **NBCUniversal's** upcoming service **Peacock** is an AVOD hybrid, offering a free, ad-supported light version as well as a middle-tier offering free to distribution partners (so far, that's **Cox** and **Comcast**). Like Fox, it's not sweating potential cannibalization. In addition to thousands of hours of on demand content, Peacock will have live content, including streaming the Tokyo 2020 Olympic opening and closing services live, before they air on prime-time. *Mark Marshall*, pres of ad sales and client partnerships for NBCU, said it would be "inevitable" that Olympic ratings are compared to the 2016 games in Rio, but he's not necessarily expecting the 2020 coverage to bring in the same numbers that it has in the past. "The difference is what has happened and how consumer behavior has changed so dramatically," said Marshall. "We control the whole ecosystem, we monetize all of it." And that mon-



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etization is a big reason that NBCU is entering the AVOD game, with outgoing chmn *Steve Burke* declaring last week that money was getting left on the table due to third-party platforms, as well as frustration with not being able to control the user interface. However, folks over at **ViacomCBS** don't necessarily agree. Viacom entered the AVOD marketplace last year with its purchase of **Pluto TV**, but Viacom Digital Studios still heavily utilizes third-party platforms such as **YouTube**. "To say that the reason to launch your own platform is so that you can control the consumer experience, personally I don't really buy that," said *Kelly Day*, outgoing pres of VDS, referencing Burke's comments. "To reach the maximum audience possible with your brands and your IP, having an owned and operated platform is incredibly important and we're investing heavily in that, but we also believe it isn't an either or. We still need to make sure that our brands are distributed, and platforms like YouTube have billions of people."

Abbott Out At Crown Media: **Crown Media Family Networks** pres/CEO *Bill Abbott* is stepping down after 11 years in the role, **Hallmark Cards, Inc** announced Wednesday. A search will soon begin for a replacement. "I want to thank Bill for his many years of success and contributions to Crown Media and wish him continued success," Hallmark Cards pres/CEO *Mike Perry* said in a statement. Abbott has successfully grown **Hallmark Channel** in his time at the top of its parent company, creating programming winners like its annual "Countdown to Christmas" event and launching services like SVOD **Hallmark Movies Now**. Perry said that legacy will continue under new leadership. "In a time when there is immense competition among television networks and streaming services, it is more important than ever that we find relevant new ways to grow our business and continue to produce high quality programming that resonates with our growing audience," Perry continued. The news comes one month after Hallmark Channel was heavily criticized for pulling an ad featuring same-sex marriage. The network apologized and reversed its decision three days later. Hallmark Cards, Inc has scored a 100 on the **Human Rights Campaign's** Corporate Equality Index every year since 2016, meeting criteria that includes prohibiting discrimination based on sexual orientation for all orientations and the existence of an employee group or diversity council. Hallmark Channel surprised writers by cancelling its usual **TCA** dinner during last week's winter tour. The event, which gives Hallmark an opportunity to highlight upcoming programming and other major announcements, has become a tradition of the association's bi-annual tours.

NATPE Notebook: Some might say launching a three-hour primetime national newscast on cable net **WGN America** is risky, but **Nexstar** chmn/pres/CEO *Perry Sook* doesn't sound too worried. "I would say going dark

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for 11.5 months to make a point with retrans in 2005 is probably the biggest risk I took,” Sook told the crowd at **NATPE Miami** Wednesday. In his view, it paid off. “Fast forward to today in 2020, our distribution revenue will be in excess of \$2bln, and in 2005 it was about \$5.7mln.” Sook said the origin of WGN America’s “News Nation” is simply counterprogramming, noting that all the broadcast and cable nets run entertainment, sports or opinion shows during primetime. “We see that as our opening,” he said. The programming will not have a bias, and instead will be “right down the middle,” Sook said. “We’re even hiring a journalist professor or maybe a rhetorician to make sure that unconscious bias doesn’t seep into our writing.” -- **NBCU** is gearing up for Tokyo 2020, and has already surpassed \$1.1bln in ad sales for the Games. Pres of advertising sales and client partnerships Mark Marshall announced in December that the company expected to break Rio’s record of \$1.2bln, and with six months to go, it’s looking like a lock. -- It wouldn’t be NATPE without deals getting done. **Ovation** announced a series of acquisition deals with **Sky Studios**, **TVF International**, **Espresso Media**, **RLJ Entertainment** and **DCD Rights**. **Hulu** acquired “Brassic,” Sky’s highest-rated comedy in seven years. BBC One’s “Gold Digger” is heading to **Acorn TV**, premiering summer 2020. -- **Parrot Analytics** awarded **HBO**’s “Game of Thrones” with the Most in Demand TV Show in the World at the second annual Global TV Demand Awards. **Netflix**’s “Stranger Things” was given Most In-Demand Digital Original and **Disney+**’s “The Mandalorian” won for the Most In-Demand Series Debut of 2019.

Netflix Stands Tall Against Competition: **Netflix** again proved that it is the leader in streaming by successfully withstanding the launches of multiple rivals and delivering subscriber growth numbers in 4Q19. For the investment community, its ability to continue growing even as the marketplace gets more crowded is proof that there’s no cause to worry about Netflix’s position. At least, for now. “Netflix US subs responded to the **Disney+** launch by watching more Netflix,” **Bernstein** wrote in a note. “With very little new original Disney+ content over the next several qtrs, we think consumers will be reinforced in their appreciation of Netflix’s unique value proposition: ‘always something new to watch.’” **Pivotal** also isn’t buying that Disney+ or **Apple TV+** will now, or ever, serve as direct competitors to Netflix. “As for **Hulu** and **HBO**, NFLX has been competing against those players for years successfully and while **Peacock** will compete for streaming users time it appears focused on a different (ad supported) market segment,” Pivotal said in a note.

Auto Industry Experimenting With 5.9GHz Spectrum: **Qualcomm**, **Audi** and the **Virginia Department of Transportation** are planning initial deployments of C-V2X communication on northern Virginia roadways. They will be deploying advanced wireless communications using the same portion of the 5.9GHz band that the **FCC** has proposed to exclusively reallocate for C-V2X. The Commission voted unanimously at its December meeting to move forward with an NPRM that would exclusively designate 20MHz of spectrum on the 5.9GHz band for its deployment. The lower 45MHz of spectrum in the band would be designated for unlicensed uses like WiFi. For the past two decades, the 75MHz of spectrum in the 5.9GHz band has been reserved for DSRC, a radio service designed to allow for vehicle-related communications. DSRC has not yet been widely deployed, and the FCC is ready to leave it in the past. The initial C-V2X deployment is expected to take place on select roadways in Virginia beginning in 3Q20. “Today’s C-V2X deployment announcement was only made possible through an experimental license,” FCC chmn **Ajit Pai** said in a statement before moving on to discuss the FCC’s C-V2X proposal. “If this proposal is adopted, it would be a significant step forward for automotive safety, since there is currently no spectrum designated for C-V2X. Americans on the move would be the beneficiaries—but only if the FCC takes action and leaves the failed status quo behind.”

Streaming Rising: The **NPD Group** found consumers watched about 20 minutes more streamed content per week on **Netflix** last year than they did in 2018. Weekly time spent watching the top two SVODs (**Netflix** and **Hulu**) rose 7%, growing from 3 hours 45 minutes in 2018 to 4 hours 6 minutes in 2019. NPD concludes that even as new streamers like **Disney+** launch, few are cutting back on existing streaming platforms.

O’Rielly Returning to ACA Connects Summit: **ACA Connects** announced Wednesday that **FCC** commish **Michael O’Rielly** will speak at the association’s 27th Annual Summit. The ACA Connects Summit will be held on March 17-20 at the Grand Hyatt in Washington, DC.

Ratings: Last Friday’s episode of **WE tv**’s “Love After Lockup: Life After Lockup” was the highest performing episode for the spinoff series among total viewers, garnering more than 1.3mln viewers in **Nielsen L+3** ratings. Now in its second season, the show has grown its ratings by double digits over its debut season in W25-54 (+11%), A25-54 (+19%) and total viewers (+14%).

Think about that for a minute...

Pickled Vegetables

Commentary by Steve Effros

Not sure why a lot of you might want to do this, but it's what I do all the time to be able to write this column, and sometimes it is just mind-boggling. Take a look at a web site called Circle ID (circleid.com). It's been around since 2002, but my bet is that most of the folks in our industry don't know about it. It's billed as the "leading platform for internet developments with more than 5200 professional participants worldwide." Translation: these are the long-time, white-bearded (I can relate to that) wonks who talk to each other all the time about the nuts and bolts of the internet.

The blog posts in Circle ID last week had several that touch on one of my favorite topics these days: 5G. This is not, however, the telco PR hype and absurdist consumer press characterizations of 5G. These are arcane discussions about a new technology that a lot of these folks are truly very impressed with and excited about, but also very realistic regarding the difficulties, complications and in some cases almost intractable political issues involved in getting the technology to work on a worldwide basis.

A colleague of mine, Tony Rutkowski, whom I worked with at the FCC many, many years ago, is one of those wonks. He writes a great deal about the difficulties of worldwide standard-setting and the enormous amount of work that is going on toward that end. He also is repeating a refrain that he has written about many times before. The United States is woefully lacking in its participation in all the myriad international 5G technical working groups and cannot in any way suggest that it's a "leader" on 5G.

Now I'm not suggesting that I understand even half of what Tony is talking about in his latest missive, but



I totally trust his analysis. The bottom line: the US is at risk of being an outlier on the 5G stage. As he suggested in his post of January 15, talking about the global technical collaboration "... The leadership dimension is especially relevant in Washington these days – which is suffering from a peculiar 5G dementia." This is not aimed at a particular administration, Tony has been yelling about this for years. I'm not going to go into the whole thing here, but suffice it to say that he notes just one of the dozens of collaborative groups that meet almost monthly worldwide has 1,114 work tasks on its list right now, and American participation, to put it kindly, is lacking.

Meanwhile, on a non-wonk level there are also problems afoot with 5G. This is a problem we in the political/consumer world are more familiar with. There's growing resistance to the placement of all those 5G cell towers that will be required. This is not only true here, and not only on a "nimby" basis of not liking the look of the fake fir-tree towers. Folks, worldwide, are once again raising the issue of electromagnetic pollution and health risks.

Of course, we've heard all this before when cell phones first became ubiquitous. The research community, so far, has said the "cancer scare" risks are not supported, but they certainly should continue to be looked at, and I don't mean to minimize them. But, as a recent article in Bloomberg Businessweek pointed out, the WHO still lists mobile phone emissions as "possibly carcinogenic." They also noted, however, that the same WHO category also includes aloe vera and pickled vegetables! And so it goes.

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.)



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