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**October 20, 2015**

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Comcast Corp. is sitting on a potential treasure trove of data on how Americans watch TV. Now, the cable giant is working to unlock that information in ways that it hopes could save the $70 billion U.S. television advertising market.

Comcast is seeking to harness viewing data from the set-top boxes and streaming apps used by its millions of cable-TV subscribers to create products it can license to other companies, according to people familiar with its plans. That will require organizing a vast pool of details into “dashboards” that TV networks and marketers can use to tap specific slices of data.


Comcast is in talks with audience-measurement firms and television networks, including Walt Disney Co.’s ESPN, Time Warner Inc.’s Turner Broadcasting and Discovery Communications Inc., about licensing its data to them. It already has a deal with its own NBCUniversal unit and at least one other media company, said people familiar with the deals. In recent months, Comcast rebuffed an offer from TV-ratings specialist Nielsen, which was willing to pay roughly $100 million for an exclusive license to the data, these people said, though the two companies are deep in talks about other potential partnerships.

Comcast, the largest seller of TV advertising in the U.S., says it believes licensing its data could help the industry bolster the TV-ad market, which has been soft amid a prolonged ratings slide. TV networks say viewing data from the nation’s largest cable operator could plug a gap in traditional TV ratings, which don’t reflect the growing number of viewers who might be watching shows on mobile devices or on-demand several days after the show aired.

Comcast is betting the industry, armed with the company’s data, could better compete with Web-based rivals, such as Google parent Alphabet Inc. and Facebook

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| **users** | Inc., whose ad-targeting capabilities are a big draw for marketers. A TV network could use Comcast's viewing data, in conjunction with third-party data on buying behavior, to answer such questions as which shows have the highest proportion of viewers who are shopping for a car. Such a service could command a premium ad rate, the thinking goes. Some TV networks have already started targeting specific audiences using data from companies like FourthWall Media and Cablevision Systems Corp. , but executives say the scale and detail of Comcast's data would fill a major blind spot.<br><br>TV networks also are interested in using data to evaluate their programming—to assess, for instance, whether a show with a small audience is worth keeping on the air because it has an avid group of return viewers. "We do believe it's an unprecedented set of information," said Sam Schwartz, Comcast's chief business development officer. For decades, Nielsen, using data gleaned from a panel of U.S. households, has been the dominant source of TV ratings. ComScore Inc. and Rentrak Corp., two smaller firms that recently announced plans to merge, are emerging as a potential rival.<br><br>Comcast could bring a new dimension to the measurement wars. The company collects viewing data from about 18 million of 22 million subscribers, say people briefed on the matter. Roughly 12 million to 13 million of those homes have advanced set-top boxes that collect more-detailed information than older ones.<br><br>What makes Comcast's data potentially so powerful is that its subscribers are spread across much of the U.S., including many major markets. While Nielsen extrapolates TV ratings from a sample of 25,000 households, Comcast's data reflects actual viewing, and will include its streaming apps. "Having more precise set-top data is what will power better monetization of premium TV inventory," said Tracey Scheppach, executive vice president of ad-buying firm Starcom MediaVest. "Money has moved online because they have better analytics and targeting. TV is way behind in both of those places."<br><br>Steve Hasker, Nielsen's global president, plays down the competitive threat set-top box data poses to Nielsen. "We think it has a role in stabilizing the ratings, but only…when used in combination with panel information" like Nielsen's, which provides key demographic insights, such as viewers' age and gender, he said.<br><br>People close to Comcast say the company is still formulating its data strategy, including price and technology. Some at the company think Comcast should use its data largely to its own advantage, while others think it needs to be licensed widely to outsiders so it gains credence with advertisers. Comcast has made clear to interested parties that it isn't interested in doing an exclusive deal. It has indicated to at least one TV programmer that it wants an eight-figure sum in exchange, one of the people said. Comcast will license only subsets of its data to any one company, and won't give programmers information about rivals, said people close to Comcast. The information will be aggregated and anonymized to protect individuals' privacy.<br><br>In the short run, Comcast executives expect the company can make the biggest impact on the TV ad market by bolstering Nielsen's panel with its data. In the longer run, however, Comcast sees many options. The company has held early talks with cable operators including Cablevision and Time Warner Cable Inc. about pooling data to license a bigger swath of the country to parties. People familiar with the discussions say that could allow the companies to create an alternative TV-measurement currency based on a vast collection of real viewing data rather than just a panel. Marketers "can get actual measurement," said Kristin Dolan, chief operating officer of Cablevision, which has data-analytics deals with ESPN and Tribune Media covering more than 7 million set-top boxes in nearly 2.6 million homes. "We're not guessing or modeling off a small number." – ***Wall Street Journal*** |

An estimated 300,000 Americans dropped TV service last quarter, and analysts are calling it good news. Predictions for subscribers who canceled their video packages -- from cable, phone and satellite providers including Comcast Corp. and Dish Network Corp. -- range from about 280,000 to 360,000, based on analysts' estimates compiled by Bloomberg. That's about half as many as in the second quarter, which at more than 600,000 set an industry record. The losses underscored investors' fears that cord-cutting was fraying traditional TV's business model, contributing to a massive sell-off in media stocks in August. "While the quarter may not be as strong as the third quarters of 2013 or 2014, it will nonetheless show an improvement," Evercore ISI analyst Vijay Jayant wrote in a note to clients this month.

The record number over the summer was "not a cord-cutting inflection point," Jayant said, and was likely due to a series of industry mergers that distracted pay-TV providers from offering promotions to attract more customers. The second quarter is also seasonally the most challenging because college students cancel subscriptions at the end of their school year.

For years, the number of consumers paying for hundreds of channels has been a key indicator of the health of the TV industry. Subscriber losses not only hurt distributors, but also threaten programmers like Walt Disney Co. and Time Warner Inc. that rely on subscriber fees and advertising revenue based on ratings, which have declined this year. The continued exodus highlights the challenges the entire sector faces as more consumers opt for cheaper video entertainment from Netflix Inc., Amazon.com Inc. or Dish's own live streaming service, Sling TV. "The good news is that Q3 sounds better, but we are still looking at heavier losses relative to prior year," Wells Fargo analyst Marci Ryvicker said in a note to clients. In the third quarter of last year, 189,000 TV customers canceled service, according to the research firm SNL Kagan.

Investors will start getting a clearer picture of the state of the pay-TV industry over the next two weeks when companies report third-quarter results. The video services of phone companies haven't declined as fast as those of cable companies, and in some quarters, they showed gains. Verizon Communications Inc. and AT&T Inc., which post earnings Tuesday and Thursday, are predicted to have added subscribers for their TV services last quarter, although fewer than a year earlier.

The cable companies will start reporting next week, led by Comcast, the largest, which may have lost 71,000 TV customers, based on the average of three analysts' estimates compiled by Bloomberg. The cable industry as a whole may have lost 340,000 video customers, which is an improvement from 470,000 a year earlier, according to Ryvicker.

Last week, Netflix reported it had signed up 880,000 new domestic subscribers in the last quarter, and now has 43.2 million customers in the U.S. Some media companies have started re-thinking selling old seasons of their hit shows to Netflix, which has grown in popularity and taken viewers away from regular TV watching. "We can't deny the fact that there are fewer homes signing up for pay-TV," Ryvicker said. Subscribers are dropping pay-TV packages that cost an average $87 a month in favor of online services like Hulu priced at under $10. Comcast, Dish, Verizon's Fios TV and other traditional pay-TV distributors are trying to hang on to customers by offering discounted packages with fewer channels, so-called "skinny bundles."

While tens of thousands of people cancel their cable TV packages each quarter, there are still about 100 million people who haven't done so yet. And the growing number of people signing up for high-speed Internet service to stream shows online have helped cable and telecom companies offset the loss of video customers. In a sign of the times, cable leader Comcast now has more Internet customers than video subscribers. – ***Bloomberg***

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| | Telecom giant Verizon on Tuesday said it signed up 42,000 net new pay TV subscribers for its FiOS video service in the second quarter, down sharply from 114,000 in the year-ago period. In the seasonally weaker second quarter, the company had added 26,000 new pay TV customers.<br><br>Verizon said it ended the third quarter with a total of 5.8 million FiOS video connections. The FiOS TV service competes with cable and satellite TV companies. Verizon added 114,000 net new FiOS broadband connections in the latest quarter, down from 162,000 a year earlier. It ended June with a total broadband user base of 6.9 million.<br><br>Verizon chairman and CEO Lowell McAdam said: "We expect future revenue growth from mobile over-the-top video, including digital advertising, and the Internet of Things." The latest quarterly revenue and earnings figures included AOL, which Verizon recently acquired, and exceeded Wall Street estimates. Earnings rose to $4.04 billion, or 99 cents per share, in the third quarter from $3.70 billion, or 89 cents per share, a year earlier. Revenue increased 5 percent to $33.16 billion.<br><br>CFO Fran Shammo on an earnings conference call was asked about the recently launched mobile-first video service Go90, saying: "Millennials don't want linear TV content." He said the service has 10 exclusive products right now, with 48 more coming soon. He also called early Go90 trends "encouraging," emphasizing: "We're 20 days into this. We haven't done any advertising or promotion." – ***Hollywood Reporter*** |

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Cable Association
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127 State Street, Harrisburg, PA 17101
717.214.2000 • bcapa.com

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