BCAP 60th Anniversary

NewsClips

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Advertising Age
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Zap2It
[**Cable Top 25 for Week Ending January 29**]

Pittsburgh Post-Gazette
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Allentown Morning Call
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It was just a little more than a year ago when Comcast was the largest U.S. pay-TV provider. And it wasn't even close. But after AT&T merged with DirecTV, it took over the top spot. Now, AT&T's rival telecom company, Verizon is reportedly considering a megamerger of its own with Charter Communications. The move would put the combined company's total video subscriber count very close to Comcast's.

The potential merger points to a big hole in Comcast's service offerings -- its lack of wireless service. If customers can save money by bundling their TV, internet, and wireless bills together with its competitors, Comcast stands to lose customers. But Comcast's management and investors shouldn't lose sleep over the possibility that its two biggest competitors offer wireless service.

The wireless industry has become increasingly competitive in recent years, putting immense pressure on revenue growth and profit margins. In fact, after Verizon's disappointing fourth-quarter results, MoffettNathanson analyst Craig Moffett wrote, "In what is a remarkable turn of events, Verizon's wireless business is now a bigger drag on growth than is the wireline business."

AT&T and Verizon are looking for ways to differentiate their products, and that means making big deals such as AT&T's DirecTV merger. AT&T is leveraging its new business by offering unlimited data plans exclusively to DirecTV customers, and it doesn't count DirecTV Now -- its new over-the-top TV streaming service -- against its own customers' data caps. Meanwhile, lower-end competitor T-Mobile has focused on offering more value to its customers without relying on big mergers with media companies. And while T-Mobile is managing to increase its prices, AT&T and Verizon are seeing many of its customers switch to lower-priced, or at least higher-value, plans -- if not switching carriers altogether.

Philadelphia Inquirer **PA Cong. Charlie Dent (R-15th) presses Trump administration on refugees turned away from PHL**	The value of combining wireless and a pay-TV operator is in the potential for bundling. Indeed, that's exactly what Comcast CEO Brian Roberts said on the company's fourth-quarter earnings call, telling analysts he sees bundling wireless service with video and internet as a way to "add value to our customers, improve retention, and ultimately benefit lifetime customer economics." Importantly, Comcast does have a plan to enter the wireless market that won't cost it nearly as much as an acquisition. While many analysts have posited Comcast could buy T-Mobile to enter the wireless market, it doesn't have to. It already plans to exercise an MVNO agreement it made with Verizon five years ago to launch its own wireless service by mid-year. The MVNO agreement allows Comcast to offer its own branded wireless service while piggybacking on Verizon's network. Last year, Comcast told analysts it was entering the incentive spectrum auction and could potentially bid on spectrum. While we're still awaiting the close of the auction, the lackluster bidding indicates that Comcast probably didn't participate heavily. Additionally, Roberts' comments that "we are hoping [the MVNO agreement] is an end-stage strategy and that it's sustainable" indicate that it's not too interested in buying and deploying spectrum itself. Comcast does have a viable backup plan. If the telecoms start cutting into its business and the MVNO agreement isn't enough to attract a significant subscriber base, it could break out its wallet and acquire T-Mobile. If the Verizon-Charter merger comes to fruition, it would eliminate a potential competing bid for T-Mobile, as analysts have speculated Charter could be interested in T-Mobile. The scenario isn't ideal, which is why investors should consider it the backup plan. Roberts' comments on the earnings call add credence to the idea that Comcast going to give the MVNO option a real shot. With Comcast's current options to enter wireless, a merger between Charter and Verizon isn't a big worry for the company. It's executing well with its core cable and television businesses, and it has a plan to fight back already without dedicating a lot of cash to wireless. Ultimately, Comcast's management is well positioned to navigate the competitive waters, whatever the future may bring. – ***Motley Fool*** ____ The new Republican chairman of the U.S. Federal Communications Commission, Ajit Pai, vowed to pare back outdated commission regulations, but declined to say if he will move quickly to overturn the Obama administration's landmark net neutrality rules. One top priority is "to remove unnecessary or counterproductive regulations from the books," Pai told reporters Tuesday after he chaired his first meeting. "We want to make sure that our regulations match the realities of the modern marketplace." Pai, who was tapped by President Donald Trump this month to run the FCC, in December vowed to take a "weed whacker" to unnecessary FCC rules. He opposed many rules imposed by the Obama administration, including net neutrality, broadband privacy and media ownership limits. The net neutrality rules bar internet access protections from slowing consumer access to web content. Internet providers fear net neutrality rules make it harder to manage internet traffic and make investment in additional capacity less likely. The Republican-controlled Congress is also considering rewriting the net neutrality rules. Pai opposed the Obama administration's 2015 net neutrality rules that reclassified broadband providers and treated them like a public utility. He said Tuesday he supports a "free and open internet" but opposes the reclassification. In December, Pai told some small broadband providers in a letter that it would not enforce the "enhanced transparency" rules. He declined to say if he is considering not enforcing net neutrality rules for all companies even if they remain on the books. "We haven't made any determinations," Pai said. The FCC on Tuesday voted to abolish a requirement that cable systems, commercial TV and radio broadcasters retain some public inspection files. On Friday, Pai withdrew proposed reforms of the $45 billion business data services market and $20 billion pay TV set top box market. He declined to say if he will formally close any pending dockets. A number of cable and wireless trade associations on Friday asked the FCC to put new broadband privacy rules on hold while the Republican-controlled FCC considers whether to scrap the rules. Pai declined to say if thought the AT&T Inc Time Warner Inc merger should be subject to FCC review. The companies said this month they only expect a review by the U.S. Justice Department. “At a certain point, there’s a misery quotient that results from immersing one’s self in the news, in the almost forensic detail of the suffering, and I have to ask myself, ‘How does this affect my life?’” she wrote. Experts said they had not seen data to conclude that consumers had changed their habits to protect their mental health, but added that the news ecosystem had changed drastically over the past five

years, accelerating the sense of information overload. **Dan Gillmor**, a professor of media literacy at the **Walter Cronkite School of Journalism and Mass Communication at Arizona State University**, said the number of news media has increased sharply, while there has been an "incredible rise of the ubiquitousness of social media" and sharing of news on platforms such as Facebook. "Things really are different," he said. "There's just more stuff if we're online and paying attention. There's a lot to pay attention to." – ***Reuters***

Even as Facebook and Google further exert their dominance of the digital advertising market, it seemed it was only a matter of time before one made a bold move on the $70 billion TV ad market. Well, here comes Facebook. The social media giant is developing an app for streaming TV devices like Apple TV, giving it a new vehicle for video content and video advertising, reports The Wall Street Journal. The company isn't looking to just port over viral recipe clips onto TV screens; it's in talks with media companies to license professionally produced, TV-quality content, part of its effort to become a "video-first" company.

And according to Ad Age, Facebook is also **looking to provide advertisers with more data and tools to help them see the effectiveness of their spending on the social network compared with traditional TV**. Facebook has warned that it can't keep growing at its recent crazy rate forever. If the company applies its uber-valuable data on people—like their names, where they live and what they like—to TV advertising, it's game on. Of course, there's the matter of getting people to start using a Facebook app on TV—no small matter. – ***Wall Street Journal***

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