

# NEXT LEVE

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## **NewsClips** April 6, 2016

**Philadelphia Inquirer Executive helps Comcast appeal even more to black viewers**

Two movies to be released this month share an unusual plot detail: stars Julia Roberts and Melissa McCarthy both play characters who sell their wares on HSN.

The Hollywood turn by the shop-from-home network is part of a plan by HSN Inc. Chief Executive Mindy Grossman to raise the brand’s awareness and close the gap with larger rival QVC Inc. What started as promotional partnerships to sell movie-themed merchandise on its TV shows and websites has morphed into on-screen time for the St. Petersburg, Fla.-based retailer. In “Mother’s Day,” to be released April 29 by Open Road Films, Ms. Roberts plays a woman who has been so busy building her career as a seller of jewelry, scarves and other products on HSN that her family life has suffered.

**Los Angeles Times NFL chooses Twitter as streaming partner for 'Thursday Night Football'**

Ms. McCarthy portrays a discredited businesswoman who tries to rebuild her reputation in the April 8 release of Universal Pictures’ “The Boss,” which includes a scene where she sells brownies on HSN. In real life, the actress sells a clothing line on the shopping network. HSN has aggressively marketed itself to Hollywood studios and its executives regularly meet with producers to find films where the shopping network can be worked into the script. For example, Ms. Roberts was originally going to play an entrepreneur, and producers decided to make her an HSN seller after meeting with the network.

**Variety Yahoo to Stream 180 MLB Live Games for Free This Season**

The company doesn’t pay for the screen time, but promises to help market the films by broadcasting clips and behind the scenes footage to the 95 million households that get its network. Its designers also spend hours on set getting input from the movie’s creative team to churn out themed merchandise targeted to its mostly female viewership. HSN doesn’t break out movie-related merchandise sales, and analysts say the revenue generated from these promotions is negligible. “But the deals help to bring in new viewers,” said Alex Fuhrman, an analyst with Craig-Hallum Capital Group LLC.

**Bloomberg Coming to You Live From Facebook, a Lure Back to Your Television**



“Snow White and The Huntsman,” and a multiyear deal with Disney Studios for “Maleficent,” “Cinderella” and “The Hundred-Foot Journey.”

HSN worked with designers to create dozens of products for “Cinderella,” including a Vince Camuto jeweled sandal that sold 22,000 pairs in less than 24 hours. But other product tie-ins have seemed like a stretch. “Tacky” and “cluelessly tone-deaf” was how Salon.com described merchandise that HSN created for “The Help,” a 2011 movie about Southern racism. Products included 60s style apparel. An HSN spokesman said the merchandise was well received by its customers.

QVC has been more selective in its Hollywood pairings. “Most of the time we say thanks, but no thanks,” said Doug Rose, QVC’s senior vice president of brand and communications. HSN executives meet quarterly with the major studios to run through ideas. And the face time has paid off. The product placement firm Movie Mogul Inc., which was working on behalf of the producers of “Mother’s Day,” introduced them to HSN.

“Movie Mogul told us HSN was doing a lot in this space,” said Mike Karz, one of the producers, whose partner came up with the idea of having Ms. Roberts play a TV entrepreneur. That is progress from 2012, when a call from Paramount Pictures about screen time for HSN in the comedy “The Guilt Trip,” prompted HSN’s Mr. Brand to wonder: “Are you going to make fun of us?” The film starred Seth Rogen as an inventor who auditions to sell his cleaning product on a fictional home shopping network. LeeAnne Stables, Paramount Pictures’ president of world-wide marketing partnerships and licensing, suggested turning the fictional network into HSN. HSN agreed and hosted “Guilt Trip Week,” and held a contest on the Paramount lot where real-life inventors auditioned to be an HSN seller. “It’s a money-can’t-buy strategy for us,” said Ms. Stables.

– *Wall Street Journal*

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Cubs fans should look at what the Los Angeles Dodgers did in their season opener with certain wariness for what it portends. It's not so much the pennant threat the Dodgers pose, though three-time Cy Young winner Clayton Kershaw struck out nine, walked one and allowed just one Padres hit over seven innings Monday in a 15-0 rout at San Diego.

What ought to concern Cubs fans — Cubs management, too, for that matter — is that Kershaw's gem was largely unseen in the Los Angeles market. ESPN carried the game nationally, but that telecast was blacked out in the Los Angeles market in deference to coverage on SportsNet LA, the team-controlled cable channel that has been a financial bonanza for the ballclub and a bust for many fans.

The problem is SportsNet LA, which made its debut in 2014, remains unavailable across wide swaths of the Los Angeles market. Time Warner Cable launched the channel with a 25-year rights deal said to be worth about \$8.35 billion. But to recoup the money it's obligated to pay the Dodgers, it has pressed carriers for huge fees that would be costly to sports fans and nonsports fans alike. So Dodgers telecasts are available in roughly 1.8 million L.A.-area households, mostly Time Warner Cable's own subscribers, while the Los Angeles Times reports about 3 million homes in the metropolitan area are left in the lurch. Carriers such as AT&T's DirecTV and Comcast's Xfinity balked at demands they pay \$4 to \$5 per household per month whether anyone intends to watch the games or not.

Time Warner Cable dropped the price from last year's \$4.90 average, according to consulting firm SNL Kagan, to a reported \$3.50 in hopes of securing more carriage deals going into its third baseball season. But that price is still not exactly a bargain, even as regional sports networks go, and would escalate in future seasons. So far no one has bit.

With customers weighing whether they can cut the cord and cut their costs by eschewing pay TV for streaming services, this simply isn't a great time to be jacking up subscription fees for any reason despite simmering resentment among baseball fans. There's pushback in the New York area, as well, with the Yankees' 14-year-old YES Network unavailable to about 900,000 Comcast subscribers while haggling continues over a new

carriage deal.

All of this should be on Cubs fans' radar. Their team's broadcast and cable deals are lined up to expire after the 2019 season, and the ballclub has made no secret it would like its own channel and the revenue windfall that comes with it. That 2020 vision could leave some serious blind spots for Cubs fans if the Ricketts family puts lucre over loyalty. No one would argue the ballclub shouldn't make some serious cabbage with its next big TV deal, some of which can be channeled into acquiring and keeping better ballplayers. If it's all about money, however, there's the risk of a stalemate with fans caught in the middle.

The impulse to milk TV is hardly a new one. Historian Erik Barnouw, in 1976's "Tube of Plenty," wrote of how both the Dodgers and San Francisco Giants considered the potential of putting their games on pay TV in opting to leave New York for California in the late 1950s. A serious effort, captained by Pat Weaver, father of "The Tonight Show," "Today" and actress Sigourney Weaver, fizzled out in the mid-1960s. Even in the early 1980s, the White Sox frustrated fans by putting games on over-the-air pay TV, although they were only a few years ahead of the curve.

It wasn't long before most sports programming on TV was subsidized directly or indirectly by subscription fees, and in time big events — including Monday night's NCAA men's basketball title game — shifted from broadcast TV to cable. But there may be limits to the amount of money the public is willing to spend, and momentum may be going the other way.

The National Football League on Tuesday awarded Twitter the right to stream its Thursday-night games — as produced for NBC, CBS and NFL Network — although it was not necessarily the highest bidder. (That said, Twitter will get traffic and some other benefits, but the ads seen will be the ones sold for those other telecasts.) Investors in the Walt Disney Co. have shown concern that the biggest of the big sports networks, ESPN, won't be able to command the carriage revenue it has as millions of households have dropped cable subscriptions in the last year. So what the Dodgers are doing bears close monitoring here in Chicago.

As might be imagined, the team's ratings have taken a huge hit. Just a handful of games aren't subject to TV blackouts, and Major League Baseball won't let people in the LA area pay to see the games online. There are workarounds, but they aren't considered strictly legal. "My concern could not be higher," MLB Commissioner Rob Manfred told the LA Times late last year. "I think that the Dodgers and the Los Angeles market are crucial to Major League Baseball and its reach. This has gone on a long time." That was five months ago, and it's still going on.

Cubs fans are used to waiting for what they want, but they're also used to seeing their team on TV. — *Chicago Tribune*

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Verizon Communications Inc. agreed to acquire a 24.5 percent stake in online-video maker AwesomenessTV from DreamWorks Animation SKG Inc., furthering its foray into entertainment programming. The deal values AwesomenessTV at \$650 million, according to a statement Wednesday. DreamWorks will remain the majority owner of AwesomenessTV, with a 51 percent stake. Hearst Corp. owns the remainder of the video producer.

Verizon is expanding its entertainment offerings to lure more subscribers and to draw advertisers through its AOL unit. Last year the mobile-phone company introduced go90, a free mobile video service with content aimed at teens and millennials. Verizon already has programming deals with AwesomenessTV and DreamWorks for scripted and unscripted shows and a joint venture with Hearst to create two video channels for mobile viewing. The growth in online video consumption has been good for DreamWorks' investment in AwesomenessTV in 2013, when it **agreed** to pay \$33 million in cash and as much as \$117 million more if earnings targets were met. When Hearst **acquired** its stake

in the video producer in December 2014, the company was valued at \$325 million. –  
**Bloomberg**