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September 10, 2015

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For years, TV executives and industry analysts had scoffed at predictions of doom. But now, with declining ratings and ad revenues, they are in greater agreement that the Web is slowly but surely eating traditional TV.

In new research, long-time media analyst Michael Nathanson of Moffett Nathanson Research wrote to investment clients that the growth of online ads are definitely coming at the expense of traditional TV and other media. He forecasts ad spending on TV will decrease by about 3 percent each year through 2020. And after several conversations with ad executives, Nathanson said he now predicts that by 2017, online advertising led by Google and Facebook, will surpass spending on TV ads. There is an increasing belief among advertisers that selling their messages on TV is a blunt instrument compared to the precision of online targeted ads.

Over the next five years, online advertising will increase each year by around 12 percent, with most ads placed against online video and on social networks. He expects total U.S. digital advertising will rise to \$100.6 billion in 2020 from \$49.5 billion in 2014. "It is clear that TV is losing and will continue to lose share to digital media," he wrote in a research note Tuesday.

That assumption is based largely on declining viewership. In August, cable TV ratings were down 9 percent. Those ratings were particularly concerning amid increased "cord cutting" of cable TV service. In the second quarter, 566,000 cable and satellite subscribers canceled their service. Ratings for viewers age 18 to 49 are expected to drop by 5.5 to 6.5 percent each year for the next five years. The greatest declines in traditional TV viewers are among 18 to 24, a highly mobile phone-centric cohort. These young consumers likely have never subscribed to a cable TV package -- some call them "cord nevers" -- and have increased their viewing of digital media by 170 percent between 2009 and 2014 but decreased their viewing of traditional TV by 21 percent in those five years, Nathanson wrote.

Indeed, even older adults are sharply increasing their consumption of digital media even as they continue to watch traditional TV. Consumers 50 years and older are most avid viewers of traditional TV and they are simply adding more hours to their week with digital consumption too. "Not only is digital claiming the youngest cohorts, it is also claiming a disproportionate share of the most affluent and educated consumers as well which leaves non-digital media for the poorer and older segments of the population," Nathanson wrote.

But the death of traditional TV won't come quickly. In all, Nathanson expects online media to make up 56 percent of all media consumption by 2020, up from 44 percent in 2014. Traditional TV will make up 30 percent of all media consumption by 2020 compared to 37 percent today. And sports will be TV's best defense. CBS, ESPN, Fox and Time Warner have all signed long-term contracts with the NFL, NBA and NCAA. — *Washington Post*

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Media services provider Comcast Wholesale is using the IBC show in Amsterdam to announce the launch of a full range of video streaming services. Comcast Wholesale's Live Linear Streaming service is an end-to-end streaming solution for pay-TV operators, programmers and anybody else launching OTT services. Services include content ingest, encoding and packaging, playback, and delivery via the Comcast content delivery network (CDN) or the client's CDN. Also included is the mpx video management system from Comcast's advertising arm, thePlatform.

Comcast Wholesale said it can now facilitate everything from a single over-the-top simulcast stream to broad TV Everywhere backend services. "We've been in the business of linear broadcast for 20 years. Now, we're able to encode multiple streams and package them for any device," Barry Tishgart, VP of Comcast Wholesale, told *FierceCable*. "You combine that with our delivery capabilities, and a robust set of advanced features, not to mention a support mechanism for a 24-7 carrier-grade model." Tishgart said early clients for the service include programmers ranging from big cable networks to independent start-ups. "We've been doing this for ourselves for years for things like the TV Everywhere component of X1," he said. "We have the technology. It's really about doing it for third parties in a compelling way."

Live linear streaming will be managed out of several Comcast Wholesale facilities, including the Comcast "Dry Creek" Media Center in Centennial, Colo., just outside Denver. Comcast Wholesale enjoys a leadership position in linear production services, serving a robust client roster of programming clients. But it's getting into a streaming services business that has already become quite competitive. "To do this right, it takes a lot of technology, time and planning," Tishgart said. "We're doing that as Comcast, not some start-up or fly by night operation. That's important." – *Fierce Cable*



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