BCAP 60th Anniversary

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August 7, 2017

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A growing number of U.S. cable operators are forming alliances with Netflix Inc NFLX.O, a shift that is helping the streaming pioneer add customers as its largest single market matures.

No. 3 distributor Charter Communications Inc. is expected to make Netflix available through its set-top boxes, joining more than a dozen top U.S. pay television operators adopting a model first rolled out in Europe. Some U.S. providers could start selling the streaming service as part of their Internet and video packages.

Altice NV is trying that approach in France, and the company aims to extend the deal to the United States, two sources with knowledge of the matter said during the past three weeks. They requested anonymity because the discussions are private. "Our whole model is about cooperation with many of the (streaming) providers," Altice USA Chief Executive Dexter Goei told reporters in May.

Netflix also indicated it wants to take the arrangement elsewhere, though the timing of any new deals is uncertain. "We're now looking at proposals for including Netflix in some services and beginning to learn the bundling part of the business," Netflix CEO Reed Hastings said during a post-earnings webcast in July. "We're interested in expanding that."

Additional tie-ups could help Netflix hook new users in the United States, a market analysts have said is nearing saturation while growth in foreign markets is booming. The number of subscribers is the key metric for Netflix investors, and the breakneck growth has made the company a Wall Street darling. Netflix reported 51.92 million U.S. streaming customers as of June 30, and 52.03 million in international territories, handily beating analysts' forecasts. The addition of Netflix to set-top boxes helped the company top expectations for the U.S. market, Cowen & Co analyst John Blackledge said.

driving with no hands	The closer ties with pay TV providers represent an about-face from the early days of Netflix streaming, which started in 2007. Many in the pay TV industry viewed the digital upstart as a challenge to their longtime business of selling bundles of channels delivered via cable wires or satellites. But as Netflix soared in popularity, distributors began concluding it was more beneficial to welcome Netflix because their customers were using the service anyway. Cable executives see the partnerships as a way to help fight cord cutting, the dropping of pay TV service, and to promote higher-speed Internet service. In some cases, distributors receive a cut of subscription revenue when they sign up new Netflix users. The set-top integrations began in 2013 with Virgin Media in Britain. U.S. partnerships started in 2014 with a few smaller distributors including RCN Telecom Services. For RCN customers with TiVo boxes, Netflix is listed as a channel in the on-screen lineup, requiring just a press of a button to switch from a cable network. RCN viewers who have not subscribed to Netflix can do so on the spot, starting with a one-month free trial. More than 80 percent become paying Netflix customers, RCN Chief Operating Officer Chris Fenger said in an interview. "There is a very high conversion rate." By the end of 2016, 13 of the top 25 U.S. pay TV distributors had similar arrangements with Netflix, according to Blackledge. U.S. market leader Comcast Corp. in November embedded Netflix into its Xfinity X1 set-top box, which is used by 55 percent of its 21.5 million residential video customers. Thirty percent of X1 users have logged into Netflix, either with an existing account or by signing up for a new one, the company said in May. Charter also plans to integrate Netflix, CEO Tom Rutledge has said. A launch date has not been set. – ***Reuters*** ——————————————————————— The reports of TV's death are greatly exaggerated, and some people have blamed the ratings messenger – Nielsen. The data put out by the audience measurement company for what it calls "linear viewing" — which counts number of people who watch a program the day it airs — has been on a steady decline across broadcast and many cable networks in recent years. It has led to frequent headlines that the streaming services such as Netflix are eating traditional TV's lunch, especially among younger viewers. Network and advertising executives have groused that linear viewing numbers no longer reflect the true popularity of their programs, which are increasingly viewed on a delayed basis, through video on demand, streaming or DVR playback. That was a topic of conversation throughout the week at the Television Critics Assn. press tour in Beverly Hills. "I don't think the broadcasting narrative should be linear versus digital anymore, but rather linear plus digital," NBC Entertainment Chairman Bob Greenblatt said during a panel. "I would love to get to a point where the live, same-day rating was the proverbial dinosaur instead of the broadcast network." Executives from New York-based Nielsen, who appeared Friday at the press tour, acknowledged as much. They said they have answered the call by networks and ad agencies to provide "total audience data" that includes viewing on Internet-connected TV sets, digital devices and on screens seen outside the home. "Nielsen is really thought of as tracking linear television," said Brian Fuhrer, senior vice president of product leadership for Nielsen. "The fact of the matter is we spend a lot of time with our clients looking at everything beyond traditional TV." Fuhrer noted that 62% of U.S. households — around 73 million — now have Internet television devices, game consoles or multimedia devices such as Roku, which all can stream video content. In those households, 24% of the TV viewing time is done by 25- to 34-year-olds using over-the-top devices. But much of the content streaming viewers watch is created by the networks and their production studios. The Nielsen executives shared a sample of some of the proprietary ratings it provides to clients on delayed viewing. The data support the networks' contention that their content is being consumed by far more people than the initial ratings numbers indicate. CBS, the most-watched broadcast network, averages 7.91 million viewers in a week. The audience rises 53% to 12.1 million when viewing from DVR playback and video-on-demand platforms over 35 days are added in. The audience for CBS' top sitcom, "The Big Bang Theory," grew 66% to 23.2 million viewers when those other platforms are counted. The network's top new drama series of the past season, "Bull," saw a 57% boost to 17.9 million viewers. Getting paid for those viewers depends on how many people watch the commercials across the different platforms. Networks typically make deals with advertisers for viewing that occurs over three to seven days, but the audience continues to grow after that period. Kelly Abcarian, senior vice

president of product leadership for Nielsen, said networks are using its data measuring the viewing over 35 days to "to talk to the advertisers about the value of their audiences that are not necessarily just there in the three-to-seven-day window."

Video on demand is providing a significant lift to shows as well. Fuhrer noted the audience for the TNT series "Good Behavior" grows by as much as 50% when VOD viewers over 90 days are added in. More networks are seeking Nielsen's data that measure out-of-home viewing in places such as restaurants and bars, where people often gather to watch live sports and news events but are not counted in ratings information released to the press.

Nielsen reported that broadcast and cable coverage of the June 6 Senate testimony by former FBI director James Comey was watched by 19.5 million viewers. But CNN's audience of 1 million 25- to 54-year-olds for the event, which aired during a workday, grew by 17% when Nielsen added out-of-home viewing data.

Cable sports networks such as ESPN also get a lift when out-of-home viewing is added in. In the first quarter of 2017, out of home viewing gave cable sports networks a lift of 8% among men 18- to 49-year-old men. Despite progress, Nielsen has a way to go to measure how many people see a commercial on a program that runs across different digital platforms. "We are working with the industry on how they might like to forward that," Fuhrer said. – ***Los Angeles Times***

Pennsylvania has the dubious distinction of having one of the smallest amounts of money stashed away for a rainy day than most other states in the nation, according to a new study released on Friday by the Pew Charitable Trust. In fact, it says the commonwealth's reserves are so low they could only fund state government operations for a tenth of a day.

Gov. Tom Wolf said on Thursday during a radio interview **the state's Rainy Day Fund balance stands at $245,000** but said **a revenue package the Senate passed last week** to fully fund the state's $32 billion enacted spending plan for 2017-18 would start to build that back up. For comparison, the balance in the Rainy Day Fund was $755 million just eight years ago, according to Governing magazine.

The fate of that Senate-passed revenue package now rests with the House of Representatives. As of Friday morning, the House had not set a date for when it will return to consider the Senate-passed revenue plan. Meanwhile, on Thursday, state **Treasurer Joe Torsella authorized a short-term $750 million line of credit** to keep the state's general fund from dipping into negative territory. Torsella said it is the earliest in 25 years the state has had to borrow money to deal with a cash-flow problem and also unprecedented for the state to be doing it with an out-of-balance general fund budget.

While Pennsylvania's savings account balance looks rather dismal, New Jersey and Nevada appear to be worse off. Their piggy banks are empty. The Pew study said five other states have a little more than Pennsylvania but not enough to get through a full week if they were forced to live on their reserves. Connecticut has enough to cover 4.8 days; Hawaii, 5.4 days; Illinois, 3.7 days; Virginia, 4.5 days; and Wisconsin, 6.5 days. Alaska has the most with enough to cover 477.8 days worth of spending, it states.

In total, the report, which is based off data collected by the National Association of State Budget Officers and surveys Pew conducted last spring, says states had $80.8 billion in reserves at the end of the 2015-16 fiscal year.=. – ***pennlive.com***

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