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What the Industry Reads First

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Fox Fracas: Will O'Reilly Fans Turn to Tucker Carlson?

Fox News didn't miss a beat after longtime boss *Roger Ailes* resigned last summer following a sexual harassment scandal. Now everyone is waiting anxiously to see if the network can continue to dominate in the ratings after losing its star. **21st Century Fox** kept its comments about longtime host *Bill O'Reilly* brief: "After a thorough and careful review of the allegations, the company and Bill O'Reilly have agreed that Bill O'Reilly will not be returning to the Fox News Channel." O'Reilly has been on vacation from his show since last Wednesday. *The NY Times* reported on April 1 that about \$13mln has been paid out over the years to address complaints from women about the host's behavior. O'Reilly has said the claims have no merit. Following Wednesday's news, he issued a statement saying it is "tremendously disheartening" that he's parting ways with Fox News due to "completely unfounded claims." He ended saying he wishes only the best for the channel, which he's been a part of for more than 20 years. His show, "The O'Reilly Factor," consistently rates among the top programs in ad-supported cable, even as advertisers have pulled out. When it comes to cable TV, only **NBA** play-off games on **TNT** rated higher than the two eps he hosted last week (guests hosts have anchored the program since Wednesday). Eight episodes of O'Reilly Factor ranked among the top 100 programs in 1Q17, with most averaging around 5mln viewers. By contrast, "Tucker Carlson Tonight," which will replace O'Reilly in the 8pm timeslot starting Monday, had two eps in the top 100 (both were tied to Trump's inauguration). In March, Carlson had five shows in the top 100 cable programs compared to 15 for "O'Reilly Factor." While Carlson's numbers haven't hit O'Reilly status, he's been off to a strong start since his DC-based show debuted in November and has had some eps outperform O'Reilly's show. The premiere ep of Tucker Carlson Tonight delivered 3.72mln total viewers and 750K in the 25-54 demo, topping **CNN's** "Erin Burnett Outfront" (996K) and **MSNBC's** "Hardball with Chris Matthews" (1.17mln) and ranking as the net's most-watched 7pm ET telecast of the year in total viewership (the show was later moved to the 9pm slot). "The Factor" minus O'Reilly will continue for this week with guest hosts. The shakeup sees "The Five," with *Kimberly Guilfoyle, Dana Perino, Bob Beckel, Greg Gutfeld, Jesse Watters* and *Juan Williams*, moving into the 9pm slot, while "Hannity" stays at 10pm. While Fox News has been strongest performing cable net, all of the news nets have seen a boost. Overall national news viewing rose by +16% on a live+same-day total viewer basis for the 16th week of 2017, led by cable news networks, **Pivotal Research** noted.



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Fox News was #1 in prime with 2.38mln total viewers, while MSNBC was in 2nd place with 1.52mln. Pivotal's thorough analysis of the category found that 855mln people are viewing news through week 16 of the year, compared to 737mln in the year-ago period—with the 3 biggest cable news nets seeing a 31% year-to-date and 43% bump for the 16th week alone. The firm's research gives more reason to keep an eye on MSNBC. Fox News lost share YTD from 51.8% to 51.1% as did CNN (-28.3% to 24.8%), but MSNBC has gained share YTD, rising from 19.9% to 24.1% through week 16. Of course, there are some smaller news networks that are also hoping to benefit from the rise in news watching. **One America News Network** reaches approximately 35mln homes following a recent distribution deal with **DirectTV**.

LG Signs-Up for SlingTV: SlingTV is the first live and on-demand OTT service available on LG Smart TVs. The service will allow LG Smart TV users to add SlingTV to their LG Smart TV, to sign up for SlingTV via app and to customize their at-home viewing experience. SlingTV currently supports most 2016 webOS 3.0 Smart TV models and will be available on LG's 2017 webOS 3.5 enabled-models in coming months.

Carriage: Layer3 TV will now carry **MASN** and **MASN2** in HD. Both networks are included in the allHD Platinum package and are available to Layer3 TV subscribers in the DC metro area.

Beta Data: More than half of **History** viewers consider the net one of their "favorite channels," according to **Beta Research's** 2017 Brand Identity Study. History's 51% topped the list, followed by **Investigation Discovery** (50%), **American Heroes Channel** (49%) and **HGTV** (49%). Meanwhile, 34% of **Nickelodeon** viewers said they are more likely to buy products advertised on the net. **Food Network** (33%) and **Fox News** (32%) were next among basic networks. **Disney Channel** topped all nets with 35% of its viewers saying the net has programming it likes to watch on a smartphone, tablet or PC. Next in line were **ESPN2** (34%), **Nick at Nite** (33%) and Nickelodeon (33%). Data shows that 62% of **Weather Channel** viewers describe the network as "valuable." History (55%) scored next highest, followed by **Animal Planet** (54%) and **Nat Geo Wild** (53%).

By The Foot: Soccer-focused virtual MVPD **FuboTV** is adding **Chelsea TV**, the English soccer club's 24-hour channel, as an add-on package for \$5.99/month. The move makes FuboTV the only third-party platform in the US to make the net available. FuboTV carries channels that have programming rights to many of the top global soccer leagues, as well as official content channels from several popular clubs. Its 50-channel "Fubo Premier" bundle is being offered for \$34.99.

Second Screen Sports: SportsCastr.Live, a second-screen app that allows fans to broadcast their own commentary on live sporting events, launched today with a lineup of investors that includes ex-NBA commissioner **David Stern** and Syracuse basketball coach **Jim Boeheim**. The app differentiates itself from platforms like **Facebook Live** and **Periscope** by offering live scoreboards, motion graphics and augmented reality within streams.

Near Future: Next week **NCTA** hosts its invite-only The Near Future event. There are only spots for about 300 attendees, with the trade group targeting influencers, analysts, policy makers and media. But don't worry. **Cablefax** will give you the inside scoop on Thursday's gathering. The event includes **GoogleVR's Paul Debevec**, **20th Century Fox's Ted Schilowitz**, **Zoom CEO Eric Yuan** and even **IBM's Watson**. NCTA has said it is meant to spark discussion about what technology will soon bring. Outside-the-box discussions feature an emergency surgeon, a media strategist and an autonomous vehicle builder looking at what they have in common and how tech will change how we live.

Upfront News: Free OTT service **Crackle** at its upfront today greenlit "The Oath," a 10-ep original scripted drama produced by rapper **50 Cent** that tells the story of a gang sworn to protect one another that ultimately is picked off by the FBI. 50 Cent will also develop an hour-long original for the net called "RPM," which follows a getaway driver for a Boston crime syndicate. Crackle also renewed "Snatch" and "StartUp" for second seasons and picked up a third season of "SuperMansion." -- Freeform's upfront presentation in NY Wednesday included announcements about new series "Siren" (Summer 2018) starring **Alex Roe** ("The 5th Wave") and **Eline Powell** ("Game of Thrones") and "Marvel's Cloak & Dagger" (early 2018). In development from the producers of "Hollywood Game Night" is "Hollywood Movie Night with Karlie Kloss" (wt), which has the supermodel and her friends providing running commentary on movies.

People: Discovery Communications promoted **Savalle Sims** to general counsel where she will lead Discovery's global legal teams. Most recently Sims served as deputy general counsel.

Think about that for a minute...

Really?

Commentary by Steve Effros

For many years I used to tweak my lobbyist friends about all the money they were spending on “focus groups.” An entire industry has flourished around the notion that consumer or political research fueled by staged discussions with “average” customers or voters is best done by expensive professionals.



I always laughed at that, noting all I had to do was board an airplane and say loudly enough that I represented the cable television industry. I would instantly start to get feedback and suggestions for free! Some of those suggestions, I might note, were not physically possible, but nonetheless, I certainly got to know what folks thought!

It's with that in mind that I've been totally bemused by the spate of articles and research results announced recently suggesting that people would rather pay less, or nothing at all for their video entertainment! Really? I would have never guessed! But yes, someone has paid good money to some research company to come up with the startling conclusion that cable customers were overwhelmingly in favor of paying less for television delivery. Naturally, when they dug down into the research, they found that different folks wanted to view different things, and there was no suggestion of how that would economically work, but the headline was predictable; consumers want to pay less for television.

A recent front cover of Bloomberg Businessweek magazine had a picture of a placard someone was holding up at a stadium: Even Sports fans Prefer Not paying for cable, it said. The E, S, P and N were in bold red. The article was about the current and potential future problems faced by ESPN because of the very expensive deals it has cut for live sports product and the very high prices they are charging in an effort to recover those expenses. The suggestion

was that maybe we have reached a point of diminishing returns on expensive product because viewers have reached a limit on what they are willing to spend.

It is, of course, true that the alleged stickiest of glues for the “bundle,” live sports, has seen an almost absurd escalation of costs. As the article points out, the budget for an entire season of “Game of Thrones” (around \$100 million) is less than what ESPN pays for one Monday Night Football game. Now that's some serious money! But it's also true that many of the current live sports contracts extend out for many years to come. So clearly we are seeing two trends, cost of product and willingness of consumers to pay, going in opposite directions. We didn't really need expensive focus groups to tell us that.

ESPN executives say they are sticking with the bundle for now because it's the only proved marketing mechanism that generates the needed income. Streaming a stand-alone service may come someday, but not now. That's easy for them to say, but it doesn't solve the cable operator's problem of increasing competition, many alternative ways for consumers to view video, and an explosion of creative new product flowing into the marketplace being financed by the likes of Amazon and Netflix using entirely different business models which allow them to spend all that money.

The bottom line, however, is the same with regard to our customers. The message is clear. We have to give more options for how they manage their own package of programming. They may be surprised when they find out they're still spending as much, if not more, than now, but our customers will be happier.

Really.

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

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