

# Cablefax Daily™

Thursday — September 26, 2019

What the Industry Reads First

Volume 30 / No. 185

## Blackout Fallout: Indie Nets Suffering From Higher Retrans Rates

The biggest challenge for an independent programmer isn't getting its foot in the door of a major operator. It's convincing that operator that there should be room in the programming budget devoted to independent, diverse voices. Instead, more and more of those dollars and cents are being spent on retransmission consent deals that keep content from broadcasters and major programmers on the channel lineups of **Comcast**, **Charter** and others. "For what I pay for **ABC** in a market like Chicago, I could carry 30 **Revolts**," **WOW!** svp, video programming *Roger Seiken* said at a panel Wednesday held by the **Multicultural Media Caucus**. "Think about the diversity and opportunity to bring on great programming that we just can't do because of the way these fees are going." Independent programmers believe their content is just as valuable as any other major net. They just want the space to show it off. "We're not afraid of competing," **Kids Central** co-owner *Augusto Valdez* said. "Just give us the opportunity to compete." Kids Central got a carriage boost when Comcast launched the Hispanic American-owned network in January 2017 as part of its commitments made with the **NBCU** acquisition. Comcast committed to launching 10 new independently owned and operated networks by 2019, including eight that are minority-owned or -operated. The panelists spoke highly of the Modern Television Act of 2019, a bipartisan bill from Reps *Anna Eshoo* (D-CA) and *Steve Scalise* (R-LA) that would repeal aspects of the 1992 Cable Act, including retransmission consent and compulsory copyright license, to increase competition and put an end to the growing number of blackouts. "It's the recognition by this Congress that the current system is broken and we need to reform it... by putting a good faith requirement in, the possibility for an arbitration proceeding... provisions so that broadcasters can't go nuclear and just take out a channel on New Year's Eve before the biggest ball game of the year," Seiken said. **DISH** svp, public policy and government *Jeffrey Blum* also spoke of the need for the reauthorization of STELAR, which is set to sunset at the end of the year. "We shouldn't have 259 blackouts this year. We shouldn't have consumers paying \$11bn in retrans when broadcasters got their spectrum for free," Blum said. "Blackouts hurt us. They don't really hurt the broadcasters." Independent programmers are getting by, embracing other avenues to reach their audiences. "The things that continue to allow us to grow are new platforms," **Revolt** svp/head of content distribution *James Brown* said, adding that **Sling TV** has been a great alternative. "You see us taking advantage of digital platforms and social platforms because we were born in this era,

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Cablefax Daily (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Senior Editor: Sara Winegardner, 301.354.1701, swinegardner@accessintel.com ● Associate Editor: Mollie Cahillane, 212.621.4951, mcahillane@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Director of Marketing: Kate Schaeffer, kschaeffer@accessintel.com ● Prod. Mgr: Joann Fato, jfato@accessintel.com ● Kerry Smith, Divisional President, Marketing & Media Group, ksmith@accessintel.com ● Group Subs or Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,749.00/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

but at the same time, there are folks that we're not getting to." Revolt is another network that Comcast agreed to launch to meet its commitment to launch independent networks. "Revolt got started literally because of Comcast and NBC," he said, adding that others came on board because they believed in it. "What was then **Time Warner** signed up and they didn't need it for an MOU. They just saw a great business reason to have this." Ultimately, Seikin said independent programmers are doing everything right in their attempts to impress cable distributors. So when the money's not there, he encourages the independents to join the conversation on Capitol Hill. "Tell your members of Congress. Talk to the **FCC** commissioners. Tell them that the system is not working and needs to be updated, to fix the outdated regulations so that we can then champion a lot of great content," he said. The Congressional Caucus was founded in 2016 to examine issues related to the state of diversity and inclusion in the media, telecom, and tech industries. It's chaired by Reps *Yvette Clarke* (D-NY), *Tony Cardenas* (D-CA) and *Judy Chu* (D-CA).

**Discovery Launching Food Network Kitchen:** A few weeks ago, **Discovery** CFO *Gunnar Wiedenfels* hinted that something big was coming in the food space, and now we have answers. The company announced a new monthly streaming service called **Food Network Kitchen**, launching in late October. The \$6.99 per month service is in partnership with **Amazon**, with the streamer to be integrated into Alexa, Echo Show, Fire tablets and Fire TV products. The DTC product will enable subs to take live cooking classes through an app with stars such as *Bobby Flay*, *Rachael Ray* and *Martha Stewart*. Food Network Kitchen will have 25 live classes weekly and five live daily on weekends, in addition to over 800 on-demand lessons updated daily. The service will offer consumers home delivery of ingredients shown in classes and from recipes through Amazon Fresh, and Discovery says additional delivery partners will soon be announced. In 2020, a one-touch transaction feature will launch allowing subs to buy the equipment used by the chefs. Also in 2020, 24/7 live culinary support will be available, with "friendly expert cooks" providing advice and answering questions. The service will be available on iOS and Android devices (as well as Amazon), and include 3K instructional videos. Additionally, a selection of Food Network's cooking shows will be available commercial free, including "30 Minute Meals," "Barefoot Contessa," "Brunch @ Bobby's" and more.

**Disney and Target Partner in Media Advertising Offer:** Target's in-house media company **Roundel** is partnering with **Disney Advertising Sales** to share data with Disney's TV advertisers about Target shoppers' behavior. "Roundel is based on this idea of being able to build audiences off of real people, first-party data, and that we can tie it back to that we sold something. The fact that we can do that really allows the marketplace to start to think about some of the most traditional media in a completely fresh way," said *Kristi Argyilan*, pres of Roundel during a panel at Advertising Week in NYC Wednesday. "You don't have to kill linear TV, you can actually help nurture it and get it to a place where it can grow again." The companies say they have a 70% overlap in customers, and on Oct 4 a retail collaboration launches with 25 Disney stores in select Target stores. An additional 40 stores will open by Oct 2020. "We knew there was an opportunity here as part of this expanded partnership to really look at ways that we can pilot new trials, new ways of measuring, new opportunities we can bring to clients," said *Rita Ferro*, pres of Disney Advertising Sales. "Clients that are really looking to measure the effectiveness of their media buys in ways that go beyond the CPM and media schedule."

**CTV to the Youth Vote Rescue?:** There will be 52mln voters age 18-29 by the November 2020 election, with connected



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TV the medium of choice of these so-called “GenZennials,” according to research from **Telaria** and **SlingTV**. During event at Washington’s Watergate Hotel Tuesday evening, video ad tech firm Telaria pitched political media buyers on the importance of CTV. “Important to you all, over one-third of them weren’t eligible to vote in the last election,” said CMO *Jennifer Catto*. “They will be 20% of the voting population... I know what you’re thinking: Young voters didn’t turn out in 2016, I’m not spending any money on them. But I’d encourage you to think again. According to our study, this generation is ‘woke.’” Telaria and Sling’s research found 92% plan to vote in the presidential election and 88% plan to vote in the primary, and significantly, 52% are undecided on a political party. Connected TV—which Telaria defines as a large screen connected to streaming content via a gaming console, smart TV or device such as **Roku**—is where this micro-demographic is spending most of its time. Most can be found (93%) on AVOD compared to 5% for SVOD and 3% for linear TV, the study found, noting that the group spends more hours per week on streaming TV vs social media (15 vs 13). *Dave Antonelli*, SlingTV’s dir of ad strategy & sales, noted that CTV doesn’t just apply to VOD, saying campaigns should think about content format. “These GenZennials are really into watching that live content, when it comes to debates, when it comes to news. That’s really irreplaceable,” he said. “They are going to supplement that with offline action... but that live experience is something that is still OTT, but it’s a different type of OTT.” The demo rated cable news nets and digital-only sources such as **Cheddar** and **Vox** as equally important sources for news about politics.

**ACA Connects Sees Flaws in FCC Rural Broadband Plan:** If the **FCC** wants to maximize participation in its \$20.4bn Rural Digital Opportunity Fund, then it should modify its weighting methodology to encourage providers to bid to offer higher performance services. That’s according to comments filed by **ACA Connects**. The group also thinks the agency can increase participation by using individual census blocks as the minimum geographic area in the reverse auction. The RDOF essentially replaces the existing Connect America Phase II cost-model program, which provided about \$1.6bn in support. CAF-II has had its problems, including low participation and providing support for low-speed broadband offerings. ACA Connects’ list of recommendations include establishing safeguards to prevent overbuilding and increasing service provider performance requirements over time to ensure rural customers receive service comparable to those in urban areas.

**News & Doc Emmys:** HBO’s Emmy domination continues, with the premium cabler scoring the most News & Documentary Emmy Awards this week. Its now-canceled “Vice News Tonight” scored 5 of HBO’s 10 Emmys, with it tying **CBS’** “60 Minutes” for the most wins for an individual program. **PBS** took home 9 awards, followed by **CBS** (6) and **CNN** (3). **Nat Geo**, **Telemundo**, **The NY Times** and **Univision** all scored 2 wins.

**Doing Good:** **SCTE-ISBE** and the **SCTE Foundation** announced the launch of a \$200K, five-year campaign to provide Wilt J. Hildenbrand Jr. Scholarships. The technology pioneer passed away last year after a career that include four decades at **Cablevision**, where he helped rollout 100Mbps broadband and downloadable security for DVRs. **The YAS Foundation** has made an initial donation of \$40K, with the campaign to raise \$40K per year through 2023. The scholarships will be administered by the Foundation. Additionally, SCTE-ISBE’s annual award recognizing a rising star under the age of 40 will be renamed the Wilt J. Hildenbrand Jr. Rising Leader Award.

**Editor’s Note:** Headed to New Orleans for **SCTE-ISBE’s Cable-Tec Expo**? We’ve got you covered. Check out our [preshow issue](#) for the lowdown on the largest cable telecom event in North America. We’ll continue you to keep you informed next week as Expo’s Official Show Daily.

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## Think about that for a minute...

### GIFCT

Commentary by Steve Effros

GIFCT. Doesn't really roll off the tongue, does it? What? You haven't heard of it before? Well, you will, or maybe they will create a better, snappier name for it.

But let's go back a moment. What's GIFCT? It's the unfortunately awkward acronym for the "Global Internet Forum to Counter Terrorism." That group was founded in 2017 by Facebook, Microsoft, Twitter and YouTube in an effort to deal with the reality that the internet's dark corners were starting to infect the entire ecosystem. When the horrendous Christchurch terrorist attack on a mosque shocked the world, again, in March of 2019, there was an increased insistence that "something had to be done" about the impact of extremist use of the internet.

New Zealand's prime minister, Jacinda Ardern, was heroically explicit in where she thought some of the responsibility was, resulting in "The Christchurch Call To Action." While GIFCT was initially seen by some as simply a PR exercise trying to deal with criticism over the role of major platforms, the principals apparently now realize that they are part of the problem if not actively working as part of the solution. They have significantly expanded GIFCT, announcing major new initiatives and structure this week during meetings at the United Nations.

Rather than being solely an industry-managed consortium, the Forum is now being split off and established as an independent entity with its own executive director. Amazon, LinkedIn and WhatsApp among others have joined, and independent consumer groups, government representatives and experts of all kinds are being recruited to help both in the work of, and governance guidance of the organization. The mission statement has been clarified as an effort to "Prevent terrorists and violent extremists from exploiting digital platforms." Bravo.

Will it work? Can it? Tough questions. A press release on the new structure talks a great deal about what they want to accomplish. In short, and I'm quoting here:



1. Empower a broad range of technology companies, independently and collectively, with processes and tools to prevent and respond to abuse of their platforms by terrorists and violent extremists.
2. Enable multi-stakeholder engagement around terrorist and violent extremist misuse of the internet and encourage stakeholders to meet key commitments consistent with the GIFCT mission.
3. Promote civil dialogue online and empower efforts to direct positive alternatives to the messages of terrorists and violent extremists.
4. Advance broad understanding of terrorist and violent extremist operations and their evolution, including the intersection of online and offline activities.

Governance, they report, will be accomplished by an "industry-led operating board, which will work closely with a multistakeholder independent advisory committee, and a broad multi-stakeholder forum." Uh, oh. Sounds a lot like a bureaucratic trade association. I know a lot about those. It's tough to get anything done in them at the speed necessary to respond to something as fast-moving as the challenges we are facing with the internet, but it sure is worth a try!

Coordinating "bad actor" lists, hashtag and questionable URL addresses and the like, and making them available to all platforms so they, in turn, can quickly respond is a good first step, and it's one they are already doing. However the pressure will inevitably build to also become a far-reaching clearinghouse for editorial second-guessing. That's where it becomes really troublesome, along with the necessity of staying away from any political influence. It's going to be quite a challenge. But as I said, it's necessary. Maybe start by creating a better acronym. Public buy-in of this work will be critical.

*Steve*

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