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WHAT THE INDUSTRY READS FIRST

Election Day: Prognosticating, Polling and Preparing for Possible Change of Power

In case you somehow missed the political ads, robocalls and door hangers, Election Day is finally here. There's a lot riding on the midterms, but given the tight races these days, it may take some time before it's clear how everything shakes out.

If the GOP takes the House, Rep *Cathy McMorris Rogers* (R-OR) is rearing to go as **House Commerce** head. She's already fired off a letter [warning](#) the **FCC** against possible overreach. If Republicans take control of the Senate, *Ted Cruz* (R-TX) is expected to take over as Chair of *Senate Commerce*, with current Ranking Member *Roger Wicker* (R-MS) expected to move over to the Armed Services Committee. Even if the chamber doesn't flip, look for Cruz—who has social media platforms and Big Tech in his sights—to step into the Ranking Member role. It's notable that the likely new **House Judiciary** Chair *Jim Jordan* (R-OH) isn't [lock-step on antitrust legislation](#) aimed at Big Tech.

Of course, Election Night is the equivalent of the Super Bowl for the cable newsmen, and they are pulling out all the stops—Steve *Kornacki* at the Big Board for **MSNBC**, *John King* providing up-to-minute analysis at the **CNN** Magic Wall and *Bill Hemmer* sifting through results at **Fox News'** electronic "Billboard." (Our Fax Forecaster is under development for 2024)

With it shaping up to be a long night, we checked in with Hemmer on some early indicators to watch for. "There are obvious races in Virginia. Everyone has an eye on those—02 and 07 and 10. Good data points from all three. Some others to

watch for early indicators: Indiana 01, a good race, closes at 7pm ET. Democrats are supposed to win in this Gary, Indiana District, but the margin could tell us a lot. And an upset would be a political tremor," he told **CFX**. "I would also watch Florida for just about everything—House, Governor and Senate. Florida counts fast, so does Virginia. If you're looking for clues, you can find them in all of those states."

For something different, head to **C-SPAN**, which will take viewer calls throughout the night, asking the question: "Who did you vote for and why?" with *Greta Brawner* and *Peter Slen* hosting. Pollsters also ask voters whom they're supporting, but after 2016 and 2020's polling errors, there are plenty of questions on how much stock to put in the polls. "My sense is that polls are good as a guide, but never a rule," said Fox News' Hemmer. "We'll keep track of who is suggesting what prior to the vote, then compare the ultimate outcome. There will be a postmortem and we'll have a window into who has the best methodology. All should have a scorecard. Just one thing for viewers and readers: pay attention to the margin of error. For many pollsters, that's the escape hatch if they really blow it."

While headlines often focus on what may happen at the federal level—and there are still questions of whether *Gigi Sohn* could be pushed through as the fifth FCC commissioner during the lame duck session—**New Street Research** reminds us that the big stories for 2023 could come at the state level. Take Section 230. While it was all the rage at the start of this Congress, nothing's happened. However, states such as

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Florida and Texas have passed social media content moderation laws. "There could be state actions related to issues such as net neutrality, privacy, antitrust, content moderation and child safety, among others, that cause industry to go to Congress and plead for national solutions in ways that will change the prospects for such legislation," New Street said in a research note.

The other Election Day thread journalists will be following are any attempts to intimidate voters as well as the impact of mail-in ballots. The Philadelphia Inquirer spotted a well-known name among a list of voters whose mail ballots have fatal flaws that will prevent them from being counted. "Brian L. Roberts, the CEO of Comcast, submitted a 'naked ballot'—one that is missing its inner secrecy envelope and thus has to be rejected," the paper reported, adding that a Comcast spokesperson said Roberts rectified it by voting in-person at City Hall. Just goes to show, it can happen to anybody.

MEDIA WEIGHS DOWN DISNEY STREAMING WINS

Disney keeps welcoming more subscribers into its streaming castle, but declines across its media divisions are pulling the stock down. The mouse house added 14.6 million to its total in 4Q22. Approximately 12.1 million of those signed up for Disney+, and the company still believes the service will achieve profitability during FY 2024 so long as there is no meaningful shift in the economic climate. Of that 12.1 million, nearly 3 million were new subscriptions to Disney+ Hotstar. Another 1.5 million went to Hulu while ESPN+ added the remaining 1 million. The division added nearly 57 million subs this year, bringing its total to 235 million customers. DTC revenues rose 8% YOY to \$4.9

billion with operating loss more than doubling to \$1.5 billion. Higher content production costs, marketing and technology needs across Disney+, ESPN+ and Hulu and a lack of Disney+ "Premier Access" releases all played a role in the loss. On the company's earnings call, CEO Bob Chapek said this quarter represents a turning point when it comes to operating losses and he expects those to shrink moving forward thanks to content optimization, a rationalization of marketing spend, Disney+ price increases and the introduction of an ad-supported tier at the streamer. We're exactly one month away from the Dec. 8 launch of that tier. Disney+ has secured more than 100 advertisers for the domestic launch window and is trying to build that number with its existing relationships with 8,000 others. Domestic channels revenues dropped 2% YOY to \$5.3 billion on the back of lower programming and production costs, partially offset by a decrease in ad revenue. Those lower costs are mostly tied to NBA and MLB rights costs. Affiliate revenue was comparable with 4Q21 with a decline in subscribers essentially being offset by higher contractual rates. ESPN ad revenue was down 23% YOY, but after adjusting for the timing impact of the NBA Finals, it was only down by roughly 2%. Looking forward, Disney is expecting to see more linear subscriber declines impacting its balance sheet in line with industry trends.

NEXSTAR BENEFITS FROM MIDTERM FERVOR

Nexstar loves the vote and is gearing up for a record year in political advertising. Record 3Q22 net revenue was \$1.27 billion rose 9.7% YOY thanks to strong political ad revenue as well as increases across distribution and digital. Chairman/CEO Perry Sook revealed during the company's earnings call Tuesday that Nexstar has already booked \$260 million in total net political ad

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revenue for 4Q, making 2022 a record midterm election year for the division. That was offset by a 7.6% decline in core television ad revenues YOY to \$399.7 million, largely attributable to the absence of the Olympics, a weaker national ad market and political inventory displacement. Particular categories of weakness included sports betting and gambling, insurance and healthcare. In distribution, Nexstar remains in active negotiations with the remainder of its distribution partners with slightly less than half of its total subscribers up for renewal before the end of the year. Sook heavily talked up the power of broadcast during the call, saying it only takes one look at “Thursday Night Football” ratings and surveys to see it. “We pulled the data from Nielsen for the first seven games and it shows that when **NFL** viewers have a choice of watching the game on Amazon Prime or watching on their local broadcast station, on average, 73% of the NFL viewers are choosing to watch Thursday’s games on their local broadcast station,” Sook said. The broadcaster is incredibly optimistic about the future of **The CW** and anticipates it will generate revenue of just under \$70 million in 4Q. A lot of that positive energy is derived from the recent executive appointments at the network, including **Pop TV** alum *Brad Schwartz*. “Brad Schwartz on a much smaller budget than we’ve given him at The CW was able to find and develop a show called ‘Schitt’s Creek,’ so we felt like ‘your job is easy, just go find a couple more of those’ and we’ll be in fine shape at The CW,” Sook said.

NBC AFFILIATE STATIONS ON PEA Cock

Peacock is getting a hefty enhancement on Nov. 30. Starting then, Peacock Premium Plus subscribers will have 24/7 access to their respective local **NBC** affiliate stations through the live stream channel. All 210 NBC affiliate markets will be available, bringing local news, sports and weather along with it. Some may see their local affiliate livestream appear as soon as today as part of the soft launch. Sounds like it could make retrans negotiations a bit more interesting...

NCTC FOUNDING PRESIDENT PASSES

NCTC founding president *Mike Pandzik* passed away Monday after battling cancer for several months. He led the co-op for 21 years, growing the organization from originally 12 operator members to more than 1,100 when he retired in 2005. News of his passing came as NCTC completed its board meeting Tuesday. “All of us at the NCTC fondly remember our founding CEO Mike Pandzik as a true Cable Pioneer. The NCTC of today would not exist without Mike’s vision and tireless passion. He created a family culture that lives on. We hold his family and friends close to our hearts today,” current NCTC CEO *Lou Borrelli* said. Pandzik joined the organization from **HBO**. In his **Cable Center Oral History**, Pandzik spoke about how difficult it was for NCTC to try and get HBO on board as its first major programming contract. The big breakthrough was a clause in the 1992 Cable Act that persuaded network groups to begin dealing with the co-op. Under Pandzik’s leadership, NCTC served as a key source of funding used to establish **ACA Connects** 30 years ago. “We are deeply saddened to learn of the passing of Mike Pandzik, who was not only a good friend

to ACA Connects members but someone we always counted on to provide wise counsel and guidance, especially during our crucial early years when the organization was mapping big plans,” ACA Connects President/CEO *Grant Spellmeyer* said. Pandzik also was heavily involved in the *Cable TV Pioneers*, serving as its Chairman from 2011-2013.

RATINGS

Make that two weeks in a row that **ESPN** held the top spot in prime P2+ ratings. The network averaged 3.15 million viewers in prime, helped by the Alabama-LSU football game that accumulated 7.6 million viewers and became the most-watched regular-season college football game since 2016. **Fox News** took second at 2.46 million, with **Hallmark Channel** and **MSNBC** behind at 1.18 million and 1.01 million, respectively. **TLC** finished the top five with 755,000. In total day, Fox News reigned supreme yet again with 1.63 million viewers. ESPN checked in at No. 2 with 966,000 and MSNBC at No. 3 with 676,000. Hallmark Channel followed with 665,000, and **CNN** came fifth at 431,000. – **Hallmark Channel**’s Countdown to Christmas event helped boost the network to be the most-watched entertainment cable network for the week in total day and weekend total day. The premieres of “A Magical Christmas Village” and “Lights, Camera, Christmas!” became the top two entertainment cable programs of the week among households, W18+ and total viewers. So far, Countdown to Christmas and **Hallmark Movies & Mysteries**’ Miracles of Christmas have reached 24.1 million unduplicated viewers this holiday season to-date. – The Houston Astros are this year’s World Series champion, but this year’s edition of the Fall Classic saw a decline in viewership YOY. This year, **FOX** averaged 11.78 million viewers, compared to last year’s mark of 11.94 million. It’s not all gloom as the network recorded a 9% increase in A18-34 and a 1% uptick in A18-49. Philadelphia was the top market as it averaged a 25.0 rating, followed by Houston at 24.0, Austin at 10.5 and San Antonio with 10.2.

ON THE CIRCUIT

[Registration](#) for the 2023 **NAB** Show—the 100th edition of the event—opened Tuesday. It will take place at the Las Vegas Convention Center from April 15-19. The deadline for submission of speaker and panel proposals is Nov. 18.

PROGRAMMING

More **discovery+** content is on its way to **HBO Max**. Seasons 5 and 6 of “Property Brothers: Forever Home” will begin streaming on HBO Max beginning Wednesday, along with the two Season 7 episodes that have already aired. Future episodes will be available on **HGTV**, discovery+ and HBO Max. Coming with Property Brothers: Forever Home is a collection of “Chopped” holiday programs that’ll also be available starting Wednesday. Lastly, Seasons 7 and 8 of “Holiday Baking Championship” will come to HBO Max on Monday. – **Apple TV+** renewed “Bad Sisters” for a second season. – **ESPN** will revisit the infamous 1982 California-Stanford football game in “The Band is on the Field.” The program will premiere Sunday at 1pm on the network, available to stream afterward on **ESPN+**.