KATZ TELEVISION GROUP | CONTENT MATTERS
IDEAS IMPACTING THE CONTENT COMMUNITY
2016 Q4 ISSUE #2

Culled from the headlines of the TV Industry's Trade Press, CONTENT MATTERS is a Bi-Monthly Newsletter curated and contextualized by **KATZ Content Strategy's Bill Carroll.**

5 INSIGHTS TO KNOW

1. More TV Content, Less Channel Surfing
Most TV viewers faced with a mountain of available content break down their viewing options into a discernable pattern in choosing what to watch in a certain order. Voice-enabled navigation could break through the programming pecking order.

2. New Comedies are a Mix of Yuk and Yuck
The expanded TV landscape, there's room for edgy, way-offbeat comedies and traditional sitcoms. Comedies have been evolving from the traditional multicam, laugh track framework to single cams and subtle jokes and humor mined from misery.

3. In the highlights of Adobe's Q2 2016 TV Everywhere report, 44% of time spent viewing is actually happening via connected TV devices in the home. That's up from 27% in Q2 '15.
New data suggests that most viewers look at it as a more convenient way to watch TV at home. What might this mean for broadcasters in our transition to mobile platforms?

4. Ooyala Study: Video Reaches Tipping Point, 51% Of Views Now On Mobile
According to a new report on second-quarter video usage, mobile devices now account for 51% of all online video views -- up 15% from 2015. Ooyala's study analyzed 3.5 billion daily video events.

5. Who's America's NFL Team? When it comes to gridiron greatness, NFL teams can notch up wins in ways different from on-field records.
In fact, according to a recent Nielsen study that ranked overall media exposure of all 32 NFL teams during the regular season, some fared better nationally, some had higher local indices and others scored big on the social scorecard.

The way in which TV viewers search for and consume content at home on their primary television sets is radically changing. Did you know there is a pecking order in how we watch TV? It turns out most people choose their programs the same way according to this item by Stephen Gutman, Universal Electronics which was excerpted and condensed from MULTI CHANNEL NEWS.

Most TV viewers faced with a mountain of available content break down their viewing options into a discernable pattern in choosing what to watch in a certain order. It was found that at first, viewers tune to highly anticipated "top tier" content. Those choices include coverage of live sports and breaking news and the debuting episode of a favorite series. It was found that if this "top tier" live content is not on, the second choice is specific pre-recorded (DVR or VOD) of their favorite programming.

The third choice happens if VOD or DVR content isn't appealing. Viewers go to streaming services like Hulu, Netflix or Amazon Video. And even look at DVR-recorded programs that have yet to become a favorite. Finally, if all else fails, viewers will select from the guide listing or by scrolling across live TV for what's on their favorite channels currently. But it was found that when they do that, it's for the most casual of engagement, using the TV as a background while doing other things.

Those were the findings from the Universal Electronic's independent research to better understand consumer behavior when it comes to watching TV. Despite the fact there's more content and channels than ever before, viewers are "channel surfing" less and less. This trend can be troubling for linear TV programmers and (broadcast networks and local broadcasters) as much of the valued or high-cost content may not on the radar for many of today's TV viewers.

What's holding viewers back from exploring all this diverse content could be the way we navigate? Many consumers will tell you there's an overwhelming number of buttons and function keys on remote control, which can be intimidating and confusing. Some users will go as far as to cover sections of their remote completely, with tape fearing that pressing the wrong button could leave them unable to watch any TV -- and require a call to tech support. It is not surprising then that when companies like Comcast and Dish have introduced voice navigation for their subscribers, and it's proving to be a hit! It is said that this technology can now deliver more than 90% search accuracy.

CONTENT IN CONTEXT

We agree that the fickle and sometimes overwhelmed couch potato is a creature of habit. With a set order for selecting what to watch on the big screen will always be a part of their routine. Just as streaming services are now a natural part of their viewing experience, voice navigation will be too, along with other innovations that should delight consumers. Ultimately this will result in a better user experience and hopefully a consistent viewing of local broadcast television.

Several comedies have stretched the concept of sitcom in any number of directions. New Comedies Are a Mix of Yuk and Yuck was the headline of this item excerpted and condensed from BROADCASTING & CABLE.

What constitutes comedy is more of a wholly subjective debate than ever before. Some infuse the conventional TV comedy with gloom, doom and a dash of dramatic flourish. So unconventional are the comedies at Amazon that the streaming service now categorizes its comedies as half-hours, moving away from labels that have defined television genres for eons. Amazon thinks of a comedy's season as a five-hour movie, divvied up into 30-minute blocks.

Comedies have, of course, been morphing for years—evolving from the traditional multicam, laugh track framework to single cams and subtle jokes and humor mined from misery. Comedies past and present such as FX's It's Always Sunny in Philadelphia and NBC's Community have taken delight in subverting the form. Angling for awards has also contributed to genre fluidity. Andy Samberg, host of the 2015 Emmys, poked some fun at this idea at the event. He quipped, "Orange Is the New Black is now technically a drama, while Louie is now technically jazz."

Indeed, Louie, the Louis C.K. series on FX that featured as much melancholy as humor, paved the way for the new batch of downbeat half-hours. C.K.'s fingerprints are all over the current movement. "It's technically a comedy," said director Hiro Murai. "But there are gray areas where you're not sure if you're supposed to laugh". John Landgraf, FX Networks CEO, singled these "rich and cinematic" shows out as the next iteration of comedic television. "It's narrative filmmaking," he said, "and it shows how emotional and deep and profound, as well as funny, comedy can be these days."

To be sure, the unconventional comedies by Amazon, FX and others are balanced out by traditional sitcoms on other networks. The featured CBS offerings not only stuck to the conventional formula, but trotted out trusted comedic hands from days of yore in Matt LeBlanc (Man With a Plan), Kevin James (Kevin Can Wait) and Joel McHale (The Great Indoors). Traditional sitcoms are immediately accessible to viewers, and play—and pay, as Chuck Lorre would attest—extraordinarily well in syndication. "Our brand is big multicams that feature very relatable families," said Glenn Geller, CBS entertainment president.

The expanding television landscape has paved the way for all types of comedies, say some TV insiders. The new half-hours are primarily comedies with a dramatic counterpoint. "They look at deep, weighty things, but they also want you to laugh, to see the absurdity of the characters and situations," and Landgraf told B&C. "It's a pretty close thing sometimes."

CONTENT IN CONTEXT

These unconventional comedies may be solid offerings for edgy cable and streaming services, but are a concern for their viability in the future syndication pipeline for broadcast stations. Thankfully for now, CBS has made scheduling traditional series a priority. Thus they are providing possible fresh options for local station schedules in the next few seasons.

N SCREEN MEDIA, in this summarized and excerpted item reported by Colin Dixon, indicates a surge in connected TV viewing, while browser-based time spent viewing share fell from 33% a year ago to 16% in Q2 '16. Android was up from 11% to 13%, whereas iOS was down from 29% to 27%. More broadly, using Adobe's data in the Q2 2016 TV Everywhere report, it says that TV Everywhere users in Q2 2016 crashed 64% from the previous quarter. Q2 is usually a down quarter for TV, but this decline was exceptional.

Why did this happen? There has been huge growth in the use of connected TVs for watching TV Everywhere content. 44% of viewing is now through the television. This is interesting because people are choosing to go to programmer apps to watch on TV rather than cable set-top boxes. Charts in the report showed a 52% decline for internet browser year-to-year activity while an increase in connected TV with growth of 63% in the same year-to-year comparisons. This indicated to me that people are thinking about OTT video as just television these days. Though it appears the apps are providing a more convenient interface for them to access the shows.

Adobe says that game consoles represent just 1% of TV Everywhere viewing. The company points to the massive audience for eSports through services like Twitch as evidence that people are ready to watch TVE content. I don't agree with this assessment. eSports audiences are not the same as television audiences. There are many millennials in this group, and they are moving away from television, not toward it. The point is made that streaming media players are specifically for video and game consoles are not. A lot of the activity on the consoles just isn't related to video at all.

In Q4 2015, Adobe reported that 17.4% of pay TV subscribers had authenticated to an app. Q1 saw an increase of +54% and Q2 a decrease of 64%. That means the number of people using TVE in Q2 was just 10%! Adobe says this is seasonally a weak quarter, but last year the drop was only 0.2-0.3%. Experts were similarly amazed that just 1 in 10 pay TV subs used TVE in Q2. It seems like one step forward two steps back. Adobe also reports that there was a year-over-year gain of 78% in Q2. Since the number of pay TV subs authenticating in Q2 2015 was 12.7%, which would make Q2 2016 authenticators 22%.

CONTENT IN CONTEXT

There is obviously a substantial amount of trend data reviewed by the Adobe report. What can be gleaned? TV Everywhere is actually happening via connected TV devices in the home. For broadcasters there is some good and bad news. First, the bad, viewers are in larger numbers are turning to other means than over-the-air or cable/satellite to view our programming. The good news may be, connected TV and the applification of our signals could be the answer to providing more convenient ways to watch our shows in the home.

Ooyala is a global leader in premium video publishing. In its Q2 2016 Global Video Index power-user engagement across advertising- (AVOD), and subscription- (SVOD) was profiled. In the Ooyala press release, that has been excerpted and condensed below, there are insights to understand how to turn average viewers into power users by making smarter content decisions and to reduce subscriber churn.

The report shows that mobile devices, for the first time, now account for more than half of all online viewing. This is a 15 percent increase from one year ago and a staggering 203 percent from 2014. Smartphones made up 43 percent of all video views, while tablets made up the other eight percent, an impressive 51 percent increase from the same time period.

The report profiles viewing patterns of the most engaged users across multiple business models as well as varying verticals. AVOD news sites power users visit 37% more during the work week than on weekends. They also prefer computers to consume content for longer periods, compared to the average user who uses a mobile phone. AVOD entertainment sites power users watch 17% more content on Thursdays and Fridays than Monday through Wednesday, and 37% more than on Saturday and Sunday. SVOD entertainment sites 76% of power users visit 2-3 days a week, with peak viewing occurring Friday and Saturday.

In partnership with subscription payment services company, Vindicia, the report includes insights into how SVOD content providers can reduce churn. Results from the survey include: 74% have at least one OTT SVOD service; 58% use their favorite SVOD service at least 11 hours per week; 39% of customers who churn said it was due to a 'lack of value'; 75% said they're willing to pay as much as $3.99 per month for extra perks; and 13% of subscribers who churned cited billing complications as their reason.

"The findings in the report further manifest the utmost importance of having a proper analytics solution that gives granular insight into your video business," said Ooyala Co-Founder and SVP of Products and Solutions, Belsasar Lepe. "Only with analytics and the insights that they provide are premium content providers able to truly dig in and understand the complexities and nuances of things such as the profile of their specific power users, just how much their audience engages on mobile devices or how to properly combat subscriber churn. It can't be overlooked, not anymore."

CONTENT IN CONTEXT

Though these results may be interesting, the question is how they impact local television. They are indicators of current trends that can be used as roadmaps as each broadcaster and their networks move more into both mobile and apps to reach new audiences. We note that when mobile usage has increased by over 200% in two years, it cannot be ignored as a trend. Mobile must be aggressively on our radar. Also, as SVOD becomes an integral part of the equation, we need to factor in the analytics on usage, we noted peak usage on Thursday-Sunday indicating differences form over-the-air viewing patterns.

Nielsen's Media Exposure Rankings details the Top Football Franchise for this report. Specifically, the analysis used a weighted system for national ratings and appearances, local ratings, social reach and online visits in order to rank each team's "exposure potential."

For the Dallas Cowboys, individual rankings didn't matter much, as the team finished no less than second in four out of five categories (with a field goal's worth of No. 1 rankings to boot). Even at the hands of a 4-12 season last year, "America's Team" still managed to garner the most media exposure among its franchise competitors.

"All professional sports franchises—not just NFL teams—have an increasing ability to leverage different forms of media in order to connect with, activate and grow their respective fan bases. Teams in smaller markets now have an opportunity to grow their brands nationally and, better still, globally," says Stephen Master, SVP and Global Head of Sports, Nielsen.

Following in close second were Aaron Rodgers and the storied Green Bay Packers, scoring a 182 on the Nielsen Sports Media Exposure Index—meaning the team's total media exposure was 82% higher than the NFL team average for the categories analyzed. The only community-owned team in the NFL showed just how important it is to the Green Bay area by ranking highest when it came to Local TV ratings.

Other teams heavily rooted in their communities held top spots in the local rankings as well. Despite double-digit finishes in the other categories, the Buffalo Bills and New Orleans Saints placed in the top five locally. Based on the average total impressions of Tweets surrounding each game telecast, the New England Patriots were the most dominant team in the NFL from a social standpoint.

The Giants and Jets had top 10 finishes in the social media category as well. Meanwhile, the Jets placed just ahead of their MetLife Stadium roommates at number eight. Winning records didn't necessarily correlate to higher indices. The Super Bowl champion Denver Broncos, bolstered by top 10 finishes in all categories, were able to crack the top five, while the Carolina Panthers finished eighth overall.

The Chicago Bears and Philadelphia Eagles still scored wins despite less-than-stellar records. The Bears finished sixth in national TV rankings and ninth in website Rankings (where popularity is based on average monthly unique audience). The Philadelphia Eagles even had top 10 finishes in four out of five categories, one of which was the number three spot for number of appearances in prominent televised games.

CONTENT IN CONTEXT

For those wondering about the top ten rankings, in review Dallas Cowboys lead overall with a 187 index. Next were Green Bay Packers (112), New England Patriots (179), Denver Broncos (160) and Philadelphia Eagles (149). The next five from the top were the Pittsburgh Steelers (144), Seattle Seahawks (138), Carolina Panthers (127), New York Giants (126) and Detroit Lions (112). Sorry if your favorite or home town team did not make this top ten list.