KATZ TELEVISION GROUP | CONTENT MATTERS
IDEAS IMPACTING THE CONTENT COMMUNITY
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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. Latest study: TV vs. Online: Where do audiences want to watch?

The report shines a bit more light on how various demographics are viewing video, and where that behavior is shifting. Millennials own the most "smart" TVs. Baby Boomers are bigger cord-cutters. In the meantime, Generation X is caught in the middle.

2. The CW is Forging its Own Digital Path, Without Hulu

Exclusive, in-season streaming rights are key. For the first time, The CW's website and apps will exclusively stream shows like Supergirl in-season.

3. What does Twitter's streaming experiment mean for the future of live television?

It's reported that millions of viewers watched some of the Thursday night NFL football game on Twitter and several million more used it to watch the first Presidential debate.

4. TV Might Be Everywhere -- But Viewers Aren't

As more and more formats become available over the next few years, even fewer people will get everything, or even most things. Today's media world is much more splintered.

5. Networks Rethink Midseason Hiatus Plans After Last Year's Ratings Collapse

Can shorter breaks and big cliff-hangers stave off audience erosion? Networks hope dramatic midseason finales will entice audiences to return.

Millennial-aged consumers may be getting more attention for their out-of-home mobile viewing habits, but the much-studied 18-34 age group apparently likes kicking back in front of the big screen as well. A new survey by Furious Corp., a business intelligence firm, found that millennials own the smartest TVs, with almost 21 percent having at least one set in their home.

This article is excerpted and condensed from the FIERCE ONLINE VIDEO and FURIOUS CORP sites. Further turning the image of millennials as highly mobile cord-never on its head, the survey found that more than 33 percent of millennials are "very happy" with their cable service and have no plans to cancel their subscription. Meantime, just over 37 percent of Baby Boomers do not have a pay-TV subscription, making them the least likely group in the study to subscribe to cable. In the meantime, Generation X is caught in the middle -- 11.7 percent have considered canceling their pay-TV subscription in the past six months, the report said. Their chief reason for not doing so: the lack of live sports events streaming online. Generation X prefers live TV 21.9 percent more than Millennials, but roughly 17.8 percent less than Boomers.

For its report, "TV vs. Online: Where do audiences want to watch?" conducted in May 2016, Furious surveyed 466 U.S. consumers over 18 years old and segmented them into Millennial, Gen X or Baby Boomer age groups. The report shines a bit more light on how various demographics are viewing the video, and where that behavior is shifting. It can also provide a little insight into factors like the slowing decline in pay-TV subscriptions: for example, in the first quarter of 2016, mid-sized cable operators in the U.S. dropped more than 30,000 customers, but Tier 1 pay-TV providers like Charter added a total of 89,000 subs.

Other findings from Furious Corp.'s survey weren't as surprising: for example, Netflix still reigns as the most popular SVOD platform, with 48.2 percent of those surveyed saying they used it the most to watch movies and TV shows. Amazon Prime was the least popular SVOD option, with just 4.3 percent saying they watch it the most. And YouTube was the most-streamed service on mobile devices, with 44.6 percent saying it's their "platform of choice."

Women watch long-form video on mobile devices 7.9 percent more than men. For those still considering canceling their cable subscription, the go-to streaming option -- at least for men -- is Hulu Plus; almost 17 percent of respondents said they would choose the service to replace cable programming.

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As the introduction to the report states, the statistics of cord cutting and online viewing send mixed messages about whether audiences are ready to give up cable and stream all their video content. Although many believe that traditional TV is dying, the numbers show that most viewers are finding more time in the day to consume video content, both on TV and online and they are not choosing one over the other.

As The CW debuted its season premieres, viewers used to streaming those shows on Hulu were in for a surprise according to this article excerpted and condensed from AD WEEK. The network's five-year deal with the streaming service has lapsed, which means that for the first time, The CW's website and apps will have exclusive in-season streaming rights to its shows like Supergirl, which has migrated over from CBS, Jane the Virgin and The Flash.

It's a brave new digital world for The CW, which created its CW Seed digital platform in 2013 in part so it would one day be prepared to go it alone without Hulu. The network rolled out its CW app on Roku, Apple TV, Xbox, Chromecast and Amazon Fire, and is ramping up marketing efforts to direct audiences to the new digital destinations. "When you know this is the only place you have to go, that makes a big difference, and it helps our business model," said network president Mark Pedowitz.

While ABC, Fox, and NBC, whose parent companies jointly own Hulu, were able to sell a big chunk of their ad inventory for the streaming service, The CW was not given the same access to Hulu ad revenue. "We had none of it, and I'm sure a lot of advertisers went there to get our shows," said Rob Tuck, evp, national sales for The CW. "The advertisers had been looking for more from us because our inventory was somewhat constrained, and we now have been able to release it. ...Our digital growth this year was really significant."

In addition to being the only network to offer unauthenticated access via its apps ("our median age on digital is 23, and our viewer does not want to authenticate," explained Tuck), Pedowitz and Tuck have reduced The CW's digital ad load this season, from 12 minutes per hour, which mirrored the linear load, to seven-to-nine minutes per hour. "We're trying to figure out what is the right load so that viewers feel that they've had a great viewing experience," said Pedowitz.

While The CW ended its partnership with one SVOD, it has enhanced its relationship with another. In July, the network signed a lucrative, multiyear deal with Netflix, giving that company exclusive streaming rights to full seasons of each CW series, beginning just eight days after its season finale. Under its previous CW deal, Netflix did not get streaming access until several months after a season had concluded. While Pedowitz is confident that viewers who watch his network's programming in-season won't be tempted to wait and binge the entire season on Netflix in May, others aren't so sure.

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We are cautiously optimistic about The CW's new digital strategy. Citing the network's research, viewers were discovering past seasons on Netflix and then going to the network to watch (to the benefit of the CW broadcast affiliates) or possibly stream current seasons. We will soon have to see if their approach optimizes their broadcast audience by also allowing viewers to watch the CW in nontraditional ways.

The live "Twittercast" is the latest development changing the business of television. That's clearly changing according to this item by Professor Amanda Lotz excerpted and summarized from THE CONVERSATION. It's reported that millions of viewers watched some of the Thursday night NFL football game on Twitter and several million more used it to watch the first Presidential debate. These two events illustrate the different potential for Twitter-distributed video. Neither offered a "game-changing" experience – yet. But these two experiments, arriving in quick succession, reveal the future of live TV.

So why is the NFL letting Twitter show these games? Twitter did pay $10 million for the rights. But a big advantage is that programmers gather a lot more information about viewers that watch on Twitter than by broadcast or cable. Knowing more about who your viewers are and how they watch can be valuable to advertisers. Football has a vast, engaged fan base, which is the fastest way to get audiences to try something new. But why would you, the viewer, want to watch a football game on Twitter? Well, for one, it lets you watch if there isn't an available television. The Twittercast creates a subscription-free, anywhere, any-screen option.

The need to see sporting events in real time is one of the reasons they have been immune to the changes timeshifting technologies – streaming, on demand or DVR recording – have wrought on network schedules of scripted programs. In the past, networks have tried to use social media discussions to encourage viewers to turn into scheduled broadcasts. By promoting hashtags or having writers and actors live tweet during the show, they hope to create a media event and a conversation around a weekly episode. Twittercasts attempt to do the same. The Twitter feed based on the game hashtag isn't really a conversation – more a broadcast of thousands of fans' reactions. The debate Twittercast provided some contrast in this regard. There was more to engage with and it was able to provoke more diverse reactions, which made it seem like eavesdropping on a lot of different conversations.

Neither of these Twittercasts was revolutionary. But they do raise interesting questions about internet-distributed television's next developments. [Some theorize] television will never again be a predominantly live medium. But media events – whether sports contests, events like political speeches or breaking news – continue to be valued for allowing viewers to watch events unfold in real time. The NFL and debate Twittercast experiments suggest Twitter intends a central role in distributing live video.

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Finding a business model for live, internet-distributed video is tricky, but it is something that will be explored by broadcasters with ATSC 3.0. Other business models have been found for internet-distributed video – Netflix's subscriber funding versus YouTube's reliance on advertisers, different models will have to be developed for "Twittercast" live television. It will have to depend on the audience and whether viewers are willing to pay for it. All of these current challenges will make for the near term continued predominate position for live television on broadcast.

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Throughout the history of television measurement, there was a certain level of cohesion when it came to media access and device ownership. This commentary is excerpted and summarized from Media Post by Steve Sternberg. From the inception of television itself, through the introduction of cable, through the development of VCRs and DVRs, almost everyone eventually got almost everything. This made measuring who was using each medium relatively simple.

The percentage of U.S. homes with DVRs has been hovering around 50% for several years. It may never hit 60%. People with multimedia devices are using them more and more, but these devices are also still in less than one-quarter of homes (as are enabled smart TVs). Subscription video-on-demand has been growing, and stands at 50% penetration for the first time. But this too may never go much past 60% penetration. In short, everyone doesn't get everything anymore. And as more and more formats become even fewer people will get everything, or even most things.

What does this mean? Well, television might be available everywhere, but the same viewers aren't. Some are here, some are there, and some are over there. Previous methods of drawing samples might need to be revisited, not to mention ways to evaluate media usage even among standard demographic age groups. Television is a fundamentally different medium to DVR owners than to viewers without DVRs, even when both groups are watching live TV. But I have seen precious little research even attempting to understand the differences.

How are 25-year-olds who watch a lot of traditional television different from those who watch much of their TV content online or on multimedia devices? What is the difference between the viewer who has half of her ad-supported television viewing on DVR and watches much of her primetime programming after 11 p.m., and her demographically similar counterpart who watches the same programming on live TV during primetime? Are viewers who can be reached over and over again on the same network any different from viewers who can only be effectively reached via multiple venues?

We can't continue to simply lump people with dramatically different media access and viewing habits into standard traditional demographic categories. You will get answers, but they will often be less meaningful averages that miss what real folks are actually doing. In the olden days of television measurement (pre-2007), [it was] believed single-source measurement was the way to go. Now [Sternberg] does not think one company can or should be the gold standard for all-platform measurement. Change is happening too quickly, and research needs to turn on a dime. TV might be everywhere, but really good research is still nowhere near where it needs to be.

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We found that this commentary provides some valid observations about current viewing habits. It also proposes some real questions about the equivalencies that are often assumed. Hopefully future research developments by Nielsen and Comscore and the possibilities for measurement from ATSC 3.0, do not just complicate, but clarify the value and accuracy of the currency. We are all depending on these measurements for our sales transactions.

In recent years, networks thought they had found the solution to a TV audience that no longer tolerated repeats, especially for nonprocedural series. According to this item summarized and excerpted from AD WEEK., they began scheduling their serialized dramas in two chunks, allowing for a pair of uninterrupted runs, broken up with a lengthy hiatus of around three months.

But last season, that strategy unraveled. Nearly every returning drama suffered big ratings declines after the midseason break. On ABC, How to Get Away with Murder's return plummeted 20 percent in the 18-49 demo, while the network's Quantico and NBC's Blindspot also took big hits. In fact, most shows failed to match their midseason finale numbers at any point in the season's second half.

"The broadcast networks are scratching their heads because they've seen stuff like [AMC's] The Walking Dead and, in the past, [USA's] Burn Notice and Suits return exactly the same as when they left, and they have trouble doing that," said Sam Armando, at Mediavest . "The rules appear to be a little bit different for them."

So the networks are revising their midseason hiatus plans. "We've been trying to shrink it a little bit because you don't want to be too far out of the viewers' eyes for too long," said Andy Kubitz, EVP, Program Planning and Scheduling at ABC Entertainment.

Last year, ABC kept eight dramas off the air for 11 weeks or more; this season, only five of its dramas will have extended breaks, and many of those will be shorter than last year's. Grey's Anatomy and How to Get Away with Murder go on hiatus after the November 17th episodes, but they'll be back in nine weeks, on Jan. 19—three weeks earlier than last year's break. They'll be joined by Scandal, which delayed its premiere until January to work around Kerry Washington's maternity leave.

NBC kept Blindspot off the air for a 14-week stretch last season, but is giving that drama, as well as its fall freshman hit This Is Us, a much shorter hiatus this year to stave off audience erosion.

Networks are hoping that dramatic midseason finales will entice audiences to return next year. The hiatus "really works for shows that have a great hook. We try to build some sort of cliffhanger when we have our winter finales, but some resonate a little bit more with audiences than others," said Kubitz, who noted that two years ago on Scandal, when Washington's Olivia Pope was kidnapped in the midseason finale, "its return was higher than the season premiere was. It's trying to get the creative right, to really resonate so people will [come back]."

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We will see if this new strategy is successful. Preemptions and repeats are not acceptable to current audience expectations. Unlike some other models around the world where every season is only 10 to 13 episodes, our current model is much more extensive. The changing dynamics of the audience may call for a dramatic change of scheduling. Time and the audience will give us that answer.