

Culled from the headlines of the media and technology trade press by Katz's Strategy, Analytics, and Research Team, **Content Matters** provides a periodic snapshot of news and issues that affect the business of creating, producing, and distributing content across TV, radio, and digital media.

5

THINGS TO KNOW

1. TV: Stations Doing It Themselves

With so few new shows arriving or being developed for syndication, local stations starved for new content are developing new shows to reach and engage audiences, believing that "hyper-local" content is valuable to advertisers and audiences.

2. TV: WGA Warns Advertisers of Strike Implications

Limited series, smaller series orders, and new digital distribution opportunities have significantly impacted the TV business, creating new challenges for compensating writers of primetime and late-night programming. While a WGA strike was averted in the 11th hour, negotiations with studios and networks have been tense ahead of the annual upfront sales period.

3. Audio: Bill O'Reilly Returns with Podcast

He's back. On Monday, 1 May, Bill O'Reilly returns for the first time since his departure from Fox News, offering his unique brand of conservative opinion through his "No Spin News" podcast. The podcast will be available to premium subscribers of his personal website, BillOReilly.com.

4. Digital: Amazon to Stream Thursday NFL Games

Following last year's test on Twitter, the NFL has granted digital streaming rights to Amazon to expand its understanding of the potential reach and business opportunities across multiple digital platforms. Amazon will stream NBC and CBS feeds of the games, including broadcast ads, in addition to the company's own ad sales and promotions.

5. Digital: Netflix Becomes a Global TV Network

The OTT video company has its sights on a global audience and is using technology and data to develop new content, identify new markets, and establish new partnerships.

1. TV: Stations Are Doing It Themselves

From *Broadcasting & Cable*, 20-27 March 2017

"With no big-name shows for fall 2017, local broadcasters turn away from syndicators and look in-house. ...Local or Bust...In many cases, stations are producing shows that are hyper-focused on the local market but that groups have no intention of taking national. There are many examples of this, but Nexstar's KLAS Las Vegas on Feb. 6 launched a new one, *Las Vegas Now*, a panel talk and lifestyle show that will air at 4 p.m., leading into its 5 p.m. local news.

"If you have an opening or if something's going away and you need to fill that time slot, you need to find something that fits your market," KLAS VP and general manager Lisa Howfield said. "It's about following through on what you stand for and what your philosophy is to be as local as possible."

Meredith VP of news and marketing Patrick McCreery said, "I do think the key is maintaining the local connection to the marketplace." His station group produced *Better* for eight years. "There's a local connection piece that's lost when a show goes into national syndication."

Meredith, which still produces local shows such as *More* and *More Access* in individual markets, is committed to its highly local approach, McCreery noted. "We probably won't be doing down the national syndication road any time soon," he said.

Maintaining a healthy TV station has always been about airing a mix of programming, whether it's local or national, news or entertainment.

"A big show needs to have great characters and strong stations," Fox's [Stephen] Brown said. "There's no room in the market right now, and there's less appetite because the last five or six have not done well, so the studios are gun shy. But as an industry, we've got to do things differently. We've got to think about new innovative formats and new ways to entertain."

Content in Context

As opportunities expand to distribute content across broadcast, cable, OTT, and other digital platforms, it's become clear there simply isn't enough programming to fill the pipeline. Since developing and producing new content for syndication at a national level has become increasingly risky and prohibitively expensive, local stations must find a way to leverage their existing resources and assets to engage audiences, remain relevant, and deliver value to owners and investors. Hyper-targeted local program development and production may be one solution but the industry needs to re-think its traditional syndication and distribution models. We need creative solutions to feed the beast.

2. TV: WGA Warns Ad Buyers of Potential Strike's 'Significant Impact' on Primetime, Late-Night

From *Variety*, 5 April 2017

"Just as Madison Avenue starts to mull how many billions of ad dollars to earmark for TV as part of the industry's annual "upfront," the Writers' Guild is warning media buyers that a potential strike by its members could dampen Madison Avenue's couch-potato prospects.

"With the cable networks' Upfronts underway and the broadcast networks' Upfronts beginning in May, I am writing to inform you of a potential labor dispute that could have a significant impact on primetime programming for the 2017-2018 television season," says a letter sent Tuesday to one media-buying firm by David J. Young, executive director of Writers Guild of America West, and reviewed by *Variety*. "As a stakeholder that may be negatively affected by this dispute, this information may be relevant to your media buying plans."

The letter goes on to suggest that in the event of a strike, "a work stoppage will begin May 2nd" and "could significantly affect the fall television season." As a result, "late night shows including 'Tonight Show Starring Jimmy Fallon' 'The Daily Show,' 'Jimmy Kimmel Live,' 'Saturday Night Live,' 'Full Frontal with Samantha Bee,' 'The Late Show with Stephen Colbert' and others will go off the air. Some scripted series scheduled to air in the summer of 2017 may be affected as writing and producing for the season is ongoing."

The letter is clearly meant to pressure the AMPTP by going to one of the main sources of the industry's revenue and profit. NBCUniversal alone tries to sell \$6 billion of ad inventory during the upfront season, during which U.S. TV networks try to sell the bulk of their ad inventory for the coming programming cycle. In 2016, the nation's five big English-language broadcast networks secured between \$8.41 billion and \$9.25 billion in advance ad commitments for primetime, according to *Variety* estimates – the first time in three years they've managed to break the \$9 billion mark. Billions more are committed to other TV dayparts as well as cable and Spanish-language TV."

Content in Context

When the unbelievable happens, people muse, "You can't write this stuff." And, truly, you can't. Writers are critical to the creative alchemy of the industry but are challenged by the changing business opportunities that programming and distribution decisions. On 2 May, WGA leadership avoided a strike and won significant gains for writers, securing new compensation and benefits provisions to support content that increasingly moves across broadcast and cable TV and digital platforms. More and more, the industry will have to re-examine existing and explore new long-term models for supporting all of the creative professionals who drive the business, not just writers.

3. Audio: Bill O'Reilly to Return with Podcast on Monday

From *Variety*, 24 April 2017

"Bill O'Reilly isn't wasting any time. The former Fox News host will return to pontificating with a new episode of his podcast "No Spin News" on Monday at 7 p.m. ET, reads a banner announcement on his personal website, <http://billoreilly.com>. The podcast, which O'Reilly has been hosting for years, is available to premium subscribers of his website.

The news comes less than a week after Fox News gave O'Reilly the axe (along with a possible \$25 million payout) following an investigation into multiple allegations of sexual harassment. If O'Reilly does indeed return Monday, it will mark his first time speaking publicly since the ouster on Wednesday, and gives him a chance to continue communication with his still-large legion of fans.

His website also features the statement sent to media outlets after Fox News made his firing official, in which he called it "tremendously disheartening that we part ways due to completely unfounded claims."

O'Reilly has denied the claims since they resurfaced in a *New York Times* report early this month, arguing that his celebrity status makes him a "target" for such allegations. After taking "O'Reilly" out of the title, "The Factor" ended its run on Friday night, with Greg Gutfeld filling in as host."

Content in Context

In today's marketplace, it's possible for anyone to reach audiences across different media. When one fails or is exiled from presenting their perspective or brand on one platform, she can simply pack up camp and move to another. We've seen Katie Couric move from national morning and evening news to syndicated daytime programming to digital news. When one wants to break through existing communication barriers, he changes his media strategy. Capitalizing on the potential of social media, Barack Obama leveraged Facebook while Donald Trump relied on Twitter to break through traditional TV and radio channels during elections over the past decade. Now, Bill O'Reilly becomes the latest to work around the prohibitions of his exit agreement from Fox by not moving to another broadcast or cable network, but by returning to exclusively audio content. We know that O'Reilly's conservative listeners rely on a variety of talk radio outlets for news, information, and alternative perspectives to the "liberal media," so his podcasting strategy seems like a natural play as he plots his next move. Everything that's old is new again, suggesting that even in a world where broadcast, cable and digital video is exploding, audio content still provides tremendous value.

4. Digital: Amazon will stream Thursday NFL games this years

From *Re-Code*, 4 April 2017

"You'll need to be an Amazon Prime subscriber to watch... Amazon is paying around \$50 million for the 10 games it will show next fall, according to a person familiar with the deal. That's a big increase from the \$10 million Twitter paid for last year's games.

The rest of the deal is roughly similar to the one Twitter had last year: CBS and NBC will each broadcast five games, and Amazon will stream the networks' coverage, including their ads. Amazon will have the rights to sell a handful of ad slots per game.

Amazon says it may sell ads for those slots, but says it will also use them to promote the company's other video offerings.

Amazon won't have exclusive streaming rights for the games. CBS and NBC will also have the ability to stream the games they broadcast, and Verizon will stream the games to its wireless subscribers.

The deal is Amazon's first significant foray into livestreaming (besides Twitch, the live video game streaming platform it bought a few years ago), and its first major move into sports; Amazon has also worked with the NFL on "All or Nothing," a behind-the-scenes documentary series that debuted last summer.

But Amazon has been ramping up its interest in live sports. "For us, this is about starting to bring live sports to our Prime members all around the world," said Jeff Blackburn, the company's head of business development and entertainment."

Content in Context

Amazon is proving an aggressive content player, having developed a strong slate of Emmy-winning original programming, investing in Oscar-nominate films, and winning competitive bids for content against tough competitors like Facebook, Google/YouTube, and Twitter. Unlike its competitors, which are primarily media and technology giants, Amazon represents a global marketplace, a platform that directly connects consumers to products. With a diverse slate of programming, Amazon can reach and engage increasingly diverse and targeted buyers with content that is both relevant and valuable — all while reducing the distance between advertising and point-of-sale. Amazon created seismic disruptions in the publishing and retail industries. We've only begun to understand the tremors the company is generating across video content and advertising markets.

5. Digital: How Netflix Wants to Rule the World

From *Variety*, 18 March 2017

"A Behind-the-Scenes Look at a Global TV Network... Netflix used to recommend content based on the region that its users were in, following the general school of thinking that subscribers in South America probably would prefer different fare than subscribers in Canada. But upon looking closer at the data, the company realized that this wasn't actually true, said Netflix VP of Product Todd Yellin. "We find that to be greater and greater nonsense, and we are disproving it every day."

Instead, Netflix is now dividing up its subscriber base into 1,300 taste communities, which are solely based on past viewing behavior. Each and every user can belong to multiple such communities, and all of these communities spread across the globe. Sure, Yellin admitted, German comedians may be more popular in Germany, but there's also plenty of users in the U.S. who turn into their shows. "A big part of personalization is finding taste communities globally," Yellin said.

Striking partnerships with ISPs and TV operators worldwide... In order to get in front of new customers around the world, Netflix has increasingly been striking partnerships with TV operators around the world. After debuting a Netflix app on a cable box with Virgin in the U.K. in 2013, the company now has similar agreements with 60 operators around the globe in place, according to the company's global head of business development Bill Holmes.

But Netflix isn't just teaming up with operators to get onto more screens. The company has also for some time offered internet service providers around the world free caching servers to offload Netflix's streaming data. That's increasingly important as Netflix is going global: Netflix's international traffic already exceeds all of the capacity of the world's undersea fiberoptic cables, said Netflix Content Delivery VP Ken Florance. "If Netflix was serving all of its traffic from here, all of Netflix's traffic would exceed the total internet capacity."

Content in Context

For an industry that has relied on audience sampling and statistical models to define its currency for advertising sales, Netflix represents a significant disruption in the video content business. Netflix's strategic advantage is built on technologies that enable it to collect and aggregate user data in ways no other media companies have developed, enabling it to invest in content development and partnerships that emerge from its proprietary analytics — not from third-party data samples and analyses. Broadcasters must think more strategically about their digital offerings and infrastructure if they hope to compete with Netflix and other OTT services in the future. Digital extensions aren't simply "nice to haves;" they provide critical opportunities to drive business.