

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**.

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INSIGHTS TO KNOW

1. Not alone: Is OTT making it cool again to watch TV together?

Co-viewing in television is the process of watching content alongside other people, typically members of the same household. But the digital age is starting to erode that premise. Are over-the-top (OTT) devices capable of reversing that tide?

2. The Executioner's Song: Why the networks have again stopped cancelling new shows

Failure to draw enough viewers in the advertiser coveted demos at launch would send a series to the full-on execution. The blade would fall swiftly, and but for a few cadaveric spasms, perhaps a subsequent burn off episode or two, the show in question would join the ranks of the deceased.

3. Surveys show that there are now growing gap between younger and older Hispanics

Differences emerge in their media usage, language preferences and more. As the largest growing segment of the US population, how will this impact broadcasters in the future?

4. There are some mostly positive takeaways from this broadcast season

Even with so much competition for viewers' attention from social media, streaming services, cable and even, this fall, the Presidential election, many wondered if the era of new broadcast hits was over. But the new season has changed that perception.

5. Here are some thoughts on the future of television. Could it exist without commercials?

What will the future of television be like? This commentary asks the question of how or even whether advertising will continue to be a part of it.



This item is summarized and excerpted from the NIELSEN NEWSWIRE. Co-viewing in television is the process of watching content alongside other people, entertainment products are often consumed collectively, and television is no exception. In fact, watching television has traditionally been considered a social activity. But the digital age is starting to erode that premise: With more television content being watched every day on laptops, smartphones, and tablets, it seems that watching TV is slowly becoming an individual pursuit.

Are over-the-top (OTT) devices capable of reversing that tide? OTT devices are now in 20% of U.S. households. They're typically connected to a big screen TV in the home, and make it possible for consumers to watch TV content via dedicated apps from major TV networks and streaming services. Is OTT making it cool again to watch TV together? The short answer is: Undeniably, yes, but rates vary by age, daypart, and other factors.

In 2016, Nielsen embarked on a co-viewing study using data collected from its OTT measurement service. This study involved analyzing a large volume of data across a variety of sources. Since that data came from devices and not panel homes, Nielsen didn't know who watched the content. To solve this problem, a third-party data provider was used to identify the household and person-level associated with the OTT device and calibrated that data

against our National People Meter panel; and also developed a model to predict which specific household members viewed each ad impression, based on historical NPM TV data stemming from television sets that were connected to an OTT device.

It found that the overall co-viewing rate for OTT was 34%—lower than what it is for traditional broadcast TV (43%), but much higher than TV co-viewing on mobile devices (14%). Nielsen was able to determine that OTT co-viewing was a non-random phenomenon—it varied based on age, for example. Kids (2-12 year olds) co-view the most: seven out of 10 of this age group co-view with at least one other person in their home. Among teens (ages 13-17), females were more likely to co-view than males (63% vs. 54%). For all other age groups, however, males and females co-view at a similar rate. We also found that OTT co-viewing is much more prevalent in primetime (44%) than during daytime (25%).

The initial results are consistent with what we know of co-viewing in traditional TV, but there are significant differences along demographic and technology lines. As OTT penetration keeps rising, Nielsen will be including OTT devices in its digital ad ratings. Nielsen believes this is an excellent example of how panels and census-based data can be brought together to better understand modern viewing trends.

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Studying co-viewing for OTT devices is important for a number of reasons. Networks and their programmers need to understand who exactly is watching their shows and if watching on an OTT device is likely to affect

certain demographic groups more heavily than others. And it is said that sociologists are eager to understand shared viewing patterns and some of the new dynamics driving our social interactions.



Not so long ago, when the number of people watching live TV legitimized the word broadcast, the networks were ruthless with underperforming new shows. As we head further into the 2016-17 broadcast season, however, the days of summary executions seem over according to this item summarized and excerpted from ADVERTISING AGE. A steady diminishment of gross rating points and the hope that delayed viewing may translate into a compensatory uptick in commercial deliveries have stayed the executioner's hand in unprecedented fashion.

To be sure, much of what is currently happening with this year's batch of low rated new series is a matter of semantics. ABC trimmed its initial order for "Notorious" from 13 episodes to 10; it effectively separated the show's head from its body. A similar fate is in store for "Conviction," which is averaging about 30% less of what former time slot occupant "Castle" rang up a year ago. Also on the virtual "Do Not Resuscitate" list are the CW's supernatural drama "Frequency" and the presciently titled doomsday lark "No Tomorrow." Neither show was given a full season order, a dubious distinction at a network where extensions for fall newcomers is practically a given.

The shift away from outright annulment

to the artful cutting back of a show's initial episode order was foreshadowed last fall, when October came and went without a single official cancellation. That the networks should bother with all the ontological sleight of hand is a function of PR and practicality. Each broadcaster has at least one new show on its schedule that would have been given a hasty heave ho as little as two years ago and all four are playing a variation on the same euphemistic theme. Today it's harder to give flailing shows a quick hook, even if they're denied a full episode order because a sudden vacancy often leaves nothing in line to sell as an alternative. Repeats don't rate anymore, so the nets increasingly are eschewing them.

Of all the factors that are collectively interceding on behalf of this season's crop of low rated newcomers, the most critical may well be data. Because it takes Nielsen three weeks to process the first batch of C3 and C7 numbers, the currency data for premiere week remains unavailable until after Columbus Day. Of course, success in C3/C7 today is no guarantee of reaping similar benefits tomorrow. All told, 10 of the 20 new series that have premiered thus far are guaranteed a full ride, and of these, seven are all but certain to return next fall.

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Though largely excluded from the negotiated sales currency, streaming and VOD deliveries are increasingly being factored into the performance metrics as the networks make decisions on the fate of their freshman series. Streaming and other forms of cross platform viewership

will become baked into the TV pie next year when Nielsen rolls out its long awaited Total Audience Measurement tool. As such, the networks believe that a slumping show that happens to outperform on nonlinear platforms now deserves a second look.

The assimilation of Hispanics into American culture is having an interesting side effect. It's widening the gap between generations, emphasizing the growing differences between the young and old, in a demographic where they often live in the same household. Those facts were outlined in an article excerpted and condensed from MEDIA LIFE.

Younger Hispanics have very different media preferences than their grandparents and even their parents. They have their own unique language preference. And they're much more educated. This has over time shaped a unique demographic group that broadcasters should be courting quite differently than the older one.

A new report from Nielsen takes an in-depth look at the Hispanic demographic, in which these growing differences emerge. It's a fascinating portrait of a group that will account for "virtually all (93 percent) of the growth of the nation's working-age population between now and 2050." Right now there are nearly 57 million U.S. Hispanics. By 2020 that number will balloon to 119 million, or just 60 million shy of the number of non-Hispanic whites.

Language is an age-old struggle for those targeting Hispanics. For years previous to 2000, much of the U.S. Hispanic populations were immigrants, and they spoke Spanish. But the vast majority of American Hispanics are now born in this country, and that's led to a language divide. Nielsen says that among adults 55 and over, 35 percent are Spanish-dominant, compared

to a mere 4 percent of those under 18, and 14 percent of Millennials. With 58 percent of those under 34 are bilingual. This gap will continue to grow with greater assimilation and as fewer kids grow up in homes with foreign-born Hispanics.

Hispanic Millennials are voracious consumers of new media with 91 percent using social media compared to 64 percent of those over 35. Young Hispanics' media device ownership closely mimics non-Hispanics rather than Hispanics over 35. Studies also show 88 percent of Hispanic Millennials have smartphones compared to 86 percent of non-Hispanics. And there are vast difference between consumption of traditional media such as cable and broadcast.

Young Hispanics are more educated than their older counterparts, and becoming more so every year. Sixty-seven percent of Hispanic high school graduates enrolled in college from 2012 to 2014. "The number of 18-to-24-year-old Hispanics enrolled in a two- or four-year college more than tripled between 1993 and 2013. That trend has made Hispanics the largest diversity group on U.S. college campuses," Nielsen notes. There are more Hispanics to seek out these opportunities, for sure, but the growth is still stunning. This will result in a more affluent Hispanic demographic going forward. Already, the number of Hispanic households making \$100,000 annually has more than doubled from 2000 to 2014.

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As broadcasters, we need to target Hispanic Millennials and generations beyond. Mobile may be the key word especially given different viewing patterns and consumption. Not to mention, the growing number of

college graduates and their level of income growth. Realizing that these are bilingual viewers, traditional media needs to develop programming to meet their preferences.

It has never been more difficult for a new show to find an audience on broadcast. The previous season had been a disappointment, and “Empire” is the only smash to launch in years. Many wondered if the era of new broadcast hits was over. That’s why all of the broadcast, and not just NBC, is celebrating the success this fall’s “This Is Us,” the family drama that has quickly become one of broadcast’s top dramas. That was the beginning of an analysis by MEDIA LIFE which has been summarized and excerpted.

Stating that broadcast networks can still produce hit shows, “This Is Us” has proven not only that broadcast can still produce hits, but also that people still watch shows live, if in lower numbers than five years ago. That’s good news for the entire broadcast landscape. It gives the other networks hope.

Shows don’t get canceled anymore, that’s something that we have touched on in past reviews. It used to be that when a show had no hope, it was canceled. These days, with the networks reluctant to yank shows too fast without seeing their DVR and online numbers, we see it happen less and less. A network will decline to order new episodes or trim back

an existing order. (ABC has done this to “Conviction” and “Notorious”). But it seems nothing can get a new show outright canceled in this era of declining ratings.

A concern has to be that coverage of the NFL may be vulnerable. For many years, media people considered the NFL unassailable. While ratings for everything else on broadcast plunged, the NFL went up, up, up – until this season. The well-documented decline in NFL ratings has been the story of the fall, and it will continue to be as the networks try to determine why this is happening. They probably won’t find a silver bullet, which makes the sudden about-face that much more frustrating.

DVRs continue to gain in importance. Every year, DVRs capture a bigger and bigger chunk of viewers’ TV time. But this year the device has crossed a threshold many were unsure it would ever hit. More people are time-shifting a handful of shows (such as “Designated Survivor” and “Quantico”) than watching them live, which is really incredible when you think about it – and means that overnight ratings will continue to matter less and less.

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And maybe the best insight is that brand has never been more important to the networks. Look at the shows that have done well this season -- “Bull” and “Man With a Plan;” “This Is Us” and “The Good Place;” “American Housewife” and “Speechless.” All of them have one major thing in common, and that’s that they reflect the individual network’s brand very well. The ABC

programs are comedies about flawed, but loving families and the CBS programs are very traditional procedurals or comedies. Even in this fragmented media environment, broadcast networks have an important contribution. People look to the networks specifically for these sorts of shows and when they find them there, they watch in significant numbers.



Some are beginning to realize how much the concept of the TV commercial -- the thing that has provided the financial and to a great degree, the creative underpinning of the whole business since time immemorial -- is under assault. For decades, a viewer really had no choice but to grin and bear the commercials on TV, since there were almost no means for enjoying TV shows other than by watching advertiser-supported broadcast television with its commercial breaks.

This commentary excerpted and summarized from TELEVISION NEWS DAILY by Adam Buckman poses this thought provoking hypothesis. HBO eventually introduced the pay-TV/no-commercial model, and although it took years for HBO to evolve and grow, it is that model that appears to finally be taking over the TV business. Today, many programming services are commercial-free and many people seem willing to pay for them without batting an eyelash.

The great divide in television is the tension between so-called “free” TV and TV you pay for. Younger people have no idea that there was once a time that many of us can still remember when paying for TV was something only a nut would do. TV came to your home for free, over the air, as long as you purchased a TV set. We all understood

that the commercials paid for the shows so we didn’t have to. At some point, basic cable decided to try and see if it could earn money both ways -- by selling commercial time while also collecting subscriber fees. Incredibly, the viewing public was OK with this scheme and cable TV, with its dual revenue streams, became a great business.

Today, however, basic cable’s reliance on commercial revenue has collided head-on with steep ratings declines resulting in lower ad rates. The commercial breaks on basic cable have become so interminable and frequent that they are depressing viewership even more. Commercial-hate inevitably grows out of such schemes.

This is part of the reason why you’re hearing so much about cord-cutters and even “cord-nevers”. But you never hear about people who you might call TV-cutters or TV nevers. Instead, what you have is an increasing number of people who can’t live without some sort of TV and don’t seem to mind racking up fees on their credit card bills for streaming services. These people seem proud to be exercising freedom of choice when it comes to their TV viewing, but they’re paying for it. Meanwhile, they’re dodging exposure to any commercials.

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If this kind of TV viewing represents how the majority of TV (or “video”) content is to be consumed in the decades to come, then the idea of taking a break for a commercial would indeed appear to be questioned. In our judgment, we may

just be transitioning to a new hybrid. The new normal may be the CBS ALL ACCESS approach, as original content is added to the service; the option of some commercial free viewing is possible for a higher fee.