5G WIRELESS COULD CHALLENGE TELEVISION

FORECAST SEES ‘TV-EQUIVALENT’ SERVICE

Streaming video is already a major activity on wireless devices, but so far video on smartphones and tablets just doesn’t reach the quality of television delivered by MVPDs and over-the-air broadcast. That could soon change. A new report by Strategy Analytics says TV and video delivery is likely to become a core capability of next generation 5G wireless services.

Recent demonstrations suggest that 5G will support 1Gbps data throughput rates. Combining 5G with other networking enhancements and technologies will allow operators to support TV-equivalent services which could eat into the $500 billion global TV and video market served by cable, satellite, IPTV and terrestrial broadcast service providers.

“Data rates get the headlines, but other network technologies will also make or break the business case for 5G TV services,” says Sue Rudd, one of the report authors. “The efficiency of the end-to-end network will determine whether 5G TV is possible,” she notes, but adds that there have been enough early demonstrations by operators like Verizon, Deutsche Telekom, SK Telecom, AT&T and BT to suggest that 5G TV will arrive—“sooner or later”—in many parts of the world.

The report points out that the number of households and devices supported by a 5G TV service within any cell will make or break the 5G TV business case. But technological enhancements are underway to make distribution viable. These include new methods for optimal spectrum use, virtualization of cell sites, dynamic throughput over backhaul networks and “network slicing” to guarantee data rates to the household.

So, it’s yet another challenge to traditional TV—and another opportunity as well. “Television is already being transformed by new digital services like Netflix and Amazon,” notes Michael Goodman at Strategy Analytics. “The arrival of 5G TV wireless services could herald another wave of TV disruption through the 2020s and beyond,” he added.

The two largest U.S. wireless companies have already demonstrated an interest in being in the television business. AT&T acquired DirecTV in one of the biggest deals of recent years and now has another deal pending to acquire Time Warner. Verizon is rumored to have approached Charter Communications about a mega-merger. Verizon CEO Lowell McAdam is said to want Charter in large part to facilitate the buildout of the Verizon Wireless 5G network. “The emergence of 5G TV would represent a further stage in the convergence of media and communications, and wireless and fixed services,” says David Mercer, VP and Principal Analyst at Strategy Analytics. And it could change the roles of players in various parts of the TV business.

ADVERTISER NEWS

It appears that GNC is intent on suing Fox Broadcasting after the retailer’s Super Bowl commercial was rejected by the National Football League. The spot was rejected after the NFL found that GNC was “associated with the production, manufacture or distribution of NFL banned substances.” Jeff Hennon, chief marketing and e-commerce officer at GNC said in a statement “GNC has retained legal counsel and is in the process of preparing a formal complaint with Fox Broadcasting Company.” GNC was notified only six days before the Super Bowl that the commercial would not air……The Air Jordan 1 Retro High is being re-purposed by Nike as a golf shoe. The sneaker was first introduced in 1984 as the first signature shoe from National Basketball Association all-time great Michael Jordan. The Air Jordan I golf shoe will be available this week via Nike’s website and select retailers with a suggested retail price of $200……Walgreens Chief Information Officer Abhi Dhar will be leaving the retail drugstore chain in March to focus on a new startup venture that he describes as “a marketing platform for retail locations to interact with qualified local customers through easy and elegant experiences.” Dhar’s new unnamed venture will be based in Illinois……Papa Johns has named Mike Nettles as senior vice president, chief information and digital officer. Nettles was vice president of enterprise architecture and I.T. strategy at Panera Bread…La-Z-Boy said it’s recalling about 2500 lift chairs that may have problem with the power supply that could be a shock hazard. The company said the chair’s power supply cover can crack and end up detaching and exposing electrical components, which could give users an electrical shock. No injuries have been reported so far……BCBG Max Azria Group LLC is in the process of closing 120 stores, mostly in the U.S. The move is part of the retailer’s possible bankruptcy filings as it looks to restructure its debt. BCBG previously said it planned to reduce its store count and refocus operations on in-store boutiques while increasing its online presence……Ford is redesigning its largest SUV in hopes of boosting sales in the industry’s hottest segments. The 2018 Expedition will feature a slimmed-down aluminum body, updated powertrain, more interior leg room and other features to make long drives more comfortable…. O’Reilly Auto Parts reports record revenues and earnings for its fourth quarter. Sales increased $150 million, or 8%. Gross profit for the fourth quarter increased to $1.11 billion (or 53.1% of sales), also up 8%..... Whole Foods Market sales increased 1.9% to a record $4.9 billion in Q4. Comparable store sales decreased 2.4%. The company opened 13 stores, including two relocations during the quarter.
CABLENET CHATTER

Turner has promoted David Wolks to senior vice president of production for TBS originals. In his new role, Wolks will continue to manage production of all original programming on TBS and will have added responsibilities to enhance and develop the Conan brand and other initiatives. Despite drops in ratings, advertisers and operating income, Disney Chairman Bob Iger is optimistic about the future of ESPN. Iger told a Wall Street analysts on a conference call that an expanding array of digital distribution options are the key to the future growth of the sports powerhouse. He affirmed ESPN’s plan to launch a branded stand-alone streaming service later this year in partnership with BAMTech, the digital technology company that Disney invested $1 billion in last year. He expects ESPN to offset the industry-wide trend of declining subscriber rates with gains in existing and start-up streaming channels. Animal Planet’s 13th installment of the Puppy Bowl fetched 2.7 million viewers and scored a 0.8 18-49 Nielsen rating on Sunday. That number was up from last year’s 2.2 million, but down from 2015’s all-time high of 2.77 million viewers. Wilshire Studios has given a development deal to veteran reality producer and showrunner Troy Vanderheyden. The Bad Girls Club and Keeping Up with the Kardashians producer will work to expand Wilshire Studio’s unscripted content development. The studio currently produces Elf’s signature reality series Live from the Red Carpet. Conan O’Brien has booked Star Wars: Rouge One star Diego Luna and former Mexican President Vincente Fox as guest on his Conan Without Borders: Made in Mexico special. The special will be the sixth the talk show host has done outside the U.S. O’Brien said he wanted to go to Mexico City for his next special because of the current state of the U.S.-Mexican relationship. Most recently, Conan traveled to Berlin and was the first American late-night host to shoot an episode in Cuba. Fresh off her half-time performance in Super Bowl LI, pop singer and LGBT icon Lady Gaga plans to appear on the season 9 premiere of RuPaul’s Drag Race. This will be the singers first appearance on the drag queen competition show. A premiere date for the next season of the Logo series was not announced. All three hours of USA’s WWE Monday Night Raw were the top programs for the week of January 30th. Each hour posted a 1.4 18-49 Nielsen rating, with VH1’s Love and Hip Hop in fourth place with a 1.2 demo rating. Discovery Channel’s Gold Rush was in the top ten with a 1.1 rating and WWE Smackdown on USA scoring a 1.0 rating. Fox News Channel won the race among cable news outlets with 3.27 million total viewers in primetime, while MSNBC delivered 1.5 million total viewers for the week. Freeform is airing new episodes of two prime dramas on Monday, February 27th. A new episode of Shadowhunters called Bound by Blood will air at 8 PM (ET). A new episode of Beyond will air on the same night at 9 PM (ET). While the broadcast ratings for Super Bowl LI were basically flat, Hispanic viewers helped Fox Deportes set a cable record. The network averaged just over 650,000 viewers for the game. CONSUMER REPORTS SLAMS CABLE HIKES

An article in Consumer Reports says that while most pay-TV companies have announced only modest price hikes—in the 3-4% range—for this year, the providers are further inflating cable bills with hidden add-on charges, such as “broadcast TV fees” and “regional sports fees.” The cable companies contacted by Consumer Reports said the price hikes are mainly driven by the rising costs they face for carrying both traditional broadcast networks, such as ABC, NBC, CBS, and FOX, and regional sports channels. According to some analyst estimates, these costs have climbed between 8% and 10% over each of the past four years. ConsumerReports says AT&T-verse is increasing monthly subscriber rates for most video packages by $2-8 per month, but also boosting its broadcast TV fee by a buck to $6. Altice told CR its average customer bill will rise 3.4%—but that includes the add-on fees. Comcast has raised its prices by an average 3.8% for 2017, but CR notes that the add-on fees have jumped by 50%, with $2 more each for broadcast TV and regional sports nets. Cox told CR that video packages are going up an average 2%. Regional sports fees vary, but broadcast fees are being increased a buck across the board to $4. And Verizon FiOS has increased monthly rates by $3, with the hike coming in waves as annual increases kick in. Charter did not provide pricing information in response to CR’s inquiry.

For satellite TV, DirecTV, owned by AT&T, has raised rates for all but its most basic service by $2-6 per month. Some regions also have sports channel fees added. Dish Network complained to CR that its fastest-growing cost relates to local TV channels—and its bills now tell customers how much those local channels are costing them. Dish says it has cut the price of its core programming packages by $5 per month, but with the add-ons the satellite provider expects average bills to rise about $5 per month.

ACCOUNT ACTIONS

Mattel has hired a Publicis Groupe team comprised of Mediavest Spark and DigitasLBi to handle its $150 million media account in the U.S., according to AdAge.com. The pair, dubbed Team Mattel, won the media planning and buying business following a review and will work on Mattel’s entire brand portfolio including Barbie, Fisher-Price, Hot Wheels and American Girl. Beer giant Molson Coors has completed a global review of its media agencies, with Publicis Groupe claiming much of the $1 billion account. With Molson Coors having completed its $100 billion acquisition of MillerCoors, the U.S. media business will now be handled by newly created Connect powered by Publicis Group, based in Chicago. The U.S. business, previously at Interpublic, approaches a half-billion. Publicis keeps the U.K. business and WPP’s MEC retained the account in Canada. MediaPost reports that Young & Laramore, Indianapolis, was named creative agency of record for two Ingersoll Rand heating and air conditioning brands: Trane and American Standard. First work for Trane and American Standard will launch in Q3 and include broadcast, digital, social and out of home elements.