WOULD A RECESSION TRIGGER A RETURN TO TV?

Here’s a switch: A Wall Street analyst is telling everyone to stop worrying so much. That zen-like message is from MoffettNathanson senior analyst Michael Nathanson, fresh from last week’s annual National Association of Television Program Executives conference in Miami.

“While many advertising experts at NATPE are cautious of waning ad demand in 2019, we have yet to find any evidence of a material slowdown,” he writes in an update on the TV market.

Nathanson concedes local TV is up against difficult year-to-year comps. “It feels like 2019 could be a tough year,” he says. But he also points out that core (ex-political) ad trends were actually better than most people think, mostly due to a strong U.S. economy.

He says the general consensus is that local TV’s core ad revenue will be flat in 2019, even as companies report declines given the tough political comparison. “While the auto market is starting to feel shaky, local advertising is being helped by other categories, including retail and services — which is being dominated by law firms,” he says.

New candidates jumping into the 2020 presidential race each week are good reminders that political ad dollars are expected to be robust next year — and may even begin rolling into stations by year-end. “There is a lot of optimism around the 2020 election, particularly following the strength in the 2018 mid-terms,” Nathanson says.

Next year may not have the hotly-contested gubernatorial races that boosted local TV and cable ad spending, but experts think lots of money will flow into House races. To back up that point, House Minority Whip Steve Scalise (R-La.) says he’s sending $500,000 to the National Republican Congressional Committee. That’s a big early-cycle cash transfer, a signal the GOP plans to spend big.

Nathanson says the 2020 presidential contest should also be a “big improvement” over the “disappointing” ad spend levels of 2016.

If there’s a surprise, it’s that Nathanson says the digital ad market is “starting to feel softer” due to privacy issues. “Some believed that an economic downturn and/or recession would likely result in a share shift back to TV advertising — or a more targeted version of TV advertising,” he says.

One of his takeaways from NATPE was that it seems there’s a demand in the ad market for a hybrid of TV and digital advertising. And CPMs for those platforms are already higher than he would have predicted. “Those platforms feel there is still a lot of room to grow from here, especially as targeted advertising opportunities improve,” he says.

Nathanson thinks the “biggest threat” to both local and national TV ad growth in 2019 is continued viewership declines. With fewer GRPs to be had as viewers shift from linear networks to digital services, the higher CPMs go. And he says some industry experts are starting to question how much higher CPMs can go.
NETWORK NEWS

ABC has ordered two more drama pilots. Stumptown, written by Jason Richman, is inspired by the graphic novels published by Oni Press. It follows Dex Parios, a sharp-witted Army veteran working as a P.I. in Portland, Ore. With a complicated personal history, she solves other people’s messes with a blind eye toward her own. Triangle, meanwhile, posits the question: What if the Bermuda Triangle was not a watery grave in the middle of the ocean, but a land lost in time that has trapped travelers over the course of human history? When a family is shipwrecked in this strange land, they must band together with a group of like-minded inhabitants — from throughout history — to survive and somehow find a way home... Fox has handed a pilot order to Patty’s Auto, a multi-camera ensemble comedy from writer Darlene Hunt. It’s inspired by Patrice Banks’ Girls Auto Clinic, a Pennsylvania-based auto repair shop with all female mechanics. The project revolves around Patty and the eclectic women who work for her...

Dick Wolf’s freshman CBS drama series FBI, which was just renewed for a second season, is getting a spinoff. The network has commissioned a backdoor pilot for FBI: Most Wanted, which will air as an episode of FBI in the spring. The project has a series commitment, making an episodic pickup for next season likely. As the name suggests, FBI: Most Wanted is centered around the division of the FBI tasked with tracking and capturing the notorious criminals on the FBI’s Most Wanted list... Ugly Betty alumna Vanessa Williams has been tapped for a lead role opposite Matt Walsh and JoAnna Garcia Swisher in Happy Accident, ABC’s single-camera family comedy pilot. The project revolves around two Pittsburgh families, a father (Walsh) with three adult daughters (Swisher as Eleanor), and a hotel lounge singer (Williams) with her med student son, who are forced together after a decades-old secret is revealed...

CBS has ordered a second season of freshman hit drama God Friended Me for the 2019-2020 broadcast season. It’s CBS’s second-most-watched new series and the most-watched scripted series on Sunday, averaging 10 million viewers, according to Nielsen and CBS. Starring Brandon Micheal Hall, God Friended Me is a humor-tinged uplifting drama about Miles Finer (Hall), an outspoken atheist whose life is turned upside down when he receives a friend request on social media from “God” and unwittingly becomes an agent of change in the lives and destinies of others around him. The series also stars Violett Beane, Suraj Sharma, Javicia Leslie and Joe Morton... Deadline reports that David Strathairn (McMafia) is set for a lead role opposite Peter Sarsgaard in CBS All Access’ straight-to-series true-crime drama Interrogation. The project is an original concept based on a true story that spanned more than 30 years, in which a young man was charged and convicted of brutally murdering his mother. Each episode is structured around an interrogation taken directly from the real police case files, with the goal of turning the viewer into a detective. Strathairn will play the father whose settled, suburban life is blown to pieces when his 17-year-old son is charged, convicted and sent to prison for an unimaginable murder.

SINCLAIR STREAMING PLAN HAS LOCAL FOCUS

Sinclair Broadcasting Group is already one of the most prominent providers of local programming on traditional TV. Now, Digiday reports, the company wants to extend into streaming video.

Earlier this month, Sinclair launched Stirr, a free, ad-supported video streaming service that provides local news and entertainment programming from Sinclair as well as 20 linear streaming channels from digital network partners such as Cheddar, Stadium and Jukin Media. Sinclair said it plans to grow Stirr’s channel guide to more than 50 linear networks by the end of 2019.

Stirr’s key pitch is local programming. The centerpiece of the streaming service is the Stirr City channel, which Sinclair said will offer a custom, 24-hour programming lineup based on where the viewer lives. This programming, which will include daily morning and evening news shows, regional sports broadcasts and city-focused lifestyle shows, will come from the local Sinclair TV station in that city or the Sinclair station that’s closest to the market a user is in.

Adam Ware, GM of Stirr, described Stirr City as a national channel that gets paired with the local Sinclair affiliate in a particular market. Stirr City will have a national feed, which will switch to local news, sports and other regional programming that the affiliate has the rights to.

DEALERS SUE COLO. OVER EMISSIONS RULES

The Colorado Automobile Dealers Association has sued the state Air Quality Control Commission for its November decision to adopt California’s low-emission vehicle standards, Automotive News reports.

In a filing Monday with the state district court in Denver, the dealer group charges the agency with making a capricious decision in violation of Colorado’s Administrative Procedures Act.

CADA has criticized the decision as rubber stamping California’s regulations and interfering in the free market.

In June, then-Gov. John Hickenlooper, a Democrat, ordered Colorado air-quality officials to follow California clean car standards. The new rule is scheduled to kick in with the 2022 model year. State officials say it will reduce greenhouse gas emissions by nearly 2 million tons per year by 2030.

THIS AND THAT

Comcast and NBCUniversal are investing in Acorns, a startup aimed at educating millennials on savings and investments through its app. CNBC will produce content for Acorns, including videos, articles and live conferences to enhance financial knowledge... The Associated Press reports that Locast, the free over-the-air app that enables live access to local stations, will be adding two new markets to its roster, which includes Boston, Chicago and New York. Locast’s nonprofit status may be the key loophole to its survival, since federal law allows nonprofits to retransmit signals... Advisory firm Digi-Capital found that investors locked to game companies last year, piling in $5.7 billion and more than doubling the 2017 record. VentureBeat says mobile games got a third of that money.
CONSUMERS FEAR TOUGH RETURN POLICIES
The possibility of having to return something is dissuading consumers from buying certain products online, eMarketer reports.

Not surprising, clothing and accessories — where size, fit and style are considerations — is one of the biggest product categories consumers are hesitant to buy, according to a November 2018 survey from Radial. Nearly 42 percent of digital buyers said so.

Jewelry and luxury item purchases also give many consumers pause. Roughly 31 percent of respondents were reluctant to spend so much in anticipation of having to send it back.

But returns don’t happen as often as people think they do. A May 2018 survey from National Public Radio and The Marist Poll found that many consumers would rather keep items they don’t want instead of returning them. Just 2 percent of total U.S. digital buyers surveyed said they return digital purchases “very often,” while another 7 percent said they do so “often.”

Flexible returns have become a differentiating factor that can make or break customer loyalty. But many retailers have a hard time discerning consumer indecisions versus fraudulent behavior. And with the operational cost of returns skyrocketing, retailers can’t afford to have consumers making too many returns.

In a September 2018 study from Brightpearl conducted by OnePoll, roughly six in 10 U.S. retailers said they would consider permanently blocking “serial returners” who abuse free return policies.

Retailers should avoid alienating customers with legitimate reasons for returning a purchase, eMarketer says. The advantage of having a flexible returns policy? Customer loyalty. More than half (57%) of digital buyers in a September 2018 survey from Narvar said they would replace the item they returned, while another 96 percent said they would give a retailer repeat business based on a good returns experience.

COVIVA: STREAMING VIEWERSHIP UP 165% IN Q4
Streaming TV viewership numbers increased significantly during the fourth quarter, according to Conviva’s new Annual State of the Streaming TV Industry report.

Across the measurement firm’s customer base — which includes HBO, Hulu, Sky, Sling TV, Turner and Univision — streaming TV viewership rose 165 percent in the fourth quarter and saw 89 percent growth in overall viewing hours for the year.

As more viewers flock to streaming live TV, Conviva is picking up on heightened sensitivity around expectations and patience. The firm said there was a 7 percent year-over-year increase in the rate of abandonment, which translated to 14.6 percent of viewers leaving before their video started.

That effect increased when viewers expected a traditional TV-like experience, as when using a connected TV, watching live content or accessing a virtual MVPD such as Sling TV or DirecTV Now.

Conviva said live content increased 65 percent in viewing hours and drove a lot of global streaming growth during Q4.

GM, FORD SALES EXPECTED TO FALL IN JAN.

The U.S. car industry overall will post more sales this month compared to January 2018. However, the two largest American manufacturers, General Motors and Ford, are expected to post drops as they struggle against Fiat Chrysler and smaller foreign manufacturers.

Cox Automotive expects January sales across the industry to rise less than 1 percent to 1.15 million units. As sport-utility vehicle, crossover and pickup sales continue to gain, car sales are expected to decrease by 30 percent. Because of this trend, Ford will be particularly hard hit, along with Honda, Nissan and Toyota.

GM sales are expected to drop 6.8 percent to 185,000. Ford sales are expected to fall 3.4 percent to 155,000. Fiat Chrysler sales, driven by the Jeep family of SUVs, is expected to post a sales gain of 9.2 percent to 145,000.

FCA continues to gain on Ford for the position of America’s No. 2 car company. Cox researchers say the car industry is likely to see slow, if any, growth this year.

“We normally see a drop off in January sales versus December, and that will be the story this year as well,” says Charlie Chesbrough, senior economist at Cox Automotive. “The government shutdown that dominated the news and a few negative economic indicators likely drove consumers to be more conservative as uncertainty increases. The record-setting cold forecast for this final week of the month won’t help either.”

FCC FINES ‘PIRATE’ KY. TELEVISION STATION
The FCC has hit the operators of a Lexington, Ky., market unlicensed low-power TV station with a fine of $144,344, Inside Radio reports.

The agency says Yearl Pennington and Michael Williamson continued to operate “TV 10” licensed to Morehead, Ky., long after the license was cancelled in 2004. Pennington was first granted the license in 1990 and received a renewal in 1993.

But when that license expired in 1998, he never filed a renewal request. It took the Media Bureau six years before it cancelled the license. Nevertheless, the station remained on the air. In June 2016 the FCC learned the station never powered down.

MONDAY NIELSEN RATINGS - LIVE + SAME DAY

<table>
<thead>
<tr>
<th>Time</th>
<th>Net</th>
<th>Program</th>
<th>Multi Net 18-49 Ratings Share</th>
<th>Viewers in Millions</th>
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<tbody>
<tr>
<td>8:00</td>
<td>NBC</td>
<td>America’s Got Talent</td>
<td>1.8/8</td>
<td>10.38M</td>
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<tr>
<td></td>
<td>ABC</td>
<td>The Bachelor</td>
<td>1.8/8</td>
<td>6.35M</td>
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<tr>
<td></td>
<td>CBS</td>
<td>Big Brother: Celebrity Edition</td>
<td>1.1/5</td>
<td>4.67M</td>
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<tr>
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<td>FOX</td>
<td>The Resident</td>
<td>0.9/4</td>
<td>5.38M</td>
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<td>Arrow</td>
<td>0.4/2</td>
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1/30/2019