

B E V E R A G E

Sparkling Water According to Beverage Marketing, nearly 574 million gallons of sparkling water generating \$6.1 billion in revenue were sold in the U.S. in 2016. Projected 2017 numbers: 790 million gallons and \$8.5+ billion in retail. Beverage industry giants are trying to reinvigorate this category with the introduction of new products. A *USA Today* sampling:

Nestle

Roll out of 6 regional spring water brands including Poland Spring called Sparkling

PepsiCo

A sparkling version to its Aquafina line

A new sparkling water product called Bubly, which comes in 8 flavors including apple, strawberry and mango, in brightly colored cans with lowercase lettering and greetings on the pull tabs (“Hey u!” “yo!”)

Coca-Cola

Acquired sparkling mineral water brand Topo Chico

Anheuser-Busch InBev

Alta Pala sparkling waters

B R O A D C A S T

Super Bowl This year’s Super Bowl posted a slight decline in TV viewership versus a year ago, with the game pulling in \$414 million in advertising sales to NBC – the second biggest take in history (\$419 million).

C O R P O R A T E

Twitter For the first time since its inception 12 years ago, Twitter, which went public in 2013, recorded a profit due to sales activity in the fourth quarter of 2017 (\$91 million). Monthly active user base remained flat at 330 million users, however, its daily active users grew by 12%.

Uber/Waymo Waymo and Uber settled their legal fight last week nearly a year after Waymo first accused the ride-hailing company of plotting to steal important self-driving car technology. The settlement: Uber agreed to provide Waymo with 0.34% of its stock, which translates into a stake worth about \$245 million.

D A T A

comScore/Activation Data-ist comScore expanded its Activation solution to incorporate console gaming and over-the-top (OTT) audience segments, including subscription video on demand. The 21 new advanced segments are powered by comScore's proprietary Total Home Panel, whose goal is to help marketers and media companies better target traditionally elusive consumers with tailored messages based on their overall streaming and console gaming intensity as well as their consumption of leading OTT services.

Nielsen/Brand Integrations Intel Nielsen Media Services rolled out Nielsen Brand Integration Intel, which measures and evaluates brand exposures on linear TV, subscription video on demand platforms and short form video on popular sites. The company sites 611 brands exposing themselves with on-screen integrations last year. How it works: provides length of time a brand is onscreen, where it is onscreen and in the program, how big or prominent the branding is as well as the "impact" of the integration. It will then create a score based on that data, placing a value on the integration at an individual and an aggregated level.

F A S T F O O D

Arby/Bufalo Wild Wings Privately held fast food and casual dining restaurant chain Arby's closed its purchase of Buffalo Wild Wings in a deal valued at roughly \$2.9 billion. The Arby's Restaurant Group is rechristening itself as Inspire Brands and houses the following brands under its umbrella:

| <u>Restaurant</u> | <u>Locations</u> | <u>Global Sales</u> |
|--------------------|------------------|---------------------|
| Arby's | 3,400+ | \$3.7 billion |
| Buffalo Wild Wings | 1,250+ | \$3.9 billion |
| R Taco | 25+ | Undisclosed |

The chart below lists restaurant chains that have changed hands recently, as reported by *The Wall Street Journal*:

| <u>Chain</u> | <u>Buyer</u> | <u>Deal Value</u> |
|----------------------------|---------------------|-------------------|
| Panera Bread | JAB Holdings | \$7.2 billion |
| Popeye's Louisiana Kitchen | Restaurant Brands | \$1.8 billion |
| Cheddar's Scratch Kitchen | Darden Restaurants | \$780 million |
| Bob Evans | Golden Gate Capital | \$565 million |
| Ruby Tuesday | NRD Capital | \$146 million |

Dunkin' Donuts/ Foam Dunkin' Donuts announced that it will phase out the use of polystyrene foam cups from its stores globally by 2020.

KFC/Taco Bell/ GrubHub Fast food chains KFC and Taco Bell, which are owned by Yum Brands, announced an expansion of online ordering and delivery capabilities through a new deal with GrubHub, in which it has invested \$200 million. The company already offers online ordering for pickup or delivery at nearly half of its 45,000 restaurants.

FINANCE

Dow/Daily Declines

The chart below lists the largest daily declines (%) in the Dow Jones Industrial Average, as reported by *The Wall Street Journal*:

| <u>Rank</u> | <u>Date</u> | <u>Loss</u> | <u>Points</u> |
|-------------|-------------|-------------|---------------|
| 1 | 10/19/1987 | -22.6% | -508.00 |
| 2 | 10/28/1929 | -12.8% | -38.33 |
| 3 | 10/29/1929 | -11.7% | -30.57 |
| 4 | 11/6/1929 | -9.9% | -25.55 |
| 5 | 12/18/1899 | -8.7% | -5.57 |
| 6 | 8/12/1932 | -8.4% | -5.79 |
| 7 | 3/14/1907 | -8.3% | -6.89 |
| 8 | 10/26/1987 | -8.0% | -156.83 |
| 9 | 10/15/2008 | -7.9% | -733.08 |
| 10 | 7/21/1933 | -7.8% | -7.55 |
| 11 | 2/5/2018 | -4.6% | 1,175.21 |

The chart below lists the largest daily declines (Points) in the Dow Jones Industrial Average, as reported by *The Wall Street Journal*:

| <u>Rank</u> | <u>Date</u> | <u>Points</u> | <u>%</u> |
|-------------|-------------|---------------|----------|
| 1 | 2/5/2018 | -1,175.21 | -4.6% |
| 2 | 2/8/2018 | -1,032.89 | -4.1% |
| 3 | 9/29/2008 | -777.68 | -7.0% |
| 4 | 10/15/2008 | -733.08 | -7.9% |
| 5 | 9/17/2001 | -684.81 | -7.1% |
| 6 | 12/1/2008 | -679.95 | -7.7% |
| 7 | 10/9/2008 | -678.91 | -7.3% |
| 8 | 2/2/2018 | -665.75 | -2.5% |
| 9 | 8/8/2011 | -634.76 | -5.5% |
| 10 | 4/14/2000 | -617.78 | -5.7% |

GLOBAL

Tech Companies/ Cash

Major tech companies' foreign and total cash, in billions, as reported by *The Wall Street Journal*:

| <u>Company</u> | <u>Cash (Billions)</u> | |
|----------------|------------------------|----------------|
| | <u>Total</u> | <u>Foreign</u> |
| Apple | \$285 | \$269 |
| Microsoft | \$147 | \$132 |
| Alphabet | \$102 | \$61 |
| Facebook | \$42 | \$16 |
| Amazon | \$31 | \$10 |

G L O B A L (cont'd)

Traffic Congestion Top 10 most congested urban areas in the world, by number of peak hours in auto traffic (2017), according to INRIX, a leader in transportation analytics and connected car services, as reported by *USA Today*:

| <u>Rank</u> | <u>City</u> | <u>INRIX Scorecard</u> |
|-------------|---------------|------------------------|
| 1 | Los Angeles | 102 |
| 2 | New York | 91 |
| 3 | Moscow | 91 |
| 4 | Sao Paulo | 86 |
| 5 | San Francisco | 79 |
| 6 | Bogota | 75 |
| 7 | London | 74 |
| 8 | Atlanta | 70 |
| 9 | Paris | 69 |
| 10 | Miami | 64 |

P E R S O N A L I T I E S

John Mahoney British actor John Mahoney (*Frasier*, founding member of the Chicago Steppenwolf Theatre) has passed away. He was 77 years old.

Publishing

Los Angeles Times The *Los Angeles Times* found a white knight to rescue the publication from its current parent company Tronc. Patrick Soon-Shiong, a billionaire Los Angeles doctor and one of Tronc's major shareholders, is acquiring the publication in a deal valued at \$500 million that would include the *Times*, sibling *San Diego Union-Tribune* and smaller publications in the California News Group.

R E T A I L

Amazon/Delivery Service Amazon unveiled plans to test a program, known as Ship With Amazon and Shipping With Amazon, this year that would replace some delivery services now done by United Parcel Service and FedEx. Packages shipped in the U.S. in 2017, according to MWPVL, as reported by *The Wall Street Journal*:

| <u>Category</u> | <u>Revenue (Billions)</u> |
|------------------------|---------------------------|
| Amazon paid to ship | \$1.2 |
| FedEX was paid to ship | \$2.7 |
| UPS was paid to ship | \$4.3 |

Amazon/Whole Foods Amazon introduced a free, two-hour delivery (8am-10pm) from Whole Foods stores to its Prime members in four cities (Austin, Cincinnati, Dallas and Virginia Beach). In June, Amazon acquired Whole Foods in a transaction valued at \$13.7 billion.

Best Buy/CDs Best Buy, the nation's largest store-based electronics retailer, announced that it is planning to quit selling music CDs at its stores by July 1. Rationale: CD sales are shrinking – down 20% to \$1.2 billion nationwide in 2016 according to RIAA – and the retailer can utilize space for better and more profitable use.

R E T A I L (cont'd)

| | |
|-------------------------------|--|
| Bon-Ton | <p>Bon-Ton Stores, the corporate parent of several department store chains including Boston Store, Carson's, Elder-Beerman and Younkers, tumbled into Chapter 11 bankruptcy protection.</p> <p>Note: The company traces its roots to before the Civil War, when its first store opened in 1854.</p> |
| Kroger | <p>Kroger is selling its convenience store business (800 stores across 18 states) to privately held U.K. based EG Group, which operates gas stations and convenience stores across Europe, for \$2.15 billion.</p> |
| L.L. Bean | <p>Outdoor goods seller L.L. Bean announced plans to limit its well known and generous return policy. Historically, the family owned company allowed customers to return products even years later if they were not satisfied with their purchases. No longer. New return policy: customers may return products for a refund only within one year, if they have a receipt or proof of purchase.</p> |
| Macy's/Muslim Clothing Market | <p>In mid-February, retail chain Macy's will introduce a collection of clothing including hijabs, making it the latest retailer to try to capture a piece of the lucrative Muslim clothing market. Globally, consumers spent \$254 billion in 2016 on Muslim attire, according to the latest Global Islam Economy report. Of the 2 billion Muslims worldwide, about 9 million are in North America, according to a 2014 study released by the American Muslim Consumer Consortium.</p> |

S O C I A L

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|----------|--|
| Snapchat | <p>Snapchat introduced a new tool that allows users to create custom face lenses and new text caption styles for snaps (think puppy ears and the vomiting rainbow). The lenses, similar to Snapchat's custom geofilters, start at \$9.99.</p> <p>Note: Snapchat claimed 187 million users in the fourth quarter.</p> |
|----------|--|

S O C I E T Y

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|--------------------|---|
| Net Neutrality | <p>Hawaii has joined New York, New Jersey and Montana in requiring internet service providers to follow net neutrality principles in order to obtain state contracts.</p> |
| U.S. Trade Deficit | <p>The U.S. trade deficit hit the highest level in 9 years in 2017, defying President Trump's efforts to bring more balance to U.S. trade relationships. The Commerce Department reported that the trade gap on goods and services rose to \$566 billion last year, the highest level since \$708.7 billion in 2008. Imports set a record \$2.9 trillion, swamping exports of \$2.3 trillion.</p> |

T O Y S

| | |
|--------|---|
| Hasbro | <p>For the first time since 1993, toy manufacturer Hasbro's (Monopoly, Nerf Guns and Disney Princess) annual revenue topped rival Mattel.</p> |
|--------|---|

T O Y S (cont'd)

Lego/Tencent Lego is teaming up with one of China's biggest social-tech firms to develop Lego-branded online games for children. A recent survey conducted by Michael Cohen Group reported that children prefer to spend more time playing with touch-screen devices over construction and block-based toys:

| <u>Type of Play</u> | <u>% of Time</u> |
|----------------------|------------------|
| Touch screens | 62% |
| Dolls/Action figures | 58% |
| Arts/crafts | 51% |
| Construction/blocks | 49% |
| Game consoles | 48% |
| Play vehicles | 42% |
| Board games | 38% |

V I D E O

Alphonso TV/IRI Alphonso TV and IRI announced a partnership through which both companies will work together to provide advanced TV measurement solutions. How it works: real-time TV audience viewership data from 34 million U.S. homes will inform ad measurement reporting provided through IRI Life, a media measurement solution that integrates IRI's point of sale, frequent shopper, causal and media exposure data – essentially offering a capability to track consumer purchases back to TV ad exposures.

ESPN/OTT Disney unveiled plans to charge \$4.99 a month for the new direct to consumer ESPN Plus streaming service. The service will be part of a revamped app released this Spring that will feature news and other ad-supported content along with feeds of the ESPN channels for cable subscribers, and additional content – such as professional baseball, soccer and hockey games – for those who pay for ESPN Plus.

NBCU/Brightline NBCU is teaming up with creative tech shop Brightline to provide interactive ads around the Winter Olympics. The interactive element enables viewers to access more information about the athletes using the TV remote.

NBCU/BuzzFeed/
Plyafull NBCUniversal and strategic partner BuzzFeed, in which NBCU has an investment (\$400 million), are launching Playfull, a millennial parenting channel. BuzzFeed will create videos for Playfull, which launched last week on Facebook, and NBCU will oversee ad sales and business partnerships.

Olympic Media Fees The chart below delineates U.S. Winter Olympics media rights fees, by year, according to Kantar Media, as reported by B&C:

| <u>Year</u> | <u>Location</u> | <u>Fees (Millions)</u> |
|-------------|-----------------|------------------------|
| 1998 | Nagano | \$375 |
| 2002 | Salt Lake City | \$620 |
| 2006 | Torino | \$613 |
| 2010 | Vancouver | \$820 |
| 2014 | Sochi | \$775 |
| 2018 | PyeongChang | \$963 |

V I D E O (cont'd)

| | |
|--------------------|---|
| Snapchat/Live | Snapchat built a new feature for streaming live video inside the app called Live. At launch, it is only for Snapchat's publishing partners. First up: NBC to show live coverage from the Winter Olympics. NBC will also stream some live broadcast footage directly to Snapchat's Discover section. |
| T-Mobile/Layer3 TV | T-Mobile disclosed that it paid \$325 million for Denver based Layer3 TV, an MVPD service that is already available in a handful of cities. The acquisition will enable T-Mobile to launch a new "disruptive" IP based home and mobile TV service that competes with traditional and virtual MVPD services. |
| Valence | Dick Clark Productions, film and television studio MRC, and the Billboard-Hollywood Reporter Media Group have merged to create Valence, combining production, publishing and live events. |
| Viacom Next | Viacom has closed down Viacom Next, its emerging entertainment technology group that was best known for producing virtual reality experiences. The studio was created in 2016 to explore ways to utilize new technology with Viacom content. |
| Viacom/OTT | Viacom unveiled plans to launch a new digital premium video service that will include programming from all of its networks – including big cable networks channels MTV and Comedy Central, which are held back from other existing digital services. |
| Viacom/VidCon | Viacom purchased VidCon, an annual conference (30,000 attendees and 80 sponsors) that celebrates online video and the creators that make it. The conference was founded in 2010 by brothers and YouTube creators Hank and John Green and has become the de facto conference celebrating YouTube creators, as well as video creators from other platforms. |

NIELSEN MUSIC 2017 YEAR END REPORT HIGHLIGHTS

The following are highlights from Nielsen Music's 2017 year-end report:

- ◆ For the first time ever, R&B/hip-hop surpassed rock to become the biggest music genre in the U.S. in terms of total consumption.
- ◆ Eight of the 10 most listened to artists of the year came from the R&B/hip-hop genre led by Drake, with 4.8 million album equivalent units (combined album sales, song downloads and streams) and Kendrick Lamar (3.7 million).
- ◆ Album and song sales were down overall in 2017, dropping 19% against the year before. But streaming surged in their wake, growing 43% with 400 billion streams total (compared with 252 billion in 2016).
- ◆ Ed Sheeran's *Divide* was the most popular album of the year with 2.8 million album equivalent units followed by Kendrick Lamar's *Damn* (2.7 million) and Taylor Swift's *Reputation* (2.3 million).
- ◆ Luis Fonsi and Daddy Yankee's summer anthem *Despacito* featuring Justin Bieber was the biggest song of the year in terms of total sales (2.7 million downloads) and streams (1.3 billion).
- ◆ Streaming now accounts for 54% of total audio consumption.
- ◆ 19 songs surpassed 500 million streams in 2017; of which 17 came from the R&B/hip-hop genre.
- ◆ Despite rap's dominance on streaming platforms, rock continues to be the biggest genre for album sales, accounting for 35% of all albums sold.

OLYMPIC WINTER WINNERS

The chart below is a projection of medals and golds for the Pyeongchang Games as presented by *The Wall Street Journal*:

| COUNTRY | PROJECTED MEDALS | COUNTRY | PROJECTED GOLDS |
|-------------|------------------|-------------|-----------------|
| USA | 36 | Germany | 13 |
| Norway | 36 | Norway | 12 |
| Canada | 33 | USA | 11 |
| Germany | 32 | Canada | 11 |
| France | 20 | France | 7 |
| Netherlands | 18 | Netherlands | 6 |
| Japan | 14 | Japan | 5 |
| Korea | 13 | Korea | 5 |
| Switzerland | 13 | Switzerland | 5 |
| Russia | 12 | Italy | 5 |
| Austria | 12 | Russia | 4 |

SATELLITE SUBSCRIBERS (2012-2018)

| YEAR | SUBSCRIBERS (MILLIONS) |
|-------------|------------------------|
| 2012 | 34.0 |
| 2013 | 33.7 |
| 2014 | 33.6 |
| 2015 | 33.1 |
| 2016 | 33.4 |
| 2017 | 31.9 |
| 2018 (est.) | 30.2 |

TELCO SUBSCRIBERS (2012-2018)

| YEAR | SUBSCRIBERS (MILLIONS) |
|-------------|------------------------|
| 2012 | 10.0 |
| 2013 | 11.8 |
| 2014 | 13.0 |
| 2015 | 13.0 |
| 2016 | 11.4 |
| 2017 | 10.5 |
| 2018 (est.) | 9.4 |

Source: *Multichannel News* TV Channel Landscape

CABLE SUBSCRIBERS (2012-2018)

| YEAR | SUBSCRIBERS (MILLIONS) |
|-------------|------------------------|
| 2012 | 57.1 |
| 2013 | 55.2 |
| 2014 | 53.8 |
| 2015 | 53.2 |
| 2016 | 52.9 |
| 2017 | 51.7 |
| 2018 (est.) | 50.1 |

VIRTUAL MVPD SUBSCRIBERS (2012-2018)

| YEAR | SUBSCRIBERS (MILLIONS) |
|-------------|------------------------|
| 2012 | - |
| 2013 | - |
| 2014 | - |
| 2015 | 0.6 |
| 2016 | 1.6 |
| 2017 | 4.3 |
| 2018 (est.) | 9.0 |

Source: *Multichannel News* TV Channel Landscape