



NEWS RELEASE

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Technology, Content Creation and Digital Marketing Salaries Escalate *Industry Adapts Comp Practices to Competitive Landscape*

NAPERVILLE, ILL., January 27, 2017 — The explosive growth of digital distribution and ramping investment in original programming has had a profound impact on compensation in the cable and telecommunications industry. The Cable and Telecommunications Human Resources Association's (CTHRA) 2016 Annual Compensation Surveys revealed that salaries for technology, content creation and digital marketing jobs rose sharply this year. Industry consolidation also drove changes in sales compensation plans, and robust equity incentives once again fueled executive pay. The surveys further disclosed that industry employers are offering more amenities to better compete with technology and digital content employers for in-demand talent.

There were 59 participants in the 2016 surveys, including 14 MSOs/satellite companies and 45 programmers/broadcast networks. Respondents also included digital content creators such as Amazon, hulu, RedBull Media House and Vevo.

"Attracting and retaining high-caliber talent in this fiercely competitive labor market requires out-of-the box thinking," said Pamela Williams, CAE, CTHRA's executive director. "The 2016 Compensation Surveys demonstrate our industry's flexibility to adapt to market dynamics and offer competitive solutions."

Technology and Content Spur Comp Changes

CTHRA collected its 2016 compensation data against the backdrop of a changing marketplace. Digital has become the dominant distribution platform, outpacing TV viewing¹. Multiple system operator (MSO) broadband networks are essential to multiscreen digital distribution and require personnel with specialized skills.

"MSOs are becoming more technology and software based, and less connected to the television," explained Hali Croner, president and chief executive officer (CEO) of The Croner Company, the firm that conducted the surveys for CTHRA. "Figuring out how to get content to subscribers on multiple screens is driving demand for technology jobs."

¹ eMarketer 2016

Market pressures for tech-savvy personnel sharply drove MSO salary increases for customer care (CC) technical support representatives. With expertise in high-speed data, commercial data, and streaming video and music, these individuals provide technical support to customers and installers. First-level CC technical support reps garnered a 14% base salary growth this year, more than four times the national average, while expert reps saw a 7% increase (See Figure 1).

Figure 1. Hot Technology and Digital Jobs Base Salary Growth



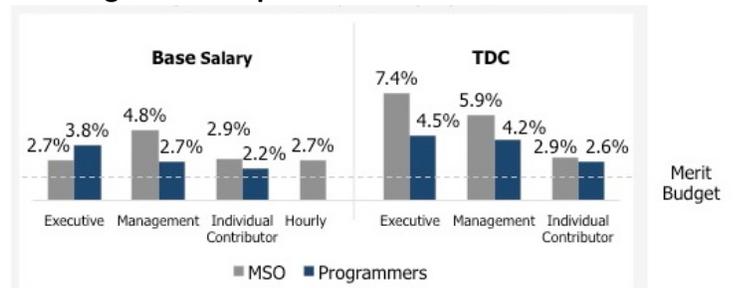
This shift to digital, combined with the emphasis on original content, is also spurring programming salary increases. Programmers are prioritizing original content and launching over-the-top (OTT) services, while digital newcomers like Amazon and Netflix have sharply escalated their content investment.² As a result, base salaries for managers of digital distribution, individuals who help negotiate deals with digital content providers, rose 16%. Directors of digital media, who are skilled at content creation, earned 12% base salary raises, while those adept at reaching digital viewers — digital media marketing individual contributors (IC) — saw salaries climb 11% (See Figure 1). Similar to MSOs, increases for these hot programming jobs significantly outpaced the national average — by up to five times.

Salary Budgets Stable; Bonuses and Stock Spur Executive Pay

Both MSOs and programmers reported average 2016 salary adjustment budgets (which include raises for merit, promotion and cost of living adjustments) of about 3%. This annual increase is on par with the national average and has remained stable since 2011.

Among MSOs, base salary growth ranged from 2.7% for hourly employees and climbed to 4.8% for management. At programmers, base salary growth ranged from 2.2% for ICs (non-management professionals) and climbed to 3.8% for executives (see Figure 2).

Figure 2. Compensation Growth 2015 to 2016



For companies participating in both the 2016 and 2015 CTHRA surveys, excludes sales positions. Represents incumbent weighted average movement.

Base salary tells just part of the story. “For their more senior positions, companies are driving total compensation higher through bonuses and stock,” explained Croner. In 2016, total direct compensation (TDC) at MSOs escalated 7.4% for executives and 5.9% for management. Among programmers, TDC climbed 4.5% for executives and 4.2% for management (see Figure 2). TDC includes salary, bonus and incentives like stock.

² IHS Technology 2016

Geography continues to impact salaries for MSO installers and service technicians. Base salaries were up to 11% higher in the West and 4% higher in the East, while MSOs in the South, Midwest and Southwest reported lower salaries for installers and techs by up to 6%, 4% and 2% respectively.

Consolidation Spurs Changes to Sales Compensation

2016 was a strong year for programmer ad sales. Total cash compensation (TTC) (salary and bonus) exceeded targets by 9% for ad sales ICs and 5% for ad sales management. Even more dramatic was the change to affiliate sales compensation plans. The prevalence of affiliate sales-specific plans decreased 50%, signaling the industry’s proactive approach to market changes.

“Historically, the affiliate sales group had its own sales incentive plan driven by subscriber growth and affiliate partnerships. Because of consolidation and market penetration, that model is no longer valid,” explained Lisa Kaye, president and CEO of greenlightjobs, and co-chair of CTHRA’s Compensation Surveys. Instead, many programmers are now integrating those highly specific plans into broader companywide programs.

“This is a big shift in how the industry has traditionally operated,” Kaye said. “It’s heartening that companies are addressing this issue in a way that doesn’t penalize the employee and still incentivizes sales people.”

Bonuses Prevalent Across Industry

The industry continued its broad-based support for short-term incentives or bonuses. In the 2016 Surveys, 93% of MSOs offered bonuses, as did 88% of programmers. Eligibility reached deep into the organizations, as 69% of both MSOs and programmers offered bonuses to employees below managers, although MSO penetration was more consistent (See Figure 3).

“Competitive pay practices continue to drive the way in which companies recruit and retain top talent,” said Kaye. “Having variable pay practices allows employers to reward top performers in a very aggressive way.”

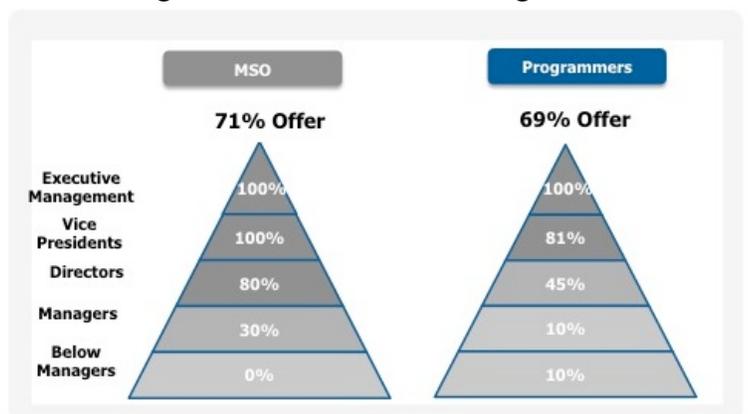
Long-term incentives (LTI) such as shares, stock options and long-term cash awards remained largely limited to management. At MSOs, 71% of participants offered LTIs, as did 69% of programmers. None of the MSO participants and 10% of programmers extended LTI eligibility to employees below managers (See Figure 4).

Employers continue to primarily offer full-value shares rather than options. This year’s surveys also

Figure 3. Bonuses Remain Broad-Based



Figure 4. LTIs Limited to Management



highlighted the increased use of performance-based metrics, driven largely by shareholders, when awarding equity.

Expanded Participation and Job Families Reflect Changing Market

To keep pace with changes in today’s intensely competitive talent market, CTHRA continues to expand digital participation, identify new job families, add international positions and update the survey’s scope. The 2016 Compensation Surveys significantly increased the number of positions for data collection — 287 MSO positions and 447 programmer positions.

“There is no other source of data as relevant to our industry as the CTHRA surveys,” said Robert Lynn Scott, director, total rewards and workforce analytics, Cox Communications. “Yes, there are other survey sources, but none offer the opportunity to directly influence what job data is needed on as timely a basis as this survey — not only annually but also on an ad hoc basis if needed.”

This year, MSOs and satellite providers added 10 new job families and 61 new positions. Many of these new positions reflect the high demand for employees with technical skills. New job families include: Business Intelligence Engineering, Information Technology Security, Software Engineering, Pricing and Offer Management, Market Development/Access Management, Major Account/Enterprise Commercial Sales, Small-to-Medium Business Commercial Sales, Paralegal and Environmental Health and Safety.

Programmers and broadcasters added four new job families and 29 new positions in 2016. These families include: Consumer Insights and Analytics, Inclusion and Diversity, Sales Training and Business Development Account Management. The new inclusion and diversity positions are expanding beyond organization-level jobs to include individuals responsible for diversity in programming talent and content lineup.

Industry Adds Amenities

Last year, CTHRA’s Compensation Surveys began gathering data on amenities and culture, reflecting the expanded notion of compensation prevalent at digital and high-tech competitors. The 2016 Surveys reveal increases in amenities at both MSOs and programmers as they strive to be the employer of choice.

Free food, defined as fully subsidized daily meals and fully stocked pantries, remained at 0% for MSOs, but grew from 9% to 13% at programmers. Enhanced work environments at MSOs rose from 33% to 57% and from 44% to 67% at programmers. Free gym and recreation amenities are closing in on digital metrics, growing from 8% to 36% at MSOs and 17% to 27% at programmers. (See Figure 5)

Figure 5. Amenities Increase



“Perks and amenities often represent a more qualitative component of total rewards,” explained Fatimah Shittu, vice president of compensation for CBS Corporation. “It is often less about the

monetary value of free food or gym access, and more about the culture of catering to the needs of employees and providing conveniences when possible.”

Methodology

CTHRA’s 2016 Compensation Surveys included 59 participants. Companies included 14 MSOs and 45 programmers (see attached 2016 participant list). The survey results are industry-specific, providing an in-depth analysis of pay practices for roughly 175,000 incumbents, including both exempt and nonexempt positions ranging from technicians to top executives. The participants submitted data reflecting 2016 budgets, base compensation figures, amenities and benefits.

The Croner Company, a leading compensation consulting firm specializing in compensation plan design, compensation surveys and organizational design, developed the surveys and collected and analyzed the data, separating results into two participant categories: MSOs and programmers. Given the highly confidential survey data, the results from any given company cannot be seen. Only summary information pertaining to all participants is available. This reporting approach complies with Federal Trade Commission (FTC) regulation and encourages participation without fear of exposing proprietary information to the public.

CTHRA is currently seeking participants for its 2017 Compensation Surveys, as well as its new Cable & Telecommunications Employee Benefits Survey, which will be conducted by PwC Saratoga. For more information, please visit www.CTHRA.com.

About CTHRA

The Cable and Telecommunications Human Resources Association (CTHRA) is the premier human capital resource for the industry and a growing nonprofit organization with more than 3,800 members spanning 50 companies. CTHRA provides industry-specific benchmarks, information and resources, as well as networking and educational opportunities. Its groundbreaking initiatives include its Compensation Surveys, Annual HR Symposium and Think Tank for HR Executives. For more information, visit www.cthra.com.

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2016 MSO Participants

Armstrong Utilities Inc.
DIRECTV (AT&T)
TDS Broadband Service LLC
Bright House Networks
Cable One Inc.
Cablevision Systems Corporation
Charter Communications Inc.
Comcast Cable Communications Inc.
Cox Communications Inc.
Mediacom Communications Corporation
RCN Telecom Services LLC
Time Warner Cable Inc.
Wave Broadband
WOW! Internet – Cable – Phone

2016 Programmer Participants

A+E Networks LLC
Amazon.com Inc.
AMC Networks Inc.
AT&T (U-Verse, DIRECTV Inc.)
Broadcast Music Inc.
CBS Corporation (CBS Television)
CBS Corporation (Showtime Networks Inc.)
Crown Media United States LLC
C-SPAN
Discovery Communications Inc.
Disney ABC Television Group (ABC Television)
Disney ABC Television Group (Disney ABC Cable Networks Group)
ESPN Inc.
Fox Networks Group (Fox Broadcasting Company)
Fox Networks Group (Fox Cable Networks Group)
HBO Latin America Production Services L.C.
Home Box Office Inc.
Howard Hughes Medical Institute
HSN Inc.
Hulu LLC

INSP LLC
ION Media Networks Inc.
Jet Propulsion Laboratory
MLB Network LLC
National Basketball Association
National Football League
NBCUniversal Media LLC
NBCUniversal Media LLC (NBCUniversal Cable Networks, Comcast Programming Group)
New England Sports Network Ltd.
Public Broadcasting Service
QVC Inc.
Red Bull Media House North America, Inc.
Scripps Networks Interactive Inc.
Sony Pictures Entertainment (Sony Pictures Television)
Starz Entertainment LLC
Time Warner Cable Inc. (Regional Programming)
Tribune Media
Turner Broadcasting System Inc.
TV One, LLC
Univision Communications Inc.
VEVO, LLC
Viacom Media Networks
Warner Bros. Entertainment Inc. (The CW Television Network)
Warner Bros. Entertainment Inc. (WBTV)
World Wrestling Entertainment Inc.