

Cablefax Daily™

Thursday — April 16, 2020

What the Industry Reads First

Volume 31 / No. 074

New Normal: Impact of COVID-19 on OTT Video

The average consumer's appetite for content has exploded during the COVID-19 pandemic, so folks across the media industry are trying to predict the lasting effects the crisis may have on consumption. With the **NAB Show** canceled, companies including **Bitmovin**, **Nielsen**, **EY** and **Verizon Media** virtually gathered Wednesday for a webinar on the virus' impact on the OTT and pay TV landscape. But while the pandemic's lasting effect on consumption remains unclear, streaming services are early beneficiaries. In the week of March 23, consumers streamed 168.7bln minutes of content, up from 76.4bln in the same time period last year, according to Nielsen. "We are in an explosion of streaming video services right now. We are living in an incredible moment to be having this conversation," said *Janet Balis*, global advisory leader, media & entertainment for EY. But things are changing by the day, and the panelists urged OTT players not to get too cozy. When live sports and other events return, many viewers could pivot and give a portion of their minutes back to pay-TV. "There's a huge opportunity for consumers to go out and really change their media diet. The question is what sticks and what are they going to change when sports comes back?" said *Brian Fuhrer*, Nielsen's svp of product strategy. "I think a lot of people are very habit-driven with sports, but I think now people are testing other things and that's going to change behaviors." Balis believes that OTT players need to become acquisition and retention marketers to reduce churn on the other side of the crisis. "It's one thing to drive that initial demand when you're getting someone to try a service for the first time," she said. "It's a very different thing to use data to use retention marketing to help them understand the value of the services they have and why it's so valuable to keep them." To do this, OTT providers need to figure out the right balance of business models including SVOD, AVOD and traditional distribution. Streamers are trying to do so all while trying—like those in the pay-TV universe—to rearrange production pipelines that were seriously derailed by the coronavirus. But early numbers predict the shutdowns won't be as big of a problem for the OTT marketplace. A report from **Convergence Research Group** estimates a 29% access revenue growth to \$28.4bln in 2020, up to \$44.2bln by 2022. "A huge opportunity right now is for clients to look at this as a totally new workspace," said Fuhrer. "At the top of the funnel, new content isn't flowing in. We have a lot of library content out there, and we know streaming is based on library content, aug-



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Cablefax Daily (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Senior Editor: Sara Winegardner, 301.354.1701, swinegardner@accessintel.com ● Associate Editor: Mollie Cahillane, 212.621.4951, mcahillane@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Director of Marketing: Kate Schaeffer, kschaeffer@accessintel.com ● Prod. Mgr: Joann Fato, jfato@accessintel.com ● Kerry Smith, Divisional President, Marketing & Media Group, ksmith@accessintel.com ● Group Subs or Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,749.00/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

mented with new content.” That’s already evident with the launch of **NBCU’s** Peacock on Wednesday. The streamer launched with just two originals, both in kids programming. While NBCU remains optimistic that by Peacock’s nationwide July 15 launch a few more originals will be done, the vast majority have been pushed to 2021.

Frontier Files for Bankruptcy: **Frontier Communications** filed for Chapter 11 bankruptcy Tuesday. In an announcement regarding the filing, Frontier said its proposed restructuring agreement is expected to “reduce the Company’s debt by more than \$10bln and provide significant financial flexibility to support continued investment in its long-term growth.” The company intends to move forward with the sale of its Washington, Oregon, Idaho and Montana operations and assets to **Northwest Fiber** for \$1.352bln in cash on or around April 30 and is seeking court approval to complete the transaction on an expedited basis. Frontier made it clear that it will keep customers connected despite the bankruptcy filing, and the **FCC** said it expects the company to continue complying with all of its regulatory obligations through its restructuring. Frontier has recently been on the Commission’s bad side. Back in January, Frontier notified the FCC that it failed to meet deployment milestones tied to CAF Phase II support it received in 2015. “We will be vigilant in ensuring both that Frontier’s customers stay connected to vital 911, voice, and broadband services and that Frontier continues to put the federal funds it receives through the Connect America Fund and other universal service programs to work for the American people,” **FCC** Wireline Competition Bureau chief *Kris Monteith* said in a statement.

WarnerMedia, Charter Agree to HBO Max Deal: **Charter** customers that are already **HBO** subscribers will automatically receive access to **HBO Max** when it launches next month thanks to a new multi-year distribution deal with **WarnerMedia**. The deal, which also applies to subs of Charter’s Spectrum Silver and Gold video packages, will be able to access HBO Max for no additional charge by signing into the streaming service’s app. All remaining and new customers will be able to purchase HBO Max directly from Charter. “This new premium streaming experience will be a welcome addition to Spectrum subscribers; we will offer HBO Max on a multitude of platforms for purchase by our video, broadband and mobile customers alike,” Charter evp, programming acquisition *Tom Montemagno* said in a statement.

WWE Forced to Furlough: After evaluating its operations and the effects of COVID-19, **WWE** has furloughed a portion of its workforce, effective immediately. The company did not offer details on how many were furloughed. WWE is also reducing compensation of its executives and board members by an unspecified amount, cutting talent expenses as well as third party staffing and consulting and is deferring spending on the buildout of its new headquarters for at least six months. The company’s reductions in compensation and headcount will result in an estimated monthly savings of

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\$4mln as well as a cash flow improvement of \$140mln primarily from the hold on spending for the new headquarters. WWE will offer further details on its position during its 1Q20 earnings call on April 23 at 5pm.

Network Traffic Could Be Plateauing: Peak network traffic continues to show signs of leveling off, according to **NC-TA's** COVID-19 Internet Dashboard. National downstream peak growth stayed flat for the second consecutive week, up 0.65% over the week prior. Upstream peak growth also decelerated, rising only 0.71% over the previous week compared to prior week-over-week increases of 4% and 7%. Nine ISPs are now reporting data to NCTA's COVID-19 Internet Dashboard, the latest addition being **Cable One**.

Pivotal Ups Netflix Target to Street High: **Pivotal** raised its YE target price for **Netflix** to \$490, in part because of the global stay-at-home orders around COVID-19. Pivotal expects the situation will lead to higher gross subscribers as well as a drop in churn for the streaming giant when it reports 1Q20 earnings on Tuesday. "We believe the unfortunate COVID-19 situation is cementing NFLX's global DTC dominance partly driven by the incremental content spend that is enabled by their massive and growing subscriber base," Pivotal said in a note. "As we anticipated, in 4Q NFLX stock climbed a wall of worry (and heavy short interest) into the launch of **Disney+** (which we viewed—and continue to view—as complementary and a likely accelerant to traditional Pay TV losses = positive for NFLX) and **Apple TV+** (which as we expected fell flat on its face and is at least a couple of years away, if ever, from being a legitimate threat to NFLX)."

Media Institute Again Postpones Luncheon: **The Media Institute** postponed its next Communications Forum Luncheon for June 25 at the Willard Intercontinental Hotel in Washington, DC. **FCC** commish *Michael O'Rielly* will be the featured speaker. The Media Institute said it will continue to stay flexible in its scheduling of future events. "We will stay optimistic and we look forward to hosting luncheon events in the second half of the year as conditions permit," the Media Institute said in a statement.

5G Action Now Goes Digital: Advocacy organization **5G Action Now** launched a new targeted digital ad campaign Wednesday highlighting how 5G technology is essential to powering telemedicine during the COVID-19 pandemic. The campaign will run for at least 30 days online and will target telecom and healthcare influencers and policymakers in the Washington, DC, area.

Tubi Teams Up with TransUnion: **Tubi** is partnering with insights firm **TransUnion** in an effort to create and curate more personalized content and advertising for its monthly users. The goal is to give Tubi a more comprehensive understanding of those tuning in to its AVOD platform. "Consumer-level insights lead to more informed audience targeting and media strategies as we are able to identify the best types of content and connect that to relevant messaging for viewers," Tubi CRO *Mark Rotblat* said in a statement.

Programming: **BBC America** is celebrating the 50th anniversary of Earth Day in the US with a four-day-long marathon of nature programming. Kicking off Monday, the celebration will include complete airings of the original "Planet Earth" series (Monday at 1pm) as well as "Blue Planet II" (Tuesday at 3pm). The network will also premiere "Best of Seven Worlds, One Planet" (Tuesday at 8pm) and the *Jane Goodall* documentary "She Walks with Apes" (Wednesday at 9pm) during the event. -- **Disney+** is honoring this Star Wars Day, May 4, with the premiere of original series "Disney Gallery: The Mandalorian." The docuseries takes fans behind the scenes of "The Mandalorian" and the filmmaking process, as well as its creative influences. -- **Revolt TV** is launching weekly live show "Revolt Black News" on Thursday at 9pm to bring additional information regarding the COVID-19 crisis to the Black community. Each episode will feature experts discussing the impact of the pandemic with key topics including access to education and income inequality. -- **VH1** is premiering Season 15 of "Nick Cannon Presents: Wild 'N Out" on April 21 at 8pm. -- **AMC** will air the first season of horror anthology series "Creepshow," which is currently available on **Shudder**. Two episodes will air back-to-back on Mondays at 9pm from May 4-18. -- *Guy Fieri* is bringing familiar faces from **Food Network's** "Diners, Drive-Ins and Dives" into his home kitchen in three new episodes of the series. Premiering April 24 at 9pm, the specials will see Fieri check in on the chefs via video-chat to see how their businesses are coping with COVID-19. Fieri will virtually cook along with the chefs to prepare each restaurant's featured recipes.

People: *Tim Alavathil* is **Firstlight Media's** new CFO. He previously served in the same position at **Endeavor Streaming** and **NeuLion**.

Editor's Note: Don't miss the chance to enter the annual **Cablefax FAXIES Awards**, honoring excellence across all areas of marketing and PR. The best price deadline is April 24. Honor those people, shows, and networks who excel in digital content, marketing, advertising, social media and online content!

Think about that for a minute...

Zoom

Commentary by Steve Effros

What happens when a company expecting to service 10 million primarily business users suddenly has 200 million home-bound users? Ask Zoom. That's what happened to them in the wake of the Covid-19 pandemic. In December they had 10 million daily users. By the beginning of April, they had 200 million and climbing, every day! There are a lot of lessons to be learned from what's happening with Zoom.



By now most of you, stuck at home, have probably used the service. Passover Seders, Easter Services, business conferences with colleagues, book club meetings, classes at all levels are all happening on Zoom. Why? Because it works really well. It's simple. The interface is almost intuitive even for the most technology averse, and, well, it very adequately satisfies a sudden need.

But it hasn't been without problems. The primary complaint; security, followed by privacy. To give the developers of Zoom credit, they acknowledged right away that they had not really focused on security when they designed the service, in part because it was intended for businesses that already had their own IT folks and their own security protocols. "Zoom bombing" was not really an issue. Now it is.

As a representative of an industry that has long received "incoming" criticism and rarely been given credit for what was a complicated, expensive and novel task of building an entire new infrastructure from scratch, I may be particularly sensitive to what has been happening to Zoom. As soon as they exploded on the scene of the pandemic carnage they started being criticized for the things they had not done perfectly from the start. Perfection is the enemy of excellence. They acknowledged and are correcting the errors and omissions at the same time they are successfully filling the sudden need.

But in the process of looking at what the problems that have been publicized really are, it occurred to me that some of the headline-grabbing criticisms may be missing the mark. For instance, one front page article by some "experts" complained that folks on Zoom calls were not aware that the call was being recorded and the recording had then become openly available on the internet. Well, that's a real problem. But looking a little deeper you found out that any Zoom call that is being recorded specifically says so, with a red marker, on every user's screen. And the reason the recorded sessions became available had little to do with Zoom. The "host" of those meetings decided to store them on a location in the "cloud" outside of the Zoom service. It was out there that they became searchable. To the degree Zoom was faulted, it was that the name on each file was too easy to figure out by those who wanted to snoop. Again, easily fixed.

Now I don't work for Zoom. I don't know anyone who does. But if you do, I'd like to talk to them because I have some technology they should be interested in! The cable industry went through the issue of "security" of the product going over our platform a long time ago. Remember "downloadable conditional access?" We already know how to do that. It would end the security, encryption and privacy issues raised. But I began to wonder why all those issues suddenly popped up in papers across the country at the same time.

Sure, instant popularity is one reason. But could the fact that Google decided to rename and re-launch its competitive program "Google Meet" have something to do with it too? Just a thought.

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

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