

**CFX Virtual Happy Hour at Friday, 4pm**

# Cablefax Daily™

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What the Industry Reads First

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## Not-So-Chatty Charlie: What Ergen Didn't Say on Sports Speaks Volumes

If any distribution exec was going to walk up to the plate and take a swing at the current sports programming/refund situation, you'd think it would be **DISH's Charlie Ergen**. After all, DISH hasn't carried the 21 **Fox RSNs** now owned by **Sinclair** since July. The fact he didn't really touch the issue during Tuesday's earnings call lends credence to the theory that distributors and programmers are in a symbiotic relationship, and when sports comes back, they want to have it. "All those things are going to play out and I think it would be premature to try to speculate on how that's going to happen" Ergen said, referring to whether sports returns and whether content owners will get monetary reprieves from the leagues that will be passed down to MVPDs. "To the extent content owners credit us, we'll pass that on to consumers." He went on to say that with the **NBA** season not yet canceled, he understands that programmers aren't really in the position to make a determination of what's going to happen. "The one place maybe worthy of discussion today is the **NCAA** tournament, where **CBS** and the **Turner** networks may be in discussions and maybe there are some things that have happened in that realm," Ergen said. DISH certainly hasn't been afraid to tango with programmers over the years. It dropped **HBO** in the fall of 2018 and it remains off. **Univision** nets were off DISH for nine months. The last time DISH did a deal with **Viacom** in 2016, there were public threats of drops right up until the deal was signed. In 2017, there was a three-day blackout with **CBS Corp**. With that Viacom deal now up (and the union of Viacom and CBS), there's a lot of interest in how this negotiation plays out. Ergen declined to provide commentary on current talks, but what he did say wasn't especially encouraging. "They've been a long-term valued vendor for us, but the reality is, a lot of their content is available from other sources that people are already paying for. Obviously, from a ratings perspective or viewership perspective, they've had declines over the last several years. A lot of their investment has gone into **Pluto** now, and that's free," he said. "We hope we get there... They helped build this company. We like the company a lot personally, but there's a reality out there of where the market is. And it's probably not the same as it was in years past." **ViacomCBS** chief **Bob Bakish** was asked about the deal during its 1Q call Thursday morning. He skirted any talk about DISH specifically, instead painting the programmer as well positioned. "We are seeing incredible consumption of ViacomCBS content in the current environment. Does that tilt in our favor at the moment? Yeah probably," Bakish said. "We also look forward to bringing live sports back, and we're going to

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be one of the first with golf. The nature of golf probably makes that a little bit simpler. I like our position, I think the portfolio is very powerful.” Less enthusiastic over traditional TV is Ergen. “The product itself, from a consumer point-of-view isn’t good enough,” he said. “Everyone on this call has probably watched more television in the last eight weeks, and everyone I see—I just watch human nature—is going to **Disney+**, **Netflix** or **Amazon** because there’s not commercials, or you can binge view something, or you can watch whatever you want to on any device.”

**DISH 1Q20 Earnings:** DISH lost 150K pay TV subs in the 1Q20 and 281K **Sling TV** customers, the latter loss described by **MoffettNathanson** analysts as a “shock.” It came during a quarter that competitor **Playstation Vue** shuttered leaving approx. 500K subs for the taking. “Is it too early to write Sling’s obituary?” the firm wrote in a research note. “To repeat, Sling TV obviously wasn’t ever going to be a profitable alternative to satellite TV; even with its price increases, we suspect it is very likely still barely breakeven even at the gross margin level. And it is almost certainly a money loser at the net level. But if it doesn’t help profitability, and neither does it help growth, how long will they keep supporting it?” In an effort to avoid charging commercial customers for services that were no longer being viewed by their customers, DISH paused service or provided temporary rate relief for approx 250K commercial accounts, including bars and restaurants. It doesn’t expect to incur significant expenses for bringing them back on (they’ll be a part of ending sub totals, but won’t be counted as gross new sub additions in the quarter they return). “Absent these suspended commercial accounts, the subscriber metrics are reasonably good (that is, if one ignores the unraveling of the SlingTV business). If one is a pessimist, however, the suspension is an acknowledgment of a grim reality that many, most even, of these bars and restaurants, sadly, won’t make it,” MoffettNathanson said. Revenue of \$3.22bln for the quarter was up 0.9% YOY, while net income was at \$73mln compared to \$340mln a year ago. **Pivotal Research** declared the financials “materially better than expected.” Much the earnings call was devoted to questions over its wireless plans. There have been questions over whether DISH can secure the funding needed for its wireless buildout. Chmn *Charlie Ergen* said the funding market’s not particularly opportunistic today, but DISH doesn’t have a funding need in the short term. Its 5G network build is estimated to cost \$10bln.

**Streaming Wins for ViacomCBS:** **ViacomCBS** is rebranding subscription service **CBS All Access** after expanding to incorporate the combined company’s cable brands and library programming, CEO *Bob Bakish* said on an earnings call Thursday. No word on the new name yet. The streamer added 100 titles from **Paramount Pictures** to its film library on Thursday, and Bakish said the SVOD service will add content from brands including **Comedy Central**, **Nickelodeon**, **BET**, **Smithsonian**, **MTV** and **Paramount Network**. The brands will also begin producing new content for CBS All Access. During the coronavirus pandemic, ViacomCBS’ streaming services saw a record

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quarter across both pay and free. Pluto TV grew 55% domestically to more than 24mln monthly users, and across paid products, including CBS All Access and Showtime OTT, subs totaled 13.5mln, a 50% YOY increase. By the end of the year, ViacomCBS expects Pluto to reach 30mln users and the paid products to reach 16mln. Bakish said not to think of Pluto as a “stand-alone” product. “It’s also key to our integrated streaming strategy where it will serve as an important complement to, and funnel for, our pay-services,” he said. In June, the company will begin using Pluto to drive subscriptions to its paid products by introducing click-through ads to CBS All Access and Showtime signups. Additionally, ViacomCBS is planning to launch a “broad pay streaming product” in multiple international markets over the next year. “This service will harness the full power of the ViacomCBS portfolio, creating a meaningful brand presence in streaming video in key markets around the world,” said Bakish. CBS All Access launched Thursday on **Comcast’s** Xfinity platform, and the company also announced a new distribution deal with **YouTube TV**, adding Viacom nets to the platform (and renewing Showtime and CBS early). “To state the obvious, this fills in a key white space for our cable networks’ distribution, and is a clear proof point for the ViacomCBS combination,” said Bakish. The company reported declines in revenue and profit for the quarter, but it still beat expectations. Advertising grew 2% YOY, excluding the impact of the Super Bowl and cancellation of the NCAA tournament. Overall, total advertising was down 19% YOY. Bakish said to expect a significant impact in advertising revenue in Q2, but is expecting improvement in Q3 and Q4, assuming businesses reopen at scale. Bakish declined to give an exact percentage for Q2, but said “it’s not pretty.” ViacomCBS’ results sent shares jumping up over 10% to \$16.42.

**Returning to Retail:** Come May 18, **Comcast** will begin reopening more Xfinity Stores, following state and local health guidelines. The company pledged to promote social distancing practices and maintain clean and safe environments. **Verizon** said it is opening about 42% of company-owned stores this week, and expects to have 50% of stores open in June.

**Fox Scores With Super Bowl:** The Super Bowl was a major touchdown for **Fox Corp** in 3Q20, driving the company’s revenues to \$3.44bln. Advertising revenues increased 44% due to football’s biggest game, and affiliate revenues saw a 10% raise due to increases in fees from third-party Fox affiliates and higher average rates per subscriber. But investors shouldn’t expect the same results moving forward. Global production and live sports are on hold due to the coronavirus, and it’s unclear when things will return to any sense of normalcy. Fox Corp CEO *Lachlan Murdoch* said that ad revenue for Fox’s local stations is pacing down 50% through the current quarter, but there isn’t as much of an effect nationally due to advertisers shifting their dollars to news. Due to the pandemic, Fox has not yet been able to sit down with the NFL to discuss future plans and the renewal of its broadcast deals, but expects to continue the pair’s long-term relationship despite whatever happens due to the pandemic. “There’s nothing that we see in the marketplace today that makes us feel any differently about the value of our partnership with the NFL,” Murdoch said. “And we’ve built our business as they’ve built theirs, and we look forward to continuing for many years to come.”

**Labor Moves:** **Charter** said it has hired more than 3K employees nationwide—and is looking to hire more—after switching to virtual hiring for nearly all new employees at the start of the COVID-19 pandemic. The entire application process can be done using a mobile phone. “Through the effective use of virtual hiring practices, we have maintained a steady rate of hiring and as the country begins to resume office work, we are well-positioned to hire even more people in the many markets in which we operate,” Charter group vp, talent *Seth Feit* said in a statement. -- **Altice USA** is asking construction and tech workers to take voluntary layoffs in order to cut company costs during the COVID-19 pandemic. The layoffs would begin on May 12, according to an internal memo seen by *Multichannel News*.

**Liberty Global, Telefónica Team Up on JV:** **Liberty Global** and **Telefónica** announced plans to create a 50/50 joint venture in the UK that would combine **Virgin Media** and mobile platform **O2**. The combination is meant to create a stronger fixed and mobile competitor in the UK, and the resulting platform plans to invest £10bln in the nation over the next five years. The transaction is expected to close in mid-2021.

**Spectrum Accessibility:** **Charter** launched a free app designed to offer entertainment access to those with vision or hearing impairments. Currently available for iOS devices, the Spectrum Access app uses the device’s microphone to find where the user is in a movie or TV show and can play the corresponding audio description or show closed captioning directly on the phone or tablet. Spectrum Access is currently compatible with more than 250 movies and hundreds more are expected to be added by the end of the year.

**Distribution:** **NBCU** and **Microsoft** have partnered to make **Peacock** available on the Xbox One family of video game systems when it launches on July 15. Peacock will be available for Xbox users to download through the Microsoft Store, and customers will be able to sign up for Peacock Free or upgrade to Peacock Premium directly within the Xbox Peacock app.



# PROGRAMMER'S PAGE

## On the Road with Bernie Sanders

There's still a presidential election going on, even in the midst of COVID-19. **Vice's** latest doc, "Bernie Blackout," from filmmaker *Pat McGee*, follows the sometimes-controversial Vermont senator's pursuit of the nomination and dives into the role the press played in his campaign's demise. "I didn't have a greenlight or any distribution platform when I set out to do this," McGee, the director and ep, told **CFX**. "I called my DP [director of photography] *Greg Taylor*, and said 'I'm going to follow *Bernie Sanders* on the campaign trail in three days, would you come with me?' and he said yes." The film originally started as an investigation into a "Bernie Blackout," the idea that mainstream and corporate media was ignoring or downplaying Sanders. "I felt like I had to go on the campaign trail and see what was really going on. Once I was there I realized it wasn't them ignoring Bernie, but how the Bernie Blackout had morphed into this narrative where he was unelectable," he said. McGee stayed with the Sanders campaign until the night stay-at-home orders went into place. "It was challenging in the fact that we didn't know what was happening in terms of the virus other than it was happening," said McGee. The day after the campaign shut down, **Vice** picked up the doc, which premieres May 13, 8pm. Production came together in under four weeks, with the 90-minute film composed of campaign footage, archival footage and interviews with campaign staff, journalists and pundits. "We really wanted to tap into these independent journalists and present this objective view of what was really happening. From their perspective, it really brings together everything," said McGee. "I'm still blown away. I'm super grateful and I'm still impressed that it came off." The doc is **Vice TV's** second release of "Vice Versa," a series of independent documentary specials that work to challenge the status quo. — *Mollie Cahillane*

**Reviews:** "Expedition with Steve Backshall: Ice Mountain," 10pm ET, Wednesday, **PBS**. Television takes on an expanded role for many who are homebound. Certainly, you could catch up on long-neglected books piling up on your nightstand. On the other hand, so many Americans, understandably, are having trouble maintaining the concentration to dive into a book at the moment. For them, series like this, which allows you to forget your world and puts you in Greenland...yes, Greenland, could be a useful escape. There's enough drama in the news at the moment, so why not sit back and watch as the team explores one of the last uncharted expanses. We particularly enjoyed learning that the explorers need to down 6,000 calories each day to maintain their energy and bodyweight. With most gyms and health clubs closed, definitely don't try that at home. — "Billions," ep 2, 9pm, Sunday, **Showtime**. Similar to the show reviewed above, this series, now in its 5th season, works well as a great piece of escapist entertainment. Oh, unless your net worth is \$10 billion. Seriously, the things protagonist Bobby Axelrod (*Damian Lewis*) can do with his money, they're an escape all by themselves. And now he has a rival in the wonderful *Corey Stoll*, late of **FX's** "The Strain." Eventually *Juliana Margulies* joins as an Ivy League prof. Escape, escape. — *Seth Arenstein*

Basic Cable P2+ Prime Rankings* (04/27/20-05/03/20)		
Mon-Sun	MC US AA%	MC US AA (000)
FNC	1.201	3,692
MSNBC	0.581	1,784
CNN	0.495	1,522
HGTV	0.423	1301
TLC	0.413	1,271
TBSC	0.333	1,022
DISC	0.324	995
A&E	0.306	939
ESPN	0.302	927
HISTORY	0.296	909
FOOD	0.291	894
HALL	0.266	819
USA	0.249	766
ID	0.226	696
INSP	0.224	689
BRavo	0.204	626
HMM	0.193	594
TVLAND	0.192	590
NICK	0.186	572
TNT	0.185	568
GSN	0.171	526
ADSM	0.168	516
NAN	0.162	498
FX	0.150	460
LIFE	0.149	459
VH1	0.144	441
AMC	0.141	432
SYFY	0.137	420
FRFM	0.136	418
WETV	0.135	416
APL	0.132	405
MTV	0.128	392
BET	0.127	390
PARA	0.124	382
NATGEO	0.123	379
TRAVEL	0.116	356
OXY	0.112	345
DSNY	0.109	335
E!	0.109	334
NKJR	0.109	334
DIY	0.105	322

\*P2+ L+SD rankers are based on national Nielsen numbers, not coverage.



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