

# Cablefax Daily™

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What the Industry Reads First

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## COVID Effect: Analyst Says Strong Broadcast Ratings Bode Well for Retrans

The COVID-19 pandemic has accelerated several media trends, from cord-cutting to the shift of ad dollars to digital. One of the lesser known impacts may be that it has further cemented retransmission consent payments for broadcasters. “Broadcast television has seen a bit of a renaissance with COVID-19... Local news ratings have actually been up 20-40% depending on the market. We haven’t seen those kinds of ratings gains in years,” **Wells Fargo Securities** media financial analyst *Davis Hebert* said at a virtual **Media Institute** event Tuesday. “That has really kept the retrans outlook intact. That piece of the revenue stream should be quite visible for the most part.” The downside for broadcasters—and most everyone else—is advertising. Wells Fargo expects a 30-40% down take in 2Q—but for broadcasters and cable operators who rely on spot sales there could be a ray of hope. “It can come back quickly given how closely to the air date people place advertising orders. Some of the things we’re going to be watching is economic activity in re-opened states, whether local news ratings are moving back towards normalized levels, monthly auto unit sales...” Hebert said. As for cable/telecom, it’s poised to be a winner thanks to broadband. “Interestingly enough because cable technicians aren’t going to the home, people are doing their own self-installs. This situation has actually increased free cash flow for cable companies vs the pre-COVID 19 situation,” he said. It’s more serious for traditional video, with the pandemic ramping up the move to SVOD. “The media conglomerates have long feasted on subscription fees in cable. They’re now having to get creative because they really risk leaving an entire generation behind, meaning Millennials and people under 35 that are consuming video in a much different way,” he said. One area that’s benefitting from all this cord-cutting is over-the-air TV, with **Kagan Research** projecting 6% CAGR in distribution between 2019 and 2024. Wells Fargo splits OTA users into two categories—those with no SVOD, with a median age of 55 and who spend more time with broadcast TV and the “stackers,” who stack OTA with SVOD services and have a median age of 35. Stackers are estimated to be at about 13mln compared to 6mln of the older demo. Tuesday’s presentation was The Media Institute’s first virtual event. The group suspended its monthly luncheons in DC due to COVID. July’s speaker is set to be **FCC** commish *Mike O’Rielly*. “We’re not sure yet if that will be a live event at the Willard Hotel or a virtual event or some combination,” Media Institute pres/CEO *Rick Kaplar* said of the July 29 affair. “But we’re determined to hear of Commissioner O’Rielly one way or another, and we’ll keep you posted.”

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**YouTube TV, ESPN+ Raise Pricing:** Three years after its launch, **YouTube TV** is again raising its prices to \$64.99/month. The service was previously priced at \$49.99/month. The new price takes effect immediately for new members while existing subscribers will see changes reflected in their subsequent billing cycle on or after July 30. "This new price reflects the rising cost of content and we also believe it reflects the complete value of YouTube TV, from our breadth of content to the features that are changing how we watch live TV," **YouTube** said in a blog post. The news came as YouTube TV launched a number of ViacomCBS nets on its platform, including **BET, CMT, Comedy Central, MTV, Nickelodeon, Paramount Network, TV Land** and **VH1. BET Her, MTV2, MTV Classic, Nick Jr, NickToons** and **TeenNick** are set to come at a later date. **Bernstein Research** criticized the timing of the decision, commenting in a note that "raising price +30% in the midst of a pandemic with ~20mm Americans unemployed seems a bit tone deaf. Especially since there are still almost no live sports taking place." Speaking of sports, **ESPN+** is also preparing to raise pricing, according to a report by *The Verge*. In August, the price of the streamer will rise \$1 to \$5.99/month, the same price as **Hulu's** basic tier. Existing subscribers will be able to take advantage of the current \$4.99/month price for another year before being forced to pay the higher rate. The price increase will only apply to the service's monthly cost, not that of a \$49.99 annual package or the \$12.99/month bundle containing **Disney+**, **Hulu** and **ESPN+**.

**DISH Taps Two More for Network Build:** **DISH** is inching closer to its goal of building out a wireless O-RAN compliant 5G network and becoming the nation's fourth wireless competitor, announcing major vendor agreements with **Fujitsu** and **AltioStar** Tuesday. **DISH** has purchased a large amount of Fujitsu's Low Band Tri-Band radio units and Mid Band Dual-Band radio units for use across the company's spectrum portfolio. Fujitsu is also offering support across its supply chain to deliver radio and antenna integration. Using AltioStar's software, **DISH** will be able to dynamically scale its network based on the type of applications and services being deployed. The hope is the flexibility of the platform will enable **DISH** to quickly new 5G services for both consumers and businesses. Fujitsu will manage radio unit hardware validation across both AltioStar and previously-announced software vendor **Mavenir**. **DISH** entered into a multi-year deal with **Mavenir** back in April to deliver the network's cloud-native OpenRAN software. **DISH's** most recent vendor announcement comes one day before it is expected to acquire Sprint's prepaid assets, including Boost Mobile, as a condition of **Sprint's** merger with **T-Mobile**. Every partner **DISH** brings on board to aid in its network build will play an important role in the company's success or failure in the world of wireless. **New Street Research** said in a note earlier this month that the details of **DISH's** network partners "may be the most important catalyst for **DISH**, and for the wireless industry more broadly." **DISH** made a number of commitments to the FCC as part of that deal, including that it would have its base network up and running



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by June 14, 2022. It also needs to offer 5G to 20% of the US population by the date through the utilization of its spectrum portfolio. One year following that date, it must cover 70% of the US population with its 5G footprint. To give DISH a head-start in the wireless network, it has entered into a seven-year MVNO deal with the New T-Mobile.

**Goodwyn Joins CuriosityStream:** After doing some consultant work for **CuriosityStream** (you might have spotted him at **NATPE** in Miami earlier this year), *Bill Goodwyn* has joined the nonfiction programmer full-time as chief revenue officer and evp of strategy, business development and partnerships. It's a big hire that brings the former **Discovery, Inc** distribution president into Discovery founder *John Hendricks'* CuriosityStream venture. It also reunites him with CEO *Clint Stinchcomb*, another Discovery vet, to whom he will report. Goodwyn most recently serve as vice chmn, **Discovery Education**. He previously was pres/CEO, helping to build Discovery Education into a digital ed-tech platform that reaches more than 4mln educators.

**News Wins 2Q Ratings:** News—and more specifically **Fox News**—was the big winner for 2Q. While the three big cable news nets took the gold, silver and bronze medals for the quarter, Fox News' lead was considerable. The net finished as No 1 in prime with 3.574mln total viewers, followed by **MSNBC's** 1.999 and **CNN's** 1.806mln, according to **Nielsen** data. In total day, Fox News led with 1.958mln viewers, with MSNBC averaging 1.209mln and CNN 1.188mln. All three newscasters had plenty to cheer about in press releases Tuesday. For Fox News, it was the largest audience in network history in both total day and prime. "Tucker Carlson Tonight" delivered the highest viewership in cable news history (4.33mln viewers), breaking a previously-held record by "Hannity" last quarter. The network also scored its highest-rated demo since 3Q'05 in total day and 4Q'16 in primetime, growing 61 percent in total day and 67 percent in primetime year-over-year. 2Q20 also was CNN's most-watched quarter in its 40-year history, with every one of its primetime programs hitting historic audience levels. During dayside (9am-4pm), CNN was #1 in cable news for the first time in 19 years among 25-54s—averaging 382K vs 359K for Fox and 210K for MSNBC. Every weekday MSNBC program from 9am-5pm scored record total viewership. "Morning Joe" delivered its best audience performance among total viewers in the 6am-9am time slot, averaging 1.4mln total viewers. It had its largest lead over CNN's 674K during that time ever.

**US Investment in 5G:** Sen *Mark Warner* (D-VA) used a **USTelecom** webinar on 5G to push for support of a bill that was intuitively designed to provide more than \$1bln towards the development of 5G infrastructure. While the bill's language has been added as an amendment to the National Defense Authorization Act, which should pass by the end of the year, the proposed funding had to be slashed to \$50mln in the first year for O-RAN R&D and \$25mln for collaboration with partners outside of the US. If the US doesn't invest the necessary funding in the next generation of wireless technology, Warner's concern is that the US will fall behind in other areas of innovation. "I fear what's playing out in 5G is the blueprint of what will be happening with China in artificial intelligence and quantum computing. 5G is important not only to our industry, but it is a preview of what may be the technology arms race of the future," Warner said.

**Huawei, ZTE Officially Named National Security Threats:** The FCC's Public Safety and Homeland Security Bureau formally designated **Huawei** and **ZTE** as well as their parents, affiliates and subsidiaries as national security threats. The action will bar anyone from using universal service support to purchase, obtain, maintain, improve, modify or otherwise support any equipment or services produced by those suppliers. "Both companies have close ties to the Chinese Communist Party and China's military apparatus, and both companies are broadly subject to Chinese law obligating them to cooperate with the country's intelligence services," FCC chmn *Ajit Pai* said. "We cannot and will not allow the Chinese Communist Party to exploit network vulnerabilities and compromise our critical communications infrastructure."

**Distribution:** **Charter** is adding five Latino-targeted networks—**Kids Central**, **¡HOLA! TV**, **Inglés Para Todos**, **Tarima TV** and the newly launched **Discovery, Inc** net **Hogar de HGTV**—to its Spectrum TV lineup. The nets will be available at no additional cost to subscribers of Spectrum's Mi Plan Latino and Latino View TV packages. -- **NTD America**, a nonprofit run by **Epoch Media Group**, is headed to **Verizon Fios** July 4. NTD describes itself as the first independent nonprofit Chinese-language TV channel in the US. -- **Newsmax** has joined **fuboTV's** basic package, which retails for \$54.99/month after a 7-day free trial.

**Sinclair Renews CBS Affiliations:** **ViacomCBS** and **Sinclair** reached a multi-year deal to renew eight **CBS** network affiliations for Sinclair stations, including KUTV in Salt Lake City and KEYE in Austin. ViacomCBS also reached agreement to renew the affiliation of **Granite**-owned WTVH in Syracuse, NY, to which Sinclair provides services. The nine markets combined reach 3% of the US audience, serving over 3mln TV households.

**People:** *Bozoma Saint John* is joining **Netflix** as its CMO, replacing *Jackie Lee-Joe*. She comes over from **Endeavor** and has worked for **Uber**, **Pepsi-Cola** and **Apple**.