

Cablefax Daily™

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What the Industry Reads First

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Looking Ahead: Where AVOD is Headed Post-COVID

In a world where streaming is only increasing, and pay-TV is decreasing, AVOD services may be one of the most rapidly growing outlets. A September report from **Tubi** found that 25% of survey respondents said they had dropped an SVOD streaming service in favor of an ad-supported service such as Tubi, **Pluto TV** or **Crackle**. An additional 37% said they would try a new streaming service that featured ads if it meant discovering new content. The coronavirus pandemic has only accelerated these trends, with 33% of respondents saying they were re-evaluating their SVOD services due to financial difficulties. Now, folks are looking at how many AVOD platforms customers are willing to consume.

"I think that's still a question that has yet to be answered," said **Mark Garner**, **A+E Networks** evp, global content sales & business development, speaking during a panel at **Cynopsis' That Big TV** conference. "I might tweak the question and say 'how many things will they pay for?'" he said. A+E Networks launched a **Lifetime** AVOD channel in NZ last month and manages a robust slate of DTC and TV Everywhere apps. According to Garner, in the beginning of 2020 the average number of subscriptions a household paid for ranged from 2.5-2.7. Now, that number has crept up to 3.4.

"What I think is happening is even with COVID having advanced, it doesn't look like there's going to be a retreat with the number of channels and services [consumers] have. They're finding great alternatives to consumption and managing their budget," said Garner. AVODs were not immune to the rapid decline in advertising dollars that came as a result of the COVID-19 pandemic, but folks at Tubi and A+E Networks say the worst has passed.

"I'm a little surprised from the ad-supported standpoint how quickly the ad market has rebounded," said **Mark Rotblat**, CRO at Tubi. "We saw viewership take off even faster than what we were seeing pre-COVID, but of course the ad market pulled back in a big way in April and May. It really started coming back strong for us in June and is really now on a tear." Garner is seeing similar trends over at A+E Networks and is expecting a "robust" fourth quarter. "We're expecting that a lot of the gains that we saw in the viewership that occurred in the last several months will maintain themselves on these AVOD platforms," said Garner. "We've seen a rebound on the advertising side where

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there was a significant lag.”

Total ad spend is still expected to be down in 2020, with **GroupM** forecasting a 13% total drop in US ad expenditures for the year (excluding political), followed by a rebound of 4% in 2021. TV advertising is expected to be down by 7% this year and another 12% in 2021, but digital extensions such as **Hulu** and **Roku** are expected to fare far better, seeing a 3% drop in 2020 followed by a 15% gain in 2021. And even with the possibility of a second COVID wave looming that would send unemployment numbers up again, Garner and Rotblat aren't too concerned about how it will impact ad spend. Garner cited emerging categories such as food delivery that have boosted the marketplace, as well as the return of sports.

“I think in light of a second wave there won't be a retreat from the marketplace, and I think everybody's smarter about how things may play out in this coming winter,” said Garner. “I don't think we can ignore the fact that unemployment is going to have some impact on many of these elements, but I don't believe it will cause a dramatic downturn.”

Celebrating the FAXIES: While **Cablefax** may have had to cancel our June event due to the pandemic, the team pivoted to celebrate the **Cablefax 100, Top Ops, Work Culture** and **FAXIES** during a virtual event on Tuesday. Featuring **FCC** chmn **Ajit Pai** and other special guests, including **HBO Max's Deshaun Wesley**, the celebration honored folks across the industry. “While this ceremony is about celebrating the best of the best, I wanted to take this opportunity to say something to all of the cable operators out there: thank you,” said Pai. “Thanks to cable operators, local businesses could keep going even when customers weren't able to walk through the door. Thanks to cable operators, the sick could get medical assistance online without taxing overwhelmed hospitals and healthcare workers. Thanks to cable operators, teachers could work with students even with the schools closed. And thanks to cable operators, we can keep in touch with friends and family while keeping a distance. Faced with one of the most challenging crises in our nation's history, cable operators were there for us.” Big winners include **Mediacom**, who took home the award for Digital Team of the Year. **WarnerMedia** earned PR Team of the Year, and **Ampersand** took the trophy for Marketing Team of the Year for work that included the rebrand from **NCC Media** in September 2019. WarnerMedia also earned the first-place Media Event award for the launch of HBO Max, shuffling plans because of COVID-19. **Cox Communications** won first place for Social Good Campaign for its initiative showing grandchildren helping their grandparents connect on social media. **AXS TV** earned the first place Corporate Citizenship Hero award for its @Home and Social initiative, which gave artists a platform to broadcast live performances from their homes and studios directly to fans, with proceeds supporting those directly impacted by the corona-

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virus. Check out the [full list](#) of FAXIES winners, including second and third place winners.

Ratings: ESPN's "Monday Night Football" MegaCast of the showdown between the New Orleans Saints and Las Vegas Raiders delivered an average audience of 15.59m viewers, a 31% increase YOY. The viewership for the game, which included audiences from **ABC**, **ESPN**, **ESPN2** and **ESPN Deportes**, is MNF's best in eight games, dating back to November 2019's battle between the Seattle Seahawks and the San Francisco 49ers.

Trian Buys Comcast Shares: Hedge fund **Trian Fund Management** has taken an \$870m stake in **Comcast**. Trian has now accumulated approximately 20m shares in the MVPD, according to a *WSJ* report. "We have recently begun what we believe are constructive discussions with Comcast's management team and look forward to continuing those discussions," Trian said in a statement. Comcast has not offered comment. It remains unclear exactly what Trian's intentions are, but the hedge fund has said that it believes the company is undervalued. Founded in 2005, Trian's current portfolio includes **GE** and **P&G**. Comcast's stock rose 3.38% by market close.

Windstream Emerges From Bankruptcy: **Windstream** successfully completed its financial restructuring process and is a privately-held company as of Monday. While in Chapter 11 bankruptcy, the company successfully reduced its debt by more than \$4bn and now has access to approximately \$2bn in new capital. The company unveiled a new logo to celebrate the occasion. "Today marks the start of a new era for Windstream as an even stronger, more competitive company," Windstream pres/CEO *Tony Thomas* said in a statement. "I would like to thank our customers, vendors and business partners for their ongoing support throughout this process." **Kirkland & Ellis LLP** served as legal counsel, **PJT Partners** served as financial adviser and **Alvarez & Marsal** served as restructuring adviser to Windstream during the restructuring process.

Discovery Jumps into Ad-Tech: **Discovery** bought the assets of ad-tech startup **AdSparx**. The company offers a cloud-based technology platform that provides dynamic ad insertion across live and on-demand streaming. Discovery said the acquisition will allow it to deliver personalized and contextual ads across its expanding base of direct-to-consumer offerings globally. It will also use AdSparx's DAI solution to deliver personalized virtual linear channels. The move comes as Discovery is gearing up to launch its own streaming service. Financial terms were not disclosed, but Discovery will onboard employees of **Novix Media Technologies**, based in India. Novix works with AdSparx on their DAI platform.

Shudder Hits 1m Subscribers: **AMC Networks'** streaming service **Shudder** surpassed 1m subscribers. The company said the SVOD's growth has been driven by its first original scripted series "Creepshow," which debuted in September 2019, as well as its second original series "Cursed Films" and a lineup of original films.

Spot X Enters Linear Space: Video advertising platform **SpotX** entered the linear TV space for the first time, introducing new programmatic solutions to scale linear addressable TV. The solutions are part of the Project OAR open standard, which works to create new addressable opportunities by replacing linear spots at the smart TV level.

Time to Vote: **WarnerMedia** is using its brands to encourage fans and employees to vote in the upcoming 2020 US election. The company launched a nonpartisan voter engagement resource center Tuesday that includes voter registration support. WarnerMedia is collaborating with **Rock the Vote**, **Voto Latino**, **NAACP Legal Defense Fund**, **She Se Puede** and **Color of Change** on the initiative. The company is also using **HBO Max** to get the word out, raising awareness for non-profit When We All Vote with a reunion of the cast of "The West Wing." Premiering Oct 15 on the streamer, "A West Wing Special to Benefit When We All Vote" will see the cast perform a theatrical stage presentation of the "Hartsfield's Landing" episode from the show's third season. -- *Oprah Winfrey* and **OWN** have partnered with the **NAACP** and national voting rights leaders for "OWN Your Vote: Our Lives Depend On It." The virtual conversation takes place Thursday at 8pm to inspire and equip people with steps to take to register to vote and mobilize voters throughout the community.

Distribution: **Pluto TV** debuted on the **Roku** platform in Latin America. The AVOD currently has 54 channels in 17 Latin American countries.

Honors and Awards: The **Cable Center** is honoring *Ted Turner* with the 2020 Bresnan Ethics in Business Award. The entrepreneur and founder of **CNN** will be presented with the award at the 23rd annual Cable Hall of Fame celebration on April 29 in NYC.

People: Wireless veteran *Stephen Stokols* joined **DISH** as evp, **Boost Mobile**. Stokols, who most recently served as founder/CEO of wireless venture **FreedomPop**, will report to DISH group pres, retail wireless/COO *John Swieringa*. Before founding FreedomPop, Stokols served as vp at **British Telecom**. -- **CNN** named *Calvin Sims* evp, standards and practices, beginning Sept 30. He'll take over for *Rick Davis*, who plans to retire in January. Sims most recently served as pres/CEO of non-profit **International House**.