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WHAT THE INDUSTRY READS FIRST

About Time: Discovery Reveals Streaming Service discovery+

Discovery has been teasing a streaming service for months, and on Wednesday the company finally lifted the curtains behind the upcoming **discovery+**. Launching on Jan 4 in the US, the service will feature 55K hours of programming, with over 2,500 current and classic shows, at the price of \$4.99/month for an “ad-lite” version and \$7/month for an ad-free version.

While exact programming offerings haven’t been released yet, we’re told it will not be a total duplicate of linear network programming. During Wednesday’s big reveal, CEO *David Zaslav* emphasized that Discovery will continue to support linear alongside DTC. Discovery’s TV Everywhere Go offerings will continue to be available free to pay TV customers. Discovery+ will debut with 50 original series, which *Zaslav* said is more than any other SVOD at launch. Within its first year, discovery+ will be available in 25 countries, with launches already taking place in India, the UK and Ireland. *Zaslav* said that there are already 5.2mln playing global subs, many in the UK.

Markets outside the US will have slightly different offerings, including a few free, ad-supported tiers, whereas others might only have the single ad-free option. In the US, the “ad-lite” offering will have five minutes of ads per hour, using binge ad and pause ad formats like on **Hulu** and **Peacock**.

Discovery is betting big on its new streamer, with discovery+ featuring the largest marketing campaign in the history of the company. CFO *Gunnar Wiedenfels* expects it will hit an address-

able market in the US of at least 70mln homes, reaching at least 400mln globally. The numbers come from the assumption that there are 300mln broadband-only homes in the US and 80mln pay-TV homes. “All of a sudden, with this product, we’re able to address a much, much larger global community here,” *Wiedenfels* said during a presentation for investors.

Following a similar move made by **Disney+**, discovery+ is partnering with **Verizon** at launch. Customers on select plans can get up to 12 months free in the US. At launch, wireless customers with a Play More or Get More Unlimited plan will get a year free, and customers with Start or Do More Unlimited plans get six months free. New customers who sign up for 5G home Internet or Fios Gigabit Connection can get 12 months on Verizon, and new Fios customers might be eligible for three to six months depending on the plan.

“Disney learned it very effectively with Verizon, who I think is the best of class,” said *Zaslav* during the investor presentation. “We’ve seen that having a partner that uses our quality content to effectively enhance their platform, that is really, really effective in terms of scale. You should expect there’d be multiple deals like this that you’ll be hearing about in the weeks ahead. We have a very unique product, a huge amount of IP, a lot of original content, and Verizon has had it work very well for them with Disney.”

Zaslav pointed to mobile players in Europe that are looking for IP. discovery+ already has distribution deals in place with **Sky Q** in the UK and **TIM** in Italy. In the international rollout

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in 2021, discovery+ will launch in the Nordics, Italy, the Netherlands and Spain, with Latin American markets and parts of Asia planned for later in 2021.

For deals in the US, Zaslav said he isn't worried about facing problems similar to **HBO Max's** and **Peacock's** on platforms like **Roku** and **Amazon**, and pres/CEO of Discovery International **JB Perrette** noted that the other streamers were trying to strike deals just in the US. "We have a good relationship with Roku and Amazon, and an ongoing relationship with a lot of products. As you'd expect, we've been in discussions with them and we feel confident we'll have deals with them in the near term. In the end we want to be on every platform," said Zaslav. "This is a big moment for us as a company because we're taking all of our content and all of our originals and brands and we're literally going above the globe."

And Discovery isn't shy about its plans to grow scale, and quickly. "Now we have something that's really unique. We're one of one. We laid claim today in the most aggressive way to say not only are we one of one, but we're going to have it all," said Zaslav.

SIMINGTON HEADING TO FULL SENATE

Senate Commerce voted 14-12 along party lines to approve **Nathan Simington's** nomination to be a member of the **FCC**. Ranking member **Maria Cantwell** (D-WA) made her opposition to Simington's nomination clear during her opening statement. She said that based on information in emails sent by Simington, he had misrepresented his involvement in the drafting of the **NTIA** petition asking the FCC to re-evaluate the scope of Section 230. "He actively and aggressively sought national media personalities to explicitly help in putting direct pressure on the FCC to move

forward on the administration's Section 230 petition," Cantwell said. "This involvement, to me, sounds significant and I do not support his nomination." Sen **Richard Blumenthal** (D-CT), who has pledged to hold Simington's nomination until the nominee recuses himself from voting on issues like Section 230, also expressed his dismay at what he viewed as a rushed approval of Simington. "I fear the outcome of this nomination will be, in fact, a deadlock of the Commission in the middle of a national crisis," Blumenthal said. The hearing came less than a day after **President Trump** tweeted threats to veto an annual must-pass defense policy bill should Section 230 not be "completely terminated." The bipartisan \$740bln National Defense Authorization Act addresses topics like troop levels and pay increases for service members. "Section 230, which is a liability shielding gift from the US to 'Big Tech' (the only companies in America that have it - corporate welfare!), is a serious threat to our National Security & Election Integrity. Our Country can never be safe & secure if we allow it to stand," Trump tweeted.

ALL EYES ON DISH

Could the two largest satellite operators in the US soon be without deals for two of the country's largest broadcast station groups? **AT&T/DirectTV** lost some 60 **TEGNA** stations Tuesday night at 7pm ET, and **DISH** is facing a 7pm ET deadline tonight with **Nexstar**, the largest provider of local stations in the US. DISH and Nexstar were still talking at our deadline, with a blackout of 164 stations in 120 markets possible if a new retransmission consent deal or an extension isn't signed. In both cases, the distributors are claiming the broadcaster is seeking the largest increase they've ever seen, with DISH putting the Nexstar price tag at over



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\$1bln. Nexstar and TEGNA both noted they've successfully negotiated multi-year deals with hundreds of other cable and satellite providers without disruptions. "We challenge TEGNA to return its local stations immediately while we finalize a new agreement and pledge to pay TEGNA retroactively whatever higher rates to which we eventually agree. That way, no one is inconvenienced during such trying times any more than they've already endured," AT&T said.

MORE ON DISCOVERY+'S CONTENT PROPOSITION

New **Discovery** streamer **discovery+** is coming to the US in January, set to arrive with 55K hours of programming and 50 original series. In the first year, there will be more than 1K hours of discovery+ original programming, with content set to debut all 52 weeks. So just what is that content? Discovery says its streamer is differentiated from competitors like **Hulu** and **Disney+** due to its massive IP of unscripted content. "We're completely differentiated from great services like Disney, like **Netflix**. We're a great companion to them, we're great on our own and robust with an extraordinary library. I think that's the strength that we bring to the market," said CEO *David Zaslav*. Content will come from nets like **Discovery Channel**, **TLC**, **Food Network**, **HGTV** and more. However, it won't just be programming from Discovery. Programming for discovery+ will also come from the **BBC's** Natural History collection, **A+E Networks'** nets **A&E**, **History** and **Lifetime**, and others. Expect an exclusive first look at content from the upcoming **Magnolia Network**, including the newest iteration of "Fixer Upper." And "90 Day Fiancé" fans will be treated to multiple new spin-offs of the franchise. Additionally, discovery+ will be the exclusive streaming home of the Olympic Games in Europe, as well as the streaming home for **Eurosport**.

RODGERS NAMED E&C REPUBLICAN LEADER

Rep *Cathy McMorris Rodgers* (R-WA) was selected Wednesday by the Republican Steering Committee to serve as the next Republican leader of the **House Commerce**. The role is currently held by Rep *Greg Walden* (R-OR), who announced in October 2019 that he would not run for re-election in 2020. "My goal is to maximize Energy and Commerce so House Republicans win the majority and secure America's future global leadership as the best place in the world to usher in a new era of innovation, cure diseases, and raise people's standard of living," Rodgers said in a statement.

CABLE MAKING MOBILE GAINS

Comcast, **Charter** and **Altice USA** accounted for 33% of wireless net growth in 3Q, with cable's sub base reaching 4.8mln, according to an analysis by **MoffettNathanson**. "One would expect that a new entrant taking this much of the industry's net growth would leave incumbents starved for unit growth, and would serve to ratchet competitive intensity higher. Fortunately for the incumbents, the industry's phone subscription growth rate has accelerated enough to blunt this impact," the firm said.

RATINGS

It was a very newsy November, with **Fox News**, **CNN** and **MSNBC** all breaking records during the month. Fox News was the most-watched cable network in both total day (1.941mln) and

primetime (3.941mln) for total viewers, marking 53 months in a row in the top spot across all of basic cable in total day. CNN had its most-watched November ever and was the most-watched net in all of cable for the 25-54 demo in total day with 560K. The net took second place among cable nets in prime (2.804mln) and total day (1.783mln) for the month. MSNBC took third place for the month (2.661mln in prime and 1.590mln total day), giving the net its highest-rated month ever. While news certainly dominated the election month, there was room for other cable nets near the top of the rankings. **ESPN** took fourth place in prime with 2.486mln viewers, followed by **Hallmark Channel** (1.729mln) and **HGTV** (1.050mln). The big winner on Thanksgiving Day was **TNT's** showing of "Aquaman," which ranked as the most-watched movie across all of TV on the holiday with nearly 5.3mln total viewers. Hallmark Channel original movie "Christmas Waltz" (Nov 28) averaged 3.9mln viewers, with Hallmark Thanksgiving Week's #1 most-watched net across all of cable among Women 18+ for the eighth consecutive year. Sister net **Hallmark Movies & Mysteries** saw Saturday night original movie premiere "USS Christmas" average a 2.1 Household rating, 182K Women 25-54, and 1.7mln total viewers, elevating the network to be the #2 household rated entertainment cable network of the week.

NBCU, FREEWHEEL DEEPEN PARTNERSHIP

NBCUniversal and **FreeWheel** are strengthening their existing relationship. FreeWheel will now lead ad decisioning across NBCU properties with its new AutoScheduler tech. The tool analyzes ad breaks and works to dynamically replace ads to help marketers make addressable TV buys. The integration will give FreeWheel data from NBCU's linear TV schedules, which in turn will help AutoScheduler understand targeting criteria and campaign goals of a linear ad campaign. FreeWheel is already the company's digital ad server, which means that with the addition of linear marketers will eventually be able to move ads between linear and digital.

DISTRIBUTION

Verizon and **AT&T SportsNet Pittsburgh** have reached an agreement to restore the RSN for Fios customers in the Pittsburgh and Harrisburg areas. AT&T SportsNet Pittsburgh has been dark on Fios since the pair's original agreement expired on Sept 30, and Verizon claimed at the time the RSN was demanding a significant increase to an already high rate.

PEOPLE

Jennifer Biry was named CFO of **WarnerMedia**. She replaces *Pascal Desroches*, who is becoming **AT&T** CFO. Biry will report to WarnerMedia CEO *Jason Kilar*, and most recently served as CFO of AT&T Communications' mobility and entertainment organizations. – **AMC Networks** head, investor relations *Seth Zaslav* is stepping down at the end of the year. The IR group will now be led by *Nicholas Siebert*, who currently serves as vp, corporate development. – **AMC Networks** upped *Arianna Bocco* to pres, **IFC Films**. The news comes less than a month after IFC Films co-pres *Lisa Schwartz* announced her departure at the end of the year. Bocco has spent more than a decade overseeing acquisitions and productions for IFC Films and genre label **IFC Midnight**.

Think about that for a minute...

Been There, Done That

Commentary by Steve Effros

You know that “shake your head” feeling when you watch someone do something, or hear them opine about an issue that you have experienced before, and know what the outcome is likely to be? It happens to me, and a lot of cable television veterans, as we watch and listen to folks who seem to think this is an easy business, and they could do it better.

I’ve been shaking my head about all this for a long time. The comments, reports or criticisms usually come via the consumer press either reporting on claims by new competitors or “advocates” who know what they want, but have very little idea of how to get it. Probably the most famous quote in this category for me was the one by then Bell Atlantic CEO Ray Smith in February of 1995 when he said:

“I would say that by 2000, we’ll have 50% of the cable TV business—no doubt about it. Meanwhile, the cable companies won’t have even 3% of telephony revenues in their best market.”

He followed that up in October of 1997, announcing that the Bell Atlantic rollout of video service was going to be delayed until 1999; “Every year for the past five years we have said we will be delivering a video product two years from now. I still stand by that.” Sort of says it all, doesn’t it? Anyway, when you really take a look at what has been said versus what has actually happened in the realm of competitive video delivery over the years, you find that Ray was just one of many causing us to shake our head.

The most recent reason for me to once again be writing about all this is a notice my son got the other day from YouTubeTV. They announced that they were no longer going to be able to deliver the Tennis Channel. Their “agreement has expired” and “we regret the inconvenience this may cause and thank you for your membership.” In days gone by you could have bet that someone would have publicly demanded that a cable company rebate some part of its fee for a reduction in service. Today, you just shake your

head and recognize that this is a routine part of this difficult business.

Call it OTT if you like, to distinguish between the program aggregators who don’t pay for delivery, like YouTubeTV, AppleTV, and Amazon Fire TV as opposed to the local cable operators. But the reality is that those new competitors are finally finding out that this business has lots of challenges. Program contracts and costs (like retransmission consent) are now part of their reality too!

Google thought that building fiber to the home was going to prove how much better they could deliver “cable” versus the old “monopoly.” They gave that one up pretty quickly. The satellite folks are engaged in all sorts of battles over “losing” programming that had been part of their advertised package, and retransmission consent battles continue across the board with “blackouts” becoming a standard ploy.

I point all this out not to say we have been perfect and they failed, but rather to get folks, particularly the consumer press, to understand that this really is a challenging business. Our competitors will be raising their prices just like we have always had to do. An outage will result in the impossibility of answering all the telephone calls at once. There is no magic formula, just a lot of hard work.



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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