

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Disney 1Q: Direct-to-Consumer Reigns with Strong Revenue, Subs

Disney continues to make it clear that direct-to-consumer is its top priority—and that includes continuing to read the tea leaves around possibly taking **ESPN** over-the-top.

Asked during Thursday's earnings call about Super Bowl LV's lackluster ratings, CEO *Bob Chapek* said it's just one thing to watch. "In terms of the Super Bowl being down and as we go in to rights conversations with [the **NFL**], it's obviously something we're considering," he said. "But more important than any one Super Bowl, we're looking at the long-term trends of sports viewership, the MVPD universe and our own prospects of potentially a more true ESPN DTC service."

Streamer **ESPN+** ended 1Q21 with 12.1 million paid subscribers, up 83% from the 6.6 million it had at the end of 1Q19. **Disney+**, which turned one in November, had 94.9 million paid subs, with global net additions of 21.2 million versus 4Q20. About 30% of Disney+'s subs gains came from Disney+ Hotstar in India and Indonesia (Disney's gearing up to launch Star branded international general entertainment offering on Feb 23 across Europe, Canada, Australia and New Zealand). CFO *Christine McCarthy* said Disney is "very pleased" with the level of churn following the end of a one-year free promotion of Disney+ with **Verizon** and it feels optimistic about the upcoming March 26 \$1 price increase that will make it \$7.99/month.

DTC revenues for 1Q increased 73% to \$3.5 billion, while operating loss decreased from \$1.1 billion to \$466 million due

to improved results at Hulu, and to a lesser extent, at Disney+ and ESPN+. **Hulu** had 39.4 million paid subs at quarter's end, including 4 million subs to vMVPD **Hulu Live**. That's up from 30.4 million a year ago (and 3.2 million for Hulu Live).

Domestic linear channels saw revenues for the quarter increase 1% to \$6.1 billion operating income decreased 7% to \$1.1 billion, thanks to lower results at the cable business, partially offset by an increase at broadcast. Cable was impacted by lower ad revenue and higher programming and production costs due to the timing of the College Football Playoffs (there were six CFP bowl games compared to three in the prior year quarter) as well as higher **NBA** programming costs (four NBA finals games were played that normally would have occurred in 3Q).

Sports rights for 2021 will likely be up because of COVID shifts, as well as the acquisition of additional content for ESPN+, namely in soccer. "Because of what happened with cancellations and delays of some sporting events, you will see some doubling up of some sports rights this fiscal year," *McCarthy* noted. "Things like you'll have two NBA finals, assuming the season for '21 continues as we expect. You'll also have things like two Masters, two seasons of IPL games—this all assumes that in fiscal '21 nothing is drastically shifted out."

Parks, of course, continued to be impacted by the pandemic. Revenue for the segment fell 53% to \$3.58 billion with many theme parks closed or operating and reduced capacity. Content Sales/Licensing and Other revenues for the quarter decreased 56% to \$1.7 billion due to lower theatrical, TV/SVOD distribu-

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Cablefax Award Submission Deadlines:

The FAXIES Awards

Entry Deadline: March 19
Final Deadline: March 26

Cablefax 100 Nominations

April 9

Top Ops Nominations

April 23

The Diversity List Nominations

July 16

Most Powerful Women Nominations

September 10

Program Awards

Entry Deadline: November 19
Final Deadline: December 3



tion and home entertainment results. Chapek said the plan continues to be for “Black Widow” to be released in theaters this May, but it’s a decision that will continually be evaluated. Overall, Disney’s total revenue for the quarter of \$16.25 billion beat expectations, with shares trading up after hours.

LUCAS PUSHING D&I AT HALLMARK CHANNEL

It’s a new era at **Crown Media Family Networks** with president/CEO *Wonya Lucas* at the helm, and she’s pushing a new level of diversity in the stories and characters shown on **Hallmark Channel**. “We are really seeking to make sure that everyone can see themselves in our movies because when we talk to our consumers, whether we’re talking to consumers of different races and ethnicities, even generationally, there are common themes and things that they are looking for in our movies,” Lucas said at the **TCA** press tour Thursday. Reporters didn’t shy away from asking Lucas and programming chief *Michelle Vicary* about the controversy the network faced in December 2019 when it first pulled an ad featuring a same-sex couple and subsequently reinstated it after additional backlash. Neither offered much insight into the incident itself (Lucas wasn’t at the company at the time), but the incident seemed to mark a turning point in the network’s focus on D&I. “Coming in six months ago and seeing the work that the team had already done and begun, it really did make me proud,” Lucas said. “I think there is representation where you’re just dropping somebody in a movie and then there’s really trying to. When we say authentic, it is really trying to represent people as they truly live, as they truly are... So what I see moving forward, and I can speak for myself, is that we’re

going to continue to lean into that.”

PE FIRM ACQUIRING SYNACOR

New York-based private investment firm **Centre Lane Partners** will acquire **Synacor** in an all-cash transaction that values the cloud-based software and services firm at \$92 million. The deal comes after a merger between Synacor and measurement firm **Qumu** was mutually nixed in June. Centre Lane will commence a tender offer to acquire all outstanding Synacor shares for \$2.20/share, a 29% premium to the 60-day volume weighted average stock price. The deal, approved unanimously by Synacor’s board, is expected to close during 2Q21 at which time Synacor’s common stock will be delisted from the **Nasdaq**.

COVID MARKUP; CANTWELL TAKES GAVEL

House Commerce began marking up its portion of the \$1.9 trillion COVID relief package Thursday morning, but not without some complaints. Republican members called it a partisan process, with the GOP **Twitter** account complaining that “rather than write this bill in secret, the Majority could have worked with us on bipartisan solutions like prioritizing funding for the **NIH**—especially to study long-term impacts of COVID.” The markup continued late into the afternoon. Commerce chair *Frank Pallone* (D-NJ) outlined key elements of the package in opening remarks, including \$7.6 billion to expand internet connectivity to students and teachers.—*Maria Cantwell* (D-WA) officially took over as **Senate Commerce’s** top leader, becoming the first woman to ever chair the committee. Her priorities include COVID-19 relief and consumer protections as well as addressing the challenges of the information age. “We live in an information age, and we just have to own up to it. To me it’s better to prepare for that information age, so everything

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from privacy to broadband to AI to cybersecurity to STEM. I look forward to working with all my colleagues who have had so much legislation introduced on that,” Cantwell said.

PRESCHLACK LEAVING NBC SPORTS GROUP

David Preschlack is out as president, **NBC Sports Regional Networks** and evp, **NBC Sports Group** after five years, the company confirmed Thursday. Preschlack was brought on by **NBC** television and streaming chair *Mark Lazarus* in Jan 2016 to run the RSN business. The ongoing restructuring at NBCU recently shifted overall management of the RSNs to NBCU owned television stations pres *Valari Staab* while Preschlack was given oversight of rights negotiations. In a memo obtained by *Sports Business Journal*, he cited the changes at NBC Sports as a reason for his exit. As for Preschlack’s direct reports, NBC Sports regional networks pres/group leader *Bill Bridgen* and evp, partnerships & programming *Tom Knapp* will report to NBC Sports group chair *Pete Bevacqua*. Svp/NBC Sports group enterprises and gm, sports betting & gaming *Nicolina O’Rorke* will report to evp, digital & sports consumer business *Will McIntosh*.

MAGNOLIA LINEAR LAUNCH PUSHED BACK

The makeover and relaunch of **DIY Network** into **Magnolia Network** has been delayed until January 2022 and will be preceded by a number of digital offerings. The linear net’s launch was originally slated for October 2020, and then pushed to 2021 because of COVID. *Chip and Joanna Gaines’* Magnolia app will launch on July 15 and will house all of the network’s original programming as well as the entirety of the “Fixer Upper” catalog. The app will also include a retail shop, recipe center and workshops designed to give DIY-ers advice on how to bring their ideas to life. The app will be a free add-on for **discovery+** users, and it isn’t currently clear if there will be an option to subscribe on a standalone basis. “A direct-to-consumer offering was something we envisioned from the beginning. We just thought we were going to start with linear and move to the app. It was not determined that it would be paid. We kind of stayed open to all options as we went along,” Magnolia Network pres *Allison Page* told **TCA** attendees Thursday. “You’ve got an ad-supported layer within discovery+, and then with our linear rebrand next year, that’s obviously a piece of it as well. We’re talking about options within the app, but the evolution to free was an evolution and not really a shift.”

GREENFIELD & TEAM LAUNCH VENTURE FIRM

LightShed Ventures, co-founded by *Rich Greenfield*, *Walter Pienyk*, *Brandon Ross* and *Jamie Roberts Seltzer*, announced the launch and initial close of capital of LightShed Ventures Fund I. The fund will invest \$75 million principally in the Seed and Series A rounds of what it defines as “category-defining” private companies across the tech, media and telecom space. LightShed Ventures has already completed four investments, prior to its first close: **Podchaser**, **Slipstream**, **Antenna Analytics**, and an unannounced investment in the creator space. The foursome launched TMT research firm **LightShed Partners** in 2019.

HBO MAX HEADED SOUTH OF THE BORDER

HBO Max is scheduled to launch in 39 territories across

Latin America and the Caribbean in late June. This marks the streamer’s first availability outside of the US. Existing **HBO Go** direct-billed customers as well as those who are billed through eligible partners will get instant access to HBO Max. The existing HBO Go service in those territories will be phased out. The HBO-branded streaming services in Europe are scheduled to be upgraded to HBO Max later this year.

RATINGS

MSNBC led broadcast and cable nets in total viewers for the second day of Trump’s impeachment trial in the Senate, averaging 3.533 million viewers from 12pm-5:45pm. **Fox News** ranked fifth (1.23 million), while **CNN** took second place (3.196 million). CNN edged out MSNBC in 25-54 (720,000 vs 507,000), while **Fox** again in fifth (162,000) behind **CBS** and **ABC**.

BEST PLACES TO WORK

ESPN ranked 19th on Forbes’ America’s Best Mid-Sized Employers List. **A+E Networks** (151), **AMC Networks** (200), **Roku** (219), **C Spire** (256), **Cable One** (358), **Midcontinent** (366) and **RCN** (414) also made the list of top 500 mid-sized companies. Forbes partnered with market research firm Statista to compile the list, surveying 50,000 Americans working for businesses with at least 1,000 employees. **Netflix** scored highest in the media & advertising category among large employers, ranking 21st. Also making the cut: **Warner Bros. Entertainment** (162), **Walt Disney Company** (185), **Comcast** (205), **Verizon** (235), **T-Mobile** (246), **Cox Enterprises** (405) and **AT&T** (456).

COMCAST OFFERS VACCINE ASSISTANCE

Comcast NBCU is launching a national awareness campaign, website and interactive tool that will provide the latest info about when and where people can receive the COVID-19 vaccine. PlanYourVaccine.com features a customizable national tool for vaccination news and data from the NBCU News Group. Users will be able to find out if they are currently eligible to receive the vaccine, track distribution timelines and find the nearest location. **NBC News** and **Noticias Telemundo** will serve as the main partners for Plan Your Vaccine, and the website is available in English, Spanish and Mandarin.

TUBI SCORES MORE LOCAL FEEDS

Tubi expanded its “News on Tubi” offering to include nearly 80 live local news feeds from television station owners like **Cox Media Group**, **Hearst Television**, **Scripps** and **TEGNA**. Including the AVOD’s current offering of 17 **Fox** television stations and **Altice USA’s** News 12 New York, Tubi will carry nearly 100 local station feeds covering 58 DMAs by the end of 2021.

PEOPLE

MTV Entertainment Group promoted *Lance McPherson* to evp, deputy general counsel of business and legal affairs and *Bahareh Kamali* to evp, strategic development. – **Beck Media & Marketing** has promoted former **Hulu** and **Warner Bros.** exec *Tom McAlister* to president and made him the company’s first-ever partner. McAlister rejoined Beck in 2014 as managing director to establish the agency’s Austin office.

PROGRAMMER'S PAGE

MTV Puts Mental Health Front and Center

With concerns over teen suicide and depression rising during the pandemic, it may seem like **MTV** decided to respond to the COVID-19 crisis with documentary film “Each and Every Day,” focusing on young people who have attempted suicide or had suicidal ideations. However, it actually began pre-pandemic with documentary powerhouse *Sheila Nevins* reaching out to Peabody Award-winning filmmaker *Alexandra Shiva* (“How to Dance in Ohio”) with the idea of creating a project focused on prevention. Production began in December 2019, and just as filming was to kick into high gear, lockdowns hit. The result is a documentary filmed with iPhones and Zoom screen interviews that reminds the viewer of the current state. But again, this wasn’t necessarily all brought on by COVID. As Shiva was Skyping with participants ahead of filming, she felt like there was so much intimacy in these video calls. “There was so much information in that, that actually pre-pandemic I had an idea that it would be incredible to bring them together virtually, which was bizarre because then it was the only way we could,” Shiva told **CFX**. “It was not intended to be Zoom, and we had thought about bringing together people in the same room. But I definitely felt like there was something about... the way someone feels comfortable in their own home.” The finished film, presented in partnership with The Jed Foundation, will debut commercial free on MTV Tuesday at 9pm. Shiva believes the nine young people chronicled in the film have the experience to help others navigate the challenging times we’re currently living—and in a way that brings hope. “They have a lot to teach us. These nine people have been dealing with isolation and feeling not connected and coping skills for many, many years. So, there was something inherently incredible about their wisdom around it,” Shiva said. “What I’ve learned through this is thoughts of suicide are common, and we have to start talking about this. ... Hopefully, what people take away is if you think someone is thinking about suicide, ask them. Talking about it isn’t going to put them more at risk.” – *Amy Maclean*

REVIEWS

“The Black Church,” series premiere, 9pm ET, Tuesday, **PBS**. Simply put, this 4-part mini (parts 3-4 premiere Feb. 23, 9pm ET) is top-notch storytelling. And what a story. Host *Henry Louis Gates Jr* is more than a narrator here, he’s a participant, talking about his connection to religion, singing snippets of hymns and shouting with glee during the compelling preaching of *Rev. Otis Moss III*. Most important, he’s on this journey with the viewer, bringing us up to speed on a multi-pathed history. One of the major takeaways of the first hour is how rich the religious tradition was that slaves brought with them from Africa to America. More than that, it’s fascinating to see how Americans delicately proselytized their slaves. After all, too much reading of Exodus and other liberating theology might lead to revolt. Better to stick with portrayals of biblical figures who were repentant and meek. – Notable: “Your Honor,” finale, 10pm, Sunday, **Showtime**. This is a must-see for loyal viewers. Everyone else, binge eps 1-9 in time for Sunday night (take a bit of time out for Valentine’s Day, though). Ready, go. – “River Where the Moon Rises,” premiere, streaming from Monday, **Rakuten Viki**. For the truly efficient, you can celebrate Valentine’s Day and Chinese New Year simultaneously with this classic love story. Luxuriate in the costumes and scenery too. – *Seth Arenstein*

BASIC CABLE P2+ PRIME RANKINGS* (02/01/21-02/07/21)		
MON-SUN	MC US AA%	MC US AA (000)
FNC	0.737	2,268
MSNBC	0.707	2,179
CNN	0.575	1,772
HGTV	0.349	1,075
HALL	0.291	897
TNT	0.276	849
ESPN	0.266	821
HIST	0.260	801
DISC	0.241	741
INSP	0.233	718
FOOD	0.228	701
USA	0.217	667
TBSC	0.214	660
ID	0.190	587
LIFE	0.190	585
TLC	0.185	569
A&E	0.179	551
TVLAND	0.170	523
HMM	0.156	480
NATGEO	0.146	450
BRAVO	0.141	435
ADSM	0.135	417
AMC	0.133	411
FX	0.131	405
WETV	0.128	393
NICK	0.122	377
GSN	0.122	375
SYFY	0.118	364
NAN	0.114	352
COM	0.109	337
MTV	0.108	332
BET	0.103	317
TRAVEL	0.100	308
APL	0.095	293

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

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