

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Still Loyal: Fox Invests in Tubi While Pledging Pay TV Allegiance

Don't expect **Fox Corp** to leave the pay TV ecosystem behind any time soon. While it's making heavy investments in the streaming space, the company sees its pricing power within the bundle growing as more of its peers launch their own SVOD services.

"Many of our peers have gone down the track of an aggressive streaming strategy because the digital provision of that content is a much better consumer experience... there's nothing that the streaming world adds to the provision of live sports and news," Fox Corp CFO *Steve Tomsic* said at an investor conference Tuesday. "As that continues to happen... it means that the relative importance of our suite of content within the bundle increases. We would expect that within the existing both traditional and digital MVPD universe that our relative pricing power will continue to grow given that we're so core to that bundle."

But that doesn't mean it isn't dedicated to growing its direct-to-consumer properties like **Tubi**. The company wants to win in AVOD, and a symbiotic relationship has already begun forming between Tubi and the entertainment assets that air on Fox's broadcast network.

Tubi is on track to generate \$300 million in advertising revenue this fiscal year, and Fox hopes to continue growing total viewing time on the platform over the next few years to keep those ad trends on the rise.

"You'll see the curves cross where the advertising revenue we earn on Tubi will exceed the advertising revenue we generate on the broadcast entertainment network," Tomsic said. Importantly, the network revenue he was using in his comparison did not include the revenue generated from areas like live sports.

There could come a day where sports find a place on Tubi as well, but you shouldn't expect to see an **NFL** or **MLB** game on the platform anytime soon.

"I wouldn't bank on major sports being a part of the daily dive of Tubi... To monetize those, you still are going to need dual revenue streams. From our perspective, it's an affiliate revenue stream as well as an advertising revenue stream," Tomsic said. "But I can see a world where you would experiment with sports to drive sampling of Tubi and drive the brand of Tubi, and maybe some of those second- and third-tier sports could find a home if the economics worked."

Fox's ongoing programming strategy for the AVOD is all about offering a wide breadth of content. In order to make the economics of that work, Tomsic said the platform is engaging in a number of revenue-sharing deals with programmers. Moving forward, he hopes to begin shifting towards licensing agreements and developing content that has the ability to work on both the broadcast network and Tubi.

"Over time, as we look at genres that really look at Tubi, we will cost-effectively look at originals. But I stress that it's going to be cost-effective because... yes, we'll have some



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titles that we acquire on a licensed basis to really drive recognition of the platform. But when we look at consumption, it's not the titles that actually do the business, it's often these cost-effective titles that a lot of the viewership resides in," Tomsic said, describing the most popular titles as "cheap and cheerful."

Looking at SVOD **Fox Nation**, Tomsic said there's a huge opportunity to serve the heart of America with more than just an offshoot of **Fox News Channel**. History and lifestyle programming could be coming alongside more high profile news programming. A major step forward on that front was the recently-signed deal with *Tucker Carlson*, which will see the Fox News host developing content for the service. "Just with the announcement of that, we've seen take up levels and consumption levels of Fox Nation go up, even without his content being on it," he said.

DISNEY+ TOPS 100 MILLION

Disney used its annual shareholder meeting to reveal it has surpassed 100 million global paid subscribers just 16 months after its launch. Disney has set a target of 100+ new titles per year for the service. "Our direct-to-consumer business is the company's top priority, and our robust pipeline of content will continue to fuel its growth," said CEO *Bob Chapek*.

CHARTER TAKES MINIMUM WAGE TO \$18

Charter continues to make its way to \$20 minimum wage starting in 2022, announcing Tuesday that virtually all current and newly hired salaried and hourly employees will earn at least \$18/hour, including target commissions, in addition

to company benefits. Charter established a \$15 starting wage in 2018 and announced in April 2020 that it would permanently raise its minimum starting wage to \$20 an hour in 2022. It kicked it off with annual increases of \$1.50 an hour to \$16.50 in 2020. The company, which bucked the trend of layoffs early in the pandemic by hiring new employees, is currently hiring for nearly 3,000 positions.

SINCLAIR BETTING ON TENNIS

There's a lot of focus on sports betting right now, particularly among the RSNs, but don't sleep on tennis. "Tennis has incredible opportunities in international, and it's the second-most bet on sport in the world. It's just going to ride that curve here in the US," **Sinclair** CEO *Chris Ripley* predicted during an investor conference Tuesday. Sinclair owns the **Tennis Channel**, which Ripley identified as an underappreciated asset that could be separated and highlighted in terms of value in a more explicit way. "We have all the assets. We have Tennis.com, *Tennis Magazine*, Tennis Channel. We have over 95% of the live tennis rights in the US, and we've just consolidated that position and created a fortress around tennis the last few years," he said. "The question for us is can we do something with tennis to really highlight that value. We're certainly getting a multiple of EBITDA on it, but it should be trading at much, much higher multiples because of its growth opportunities." Sinclair has definitely put an emphasis on betting, linking up with Bally's in a deal that will see its RSN renamed Bally's Sports in the months ahead. Ripley said about half of the states in Sinclair's footprint allow legalized betting or have pending

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legislation to do so. But even states where wagering isn't legal, there's activity. "Almost in every state, there's some level of activity around this in anticipation of most of the states going legal, and many players have other properties, like Daily Fantasy, which are legal in many more states," he said. "Our expectation is that the vast majority of state will end up legalizing over the next 2-3 years."

PUSH TO ADD NEWSMAX TO HOUSE TV

After two Democratic members of **House Commerce** questioned pay TV operators last month on their carriage of **Fox News**, **One America News** and **Newsmax**, two Republican members are pushing for the House to ensure its TV system carries all three networks. The House currently does receive Fox News and OAN, but not Newsmax. "We ask that you direct the Architect of the Capitol and the House Recording Studio to make Newsmax available to Members and staff as part of the House's internal television system. These small steps will go a long way toward demonstrating bipartisan support for fundamental American freedoms and a rejection of the dangerous phenomenon of cancel culture," wrote *Rodney Davis* (R-IA) and *Jim Jordan* (R-OH) in a letter to House Administration chair *Zoe Lofgren*. Newsmax first reported on the missive. Davis and Jordan have also requested that the Judiciary committee hold a hearing on cancel culture.

COMCAST ROLLS OUT ROBOCALL PROTECTION

Comcast is rolling out a landline voice implementation of the STIR/SHAKEN-based verified caller ID in an effort to protect Xfinity Voice, Comcast Business Voice and Business VoiceEdge Select customers from unwanted robocalls. Those customers will now see a Verified label displayed in the caller ID when the call is authenticated.

COMMUNITY BROADBAND BILL

Reps *Anna Eshoo* (D-CA), *Jared Golden* (D-ME) and Sen *Cory Booker* (D-NJ) introduced the Community Broadband Act, which would nullify state laws that inhibit local governments from building their own broadband networks. The lawmakers said 19 states have passed laws that either restrict or outright prohibit local communities from investing local dollars in building their own broadband networks.

WEEKLY RATINGS

Fox News took the top spot in both prime and total day last week, according to **Nielsen**. Fox led ad-supported cable nets in prime with 2.425 million total viewers, followed by **MSNBC** (1.942mIn), **TNT** (1.31mIn), **CNN** (1.273mIn) and **HGTV** (1.091mIn). Fox News led in total viewers in total day (1.305mIn), with MSNBC nabbing second (1.116mIn), followed by CNN (904K), HGTV (622K) and **Hallmark** (534K).

ON THE CIRCUIT

The **Media+Tech Innovation Challenge**, previously known as The Rocky Mountain Cable Association's Cable Apprentice, announced its grand prize winners Friday. The team, "AEM Consulting," came from the University of Denver's Daniels College of Business. *Emily Winn*, *Alisa Sautter* and

Megan Banks beat out three other student trios for a prize of \$3,000 each and an additional \$4,500 for the team as a whole. Participating teams presented ideas on how **Comcast** could adapt its residential video product and broadband strategy to reflect the permanent changes in consumer behavior due to the COVID-19 pandemic and the evolving marketplace.

DISTRIBUTION

Canela.TV, an AVOD streamer for the US Hispanic audience, is now available on VIZIO SmartCast. – **IMDb TV**, **Amazon's** free streaming service, is now available as an app on **TiVo** Stream 4K TVs, **LG** Smart TVs (2018-2021 models), PlayStation 4 consoles and **NVIDIA SHIELD** devices.

PROGRAMMING

March Madness is back. **Turner Sports** and **CBS Sports** will provide live coverage of all 67 games from the 2021 NCAA Division I Men's Basketball Championships across **TBS**, **CBS**, **TNT** and **truTV** as well as on streaming product **NCAA March Madness Live**. The Final Four National Semifinals will air on CBS April 3 with the National Championship following on April 5. TBS will air the Final Four National Semifinals and National Championship in 2022, with the events alternating between CBS Sports and Turner Sports each year throughout the partnership. – "America's Most Wanted Overtime" will air at 10pm ET on **Fox Nation** every Monday beginning March 15, following the season premiere of "America's Most Wanted" at 9pm ET on **Fox**. The streaming service's subscribers will have access to "America's Most Wanted" after it airs. Fox Nation also signed a multi-year deal with host *Nancy Grace* that will see her continue to host her current series "Crime Stories with Nancy Grace." – **BET** greenlit "Twenties The After Show," a companion conversation show to the second season of "Twenties." Both series will begin production in the spring. – "Deadliest Catch" Season 17 will premiere its first episode on **discovery+** on March 19, ahead of its **Discovery Network** premiere on April 20 at 8pm. – "Top Gear" returns to **BBC America** and **AMC+** for its fourth season April 25 at 8pm ET.

PEOPLE

Showtime tapped *Patricia Kollappallil* to serve as svp, corporate communications. She most recently served as **VICE Media's** gvp, corporate communications & public relations. The company also added *Henry Goldblatt* to the team as vp, awards. He joins from **Entertainment Weekly**, where he acted as editor-in-chief.

EDITOR'S NOTE

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