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WHAT THE INDUSTRY READS FIRST

Sports Stream: Disney Inks More Deals with DTC Options

Bob Chapek walked the fine line between linear TV and direct-to-consumer during **Disney's** 2021 earnings call Thursday. While he didn't commit to how many live sporting events will be available via DTC, he indicated Disney would be aggressive.

"While our overall strategy is still very supportive of our linear business, given the important economic value and price for the company, we're also building out our **ESPN+** direct to consumer offering. And with every deal we make, we are considering both the linear and DTC components," he said.

Case in point, Chapek then revealed that **ESPN** has reached a seven-year deal with **MLB** that runs through the 2028 season, with the opportunity to simulcast all ESPN and **ABC** telecasts on ESPN+. The question remains with MLB, as with ESPN's **NFL** deal, just how many of these games will be streamed. The MLB deal includes 30 exclusive, regular season games annually, including 25 Sunday Night Baseball games. ESPN also gets five additional games each season, including the national Opening Night telecast.

Asked on the earnings call about whether all Monday Night Football games will be simulcast on streamers, Chapek said it has been envisioned in the deal. "We've got a lot of flexibility, not only in terms of our ability to take our programming to our DTC platforms and things like **Hulu** and **ABC**. So that's actually been envisioned, and we plan on being fairly aggressive in that way," he said. "I think that one of the advantages of The Walt

Disney Company and sports is that we've got so many ways to reach our consumer base. I think the leagues understand that, and we certainly do as well."

Chapek also used the earnings call to announce **ESPN** and **LaLiga** have struck a long-term deal that will make ESPN+ the new English- and Spanish-language home for LaLiga Santander, one of the world's marquee sports leagues, and LaLiga Smart-Bank in the US for the next eight seasons, through 2028-29.

He emphasized Disney's flexibility in terms of sports rights. "The reason we want that flexibility is because we know things are going to change," he said. "As we've always said, when the right time comes for us to make a step function increase, as we've done with our entertainment platforms, to our sports platforms, and it's accretive to our shareholder proposition, we'll go ahead and do that."

He said the longer-term vision is for a parallel path for both ESPN and ESPN+, but said the flexibility negotiated into its recent deals for DTC show that its 100% bullish on the capability and viability of direct-to-consumer platforms.

Disney+ ended 2Q with nearly 104 million subs, an 8.7 million add sequentially that was below analyst estimates. Chapek said the service is on track to reach 230 million to 260 million subs by the end of FY24. Direct-to-consumer revenue in 2Q increased 59% to \$4 billion and its operating loss decreased from \$0.8 billion to \$0.3 billion. That was primarily due to improved results at Hulu due to subscription revenue growth and higher ad revenue, partially offset by an increase in programming

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and production costs driven by higher subscriber-based fees for programming the live television service. Hulu saw its total subs grow 30% YOY to 41.6 million (3.8 million for Hulu+ Live). ESPN+ saw 75% YOY sub growth that was helped by UFC PPV events. It ended the quarter with 13.8 million subs.

Overall, Disney earned \$912 million, with revenue down 13% YOY at \$15.6 billion. Linear network revenues for the quarter decreased 4% to \$6.7 billion, and operating income increased 15% to \$2.8 billion. Domestic channels revenues for the quarter decreased 4% to \$5.4 billion and operating income increased 12% to \$2.3 billion.

KILAR ON THE FUTURE OF THE TURNER NETS

WarnerMedia CEO *Jason Kilar* is optimistic about the future of some of the company's linear networks, but the futures of those like **TNT** and **TBS** seem to be in a state of flux. "We have a number of brands that are surgically precise and they have been nurtured for decades to be something very precise. Whether that is **Cartoon Network**, whether that is **CNN**, **Adult Swim**, I think it's fair to say that you will see those brands be able to manifest themselves both through linear environments and also internet environments," he said at a **MoffettNathanson Media & Communications Summit** appearance Thursday. "I do think it's fair to say that there will be other brands where candidly the stronger brand is either the programming under them, if it's a sports league, or the programming under them is a series or a documentary or a motion picture." No decisions have been made yet, but Kilar said the team is actively thinking about how consumers respond to all of the WarnerMedia brands. He pointed to CNN as an example of a brand that is greater than the programming

under it and will continue to live on for the foreseeable future, both in linear environments and on platforms like **HBO Max**. "The CNN service that you see today on linear channels, absolutely that stays in that environment. We're very proud of that business, we think it's the right product for that distribution and there's 85 million homes for example just in the US market saying this is the way I'd like to receive my news, my sports, my entertainment," Kilar said. "When you think about the future of CNN, I get smiles on my face because I think about all the possibilities in addition to the world-class service that already exists." None of this is to say that WarnerMedia is giving up on the **Turner Sports** and the **NHL** at the end of April should be a sign to the market that **AT&T** is continuing to invest in them. Kilar added that there is flexibility in that deal that would allow WarnerMedia to bring some sports content to HBO Max. "We have the rights, we were very careful to get those rights... we don't have plans for this year, absolutely we could see that down the road," he said. "When we architected HBO Max, it was consciously to not have it be defined by just on-demand programming and not allowing for us to explore other things that could delight customers like live programming."

FOX ON DROPPING TNF, THE US OPEN

Fox Corp passed up on some big sports deals this year, but CEO *Lachlan Murdoch* seemed confident that was the right move at an investor conference Thursday. Murdoch said he was happy to let **NBC** take the US Open because having just one weekend of a premium golf event didn't make a meaningful impact on affiliate fee negotiations. "If you talk to a distributor and we're negotiating with them on affiliate fees,

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having one weekend, even though it's a tremendously powerful weekend, very valuable...for us having one weekend was simply not enough to help us in an affiliate negotiation with a cable operator," he said. Fox also recently decided to opt out of its Thursday Night Football deal with the **NFL** one year early, letting **Amazon** take the program starting in 2022. Murdoch said doing so will allow Fox to focus its attention on its Sunday afternoon **NFC** package. "It is the premium package in all of sports, certainly in the NFL, it's been the number one rating package for the last 15 years," he said. "Our number one priority for this year was to retain that package going forward."

CALIFORNIA NET NEUTRALITY

While the **DOJ** bowed out of a court case challenging California's new net neutrality law, the lawsuit lives on with **ACA Connects**, **NCTA** and other organizations representing ISPs seeking to have the law thrown out. This week, **Public Knowledge**, **Access Now**, **Free Press**, **Mozilla** and **New America's Open Technology Institute** filed an amicus brief in the 9th Circuit Court of Appeals urging the court to deny a motion for preliminary injunction. The brief argues that net neutrality regs put in place by the **FCC** in 2015 and repealed in 2017 did not reduce broadband investment. The case is being closely watched as it will have implications for other states, like Vermont, that have put in place their own net neutrality rules.

WEEKLY RATINGS

Last week was **INSP**'s second week of "Duke Days of May," which included films starring *John Wayne*. The success showed up in **Nielsen**'s weekly ratings rundown with **INSP** edging out **ESPN** to rank as the sixth most-watched network in total day, averaging 455,000 viewers to **ESPN**'s 438,000. **INSP** also placed as a top 10 network in prime for the week, ahead of **TBS**, **Hallmark Channel**, **USA** and **TLC**. **INSP** original "Wild West Chronicles" set a new ratings high during the week. As for the four most-watched cable nets in primetime last week, they were also the four most-watched in total day. **Fox News** led the quartet (2.16m in P2+ in prime/1.17m in total day) followed by **MSNBC** (1.5m in and 850K), **HGTV** (1.21m in and 665K) and **CNN** (921K and 617K). Fifth place in prime went to **History** (873K), while **ID** took the honor in total day (479K).

MEDIACOM TAKES WEST DES MOINES FIGHT TO FCC

Mediacom's taking its fight with the City of West Des Moines to the **FCC**, filing a petition asking the agency to review the city's rights-of-way management practices. This also harkens back to the \$50 million conduit network built by the city last summer. **Mediacom** filed a lawsuit against the city in December, alleging it improperly used taxpayer-backed financing bonds intended to remedy urban blight and poverty to build the network for the exclusive use of **Google Fiber**. **Mediacom**'s FCC filing is more than 800 pages and seeks a range of remedial actions, including asking the agency to advise the city to halt construction on the conduit network pending the agency's review and to amend the city's agreement with **Google Fiber** by removing the exclusive design, financial and permitting preferences and rights accorded to **Google Fiber**. **Mediacom**'s lawsuit against West Des Moines is still pending.

NBCUNIVERSAL AD TECH UPGRADES

NBCUniversal launched a new collection of commercial innovations designed to drive interactive viewing experiences across the company's global One platform. The collection includes an AR-driven shopping experience placing the company's talent in viewer living rooms to show off brand products and allows fans to decide on personalized, interactive ad experiences. Other tools allow marketers to create premium content in less than 36 hours and technology that creates a smoother transition between programming and commercial breaks.

STREAMING SOARING

Some 70% of Americans surveyed are watching more TV now than they did in March 2020, according to new data from **Tubi** and research firm **OnePoll**. Half of Americans turned to **AVOD** over the past year, and 29% of people in that group did so to cut costs while 39% did so to supplement their subscription services. Nearly half (49%) of people are searching for ways to pay less for their streaming services this year than they did in 2020, many turning to **AVODs** to do so.

SVOD DOINGS

SVOD True Royalty TV is now available on **Amazon Prime Video Channels**. New customers can sign up for a seven-day free trial before being charged for the \$5.99/month subscription. – **Fox Nation** will offer a free, one-year subscription to all active US Military members and veterans. From May 24-31, military members and veterans can opt into the offering.

PROGRAMMING

HBO Max will debut special "Friends: The Reunion" on May 27 with the original main cast. It will be an unscripted celebration of the show on the original soundstage, Stage 24 of the Burbank Warner Bros studio lot. **TBS** is airing every single episode of "Friends" weekdays from 10am-4pm until June 4 so fans can catch up on their favorite episodes ahead of the reunion.

PEOPLE

The **Pac-12 Conference** appointed *George Kliavkoff* as its new commissioner. *Kliavkoff* comes from **MGM Resorts International**, where he was president, entertainment and sports. His five-year contract starts July 1. *Kliavkoff* is well known in media, serving as the first chief digital officer at **NBCUniversal** and interim CEO of **Hulu**. He also oversaw **Hearst**'s interest in cable networks, including **ESPN**, **A&E**, **Lifetime** and **History**. – *Stephen DiMarco* left his role as chief digital officer at **Kantar** to join social video content and audience measurement company **Tubular Labs** as chief strategy officer, effective immediately. – **CTV** distribution and ad services company **Wurl** added five media vets. Former **Comedy Central** gm *Dave Bernath* is the new director of business development and content strategy. Former **Vubiquity** vp, sales *Richard Cross* is joining as director, business development, London. *Jose Maria Fregoso*, formerly of **Mediagenix**, has that same role for Latin America. Former **Vewd** sales exec *Michael Winneker* will be director, business development and *Deanne Lewis*, former vp, sales and strategic partnerships at **Warner Bros**, was also appointed director of business development.

PROGRAMMER'S PAGE

EPIX Examines Satanic Cult Murders

With most true crime series, viewers are being spun a tale from a particular point-of-view. But **EPIX's** four-part "Fall River" (debuts Sunday at 10pm) gives armchair detectives a more holistic approach. The series dives into the brutal murders of three women in Falls River, Massachusetts, allegedly by a satanic cult practicing human sacrifice. As the story progresses, it raises questions over whether the murders were indeed solved. The first episode is told from the police perspective. Episode 2 is through the eyes of alleged cult leader *Carl Drew*, who was sentenced to life in prison for the murders. Episode 3 is told from the view of *Robin Murphy*, who was 17 at the time of the slayings and convicted for assisting with them. "Every episode, you get the same facts from a different point of view, and it completely changes your mind," explains exec producer and director *James Buddy Day*. "You're going on this roller coaster and every time you get to the bottom, even though it's the same ride, your whole opinion has shifted." Day sees that as a metaphor for the criminal justice system in America. "It's not about finding the truth... It's this purposefully adversarial system designed to come to a conclusion, regardless of how true that conclusion is," he said. "It basically weighs perspective and then decides whose perspective is going to kind of be treated as gospel." The murders took place during the height of the satanic panic of the '80s and '90s. It's hard not to draw parallels to the recent rise of QAnon, with its belief that a cabal of Satan-worshipping, cannibalistic pedophiles run a global child sex trafficking ring. "That is that what's so interesting about the satanic panic—it's this idea of vilifying people you disagree with and calling them evil and demonic and saying that your argument is righteous," Day said. "I spent years looking at clips from the satanic panic, and you would see people giving speeches and protesting and they're literally saying the same thing as QAnon... Believing that there are secret, satanic cults that are drinking the blood of children is an American pastime at this point." – *Amy Maclean*

REVIEWS

"Mare of Easttown," **HBO**. It's difficult to avoid raving about *Kate Winslet* in this new HBO series about a detective in working-class PA town so small everyone knows Mare by her first name, even the criminals. Indulge us, please. The odd word from Winslet's lips betrays her as an English woman. On the other hand, those accustomed to seeing Winslet in a period piece, bewigged, golden hair and skin gleaming white will need to get used to the actor as a slightly corpulent, lumbering Mare, hair askew and wearing raggedy jeans. She's haggard, bothered and the worse for wear. But that's what's needed for Winslet to embody a small-town police officer. And she has that down beautifully. Yes, she dominates the screen, but Winslet also lets the rest of the cast of townspeople breathe too. And good thing, because while a crime is at the center of the series, it's really the backdrop for a slew of character studies. Mare is not only a grandmother and mother, she also provides a home for her mother (the appropriately sarcastic *Jean Smart*), a daughter (*Angourie Rice*) and a grandchild. Oh, and Mare's ex and his new wife have moved in nearby. Yet because we know Mare's home life, and she's a woman police officer, that this drama is different and thrives. – *Seth Arenstein*

BASIC CABLE		
P2+ PRIME RANKINGS*		
(05/03/21-05/09/21)		
MON-SUN	MC	MC
	US	US AA
	AA%	(000)
FNC	0.683	2,104
MSNBC	0.488	1,502
HGTV	0.400	1,232
ESPN	0.319	982
CNN	0.294	907
HIST	0.276	850
INSP	0.260	802
TBSC	0.257	791
DISC	0.256	789
HALL	0.246	758
TNT	0.231	710
USA	0.229	706
TLC	0.226	695
FOOD	0.218	671
ID	0.196	604
TVLAND	0.172	528
A&E	0.169	521
BRAVO	0.163	501
LIFE	0.154	475
NATGEO	0.148	456
HMM	0.142	438
AMC	0.140	430
NAN	0.132	406
FX	0.123	380
SYFY	0.122	376
ADSM	0.121	374
GSN	0.121	373
WETV	0.117	360
APL	0.107	330
NICK	0.107	329
BET	0.106	325
MTV	0.104	320
FRFM	0.103	316
TRAVEL	0.100	307

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



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