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WHAT THE INDUSTRY READS FIRST

Upfrontly Speaking: HBO Max with Ads, TNets Highlight WarnerMedia Event

That leaked $9.99 a month price point for **HBO Max with Ads** proved true, with **WarnerMedia** revealing the ad-supported tier during its upfront presentation Wednesday. It will launch the first week of June, with execs promising a best-in-class ad experience.

"We are committed to having the lightest ad load in the streaming industry, coupled with the most premium content. Plus, we are introducing several new ad formats, including pause ads and branded discovery designed to be native and endemic to the way our customers use HBO Max," ad sales chief *JP Colaco* said during the virtual upfront. "We have already signed deals with most major agencies and brands across a diverse array of categories. We cant wait to bring more of you into the fold."

Colaco didn't give any commitment on exactly what that ad load will look like, but the number to beat appears to be five minutes an hour. That's the ad load **Peacock** launched with in April 2020. The pause ads and brand discovery formats are coming soon, but available now is "brand block," where brands own a block of content and consumers receive limited commercials. The ad-free version of **HBO Max** continues to retail for $14.99/month.

The WarnerMedia upfront kicked off with CEO *Jason Kilar* acknowledging Monday's merger announcement with **Discovery**—a bit awkward given a *NY Times* report that he was kept in the dark about the deal and is negotiating his exit from the company. "While there is still so much more to come—and for the moment, it's still business as usual—we wanted to take a moment and thank you for your continued partnership," he said before kicking off a video presentation that included a bit with **TBS**, **TNT** and **truTV** GM *Brett Weitz* walking around the "Snowpiercer" train cars and making the sales pitch for the trio of nets.

Oh, and stop calling them the **Turner** nets. They were repeatedly referred to as the "TNets" during the presentation. Given the growing amount of sports content, it's fair to wonder if one of those TNets could be rebranded as a sports channel. "Yes, we have a ton of sports. We also have three networks that run 24/7," Weitz told reporters in a press call. "When you look at percent of schedule, they don't take up 24/7 365, so we have to continue with a very robust scripted strategy, unscripted strategy, acquire movies and series. We must continue to program these platforms … 24/7. I don't think it makes much sense to just rebrand at this point."

As for those TNets, the big programming news from the upfront is that All Elite Wrestling's "AEW: Dynamite" will move from TNT to TBS in January. Until then, AEW will remain on TNT, with the addition of the new hour-long "AEW" Rampage" debuting August 13. Sure, WarnerMedia's pickup of some **NHL** games has something to do with the move—as do **NBA** and **NCAA** games. But Weitz said ultimately the team felt TBS has the opportunity to be the best platform for expansion.

At an investor conference last week, it sounded to us like Kilar didn't think the TNets had the surgically precise brand definition of say a **CNN** and **Cartoon Network**. That's not how Weitz interpreted it though. "I think Jason knows exactly what our brand definition is," he said. "We very much at TBS have said, 'always here for a good time,' truTV 'always here for a good laugh,' and TNT, 'always here for a thrill ride.' Those are very specific brand lanes that we continue to develop within and program to."

He was pressed on what truTV's identity is beyond "Impractical Jokers." 'truTV's role in television is to always be here for a good laugh. Don't overthink this—I beg of you," he said. "Think of it as a destination that you can sit there for hours on end and laugh and be entertained."

FRONTIER HIT WITH FTC LAWSUIT

Just when things were looking up for **Frontier Communications**, the **FTC** sued the ISP for allegedly failing to deliver DSL internet speeds that consumers paid for. In the complaint, the FTC and the attorneys general from Arizona, Indiana, Michigan, North Carolina and Wisconsin as well as the district attorneys' offices of Los Angeles County and Riverside County in California alleged that Frontier did not provide many consumers with the maximum speeds promised for their tier. The speeds actually received often fell far below what was touted in the purchased plans, the complaint said, and consumers have complained that the speeds received failed to support the typical online activities they should have been able to do at those tiers. Frontier, which emerged from Chapter 11 bankruptcy less than three weeks ago, said in a statement that it will present a "vigorous defense" against the suit, which it believes is without merit. "The plaintiffs' complaint includes baseless allegations, overstates any possible monetary harm to Frontier's customers and disregards important facts including the following: Frontier offers Internet service in some of the country's most rural areas that often have challenging terrain, are more sparsely populated and are the most difficult to serve; Frontier's rural DSL Internet service was enthusiastically welcomed when it was launched and has retained many satisfied customers over the years; Frontier's DSL Internet speeds have been clearly and accurately articulated, defined and described in the Company's marketing materials and disclosures."

MEDIACOM'S WEST DES MOINES SUIT PROCEEDS

A Polk County judge ruled that **Mediacom**'s lawsuit against the City of West Des Moines can proceed. The operator sued the city in December, alleging it improperly used taxpayer-backed financing bonds to build a $50 million conduit network for the exclusive use of **Google Fiber** and that council members had strong conflicts of interest. On Wednesday, the court denied the city's motion to dismiss the case, but did dismiss Mediacom's claim challenging the city's issuance of bonds for this project, saying it was untimely. Mediacom said it was pleased with the ruling, and said the bond issue dismissal was on a "procedural technicality." It plans to appeal that portion of the decision.

AT&T TO PAY $1.5 MILLION TO DC AG

AT&T agreed to pay $1.5 million Monday to the Office of the Attorney General of the District of Columbia for failure to comply with a long-term contract with the District for cell phone and internet services. The District and AT&T entered into a contract in August

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2012 that included wireless voice and broadband services, accessories and equipment. The complaint alleged that AT&T failed to produce quarterly price optimization reports, offer standardized base rate plans and provide the District with the lowest cost available for the agreed-upon services. "We are pleased that after filing suit, AT&T immediately sought to resolve the case in a manner that results in making the District and its taxpayers whole," DC attorney general *Karl Racine* said in a statement.

EVOLUTION NOW A PLUME DISTRIBUTOR

Evolution Digital and **Plume** agreed on a partnership that will allow the former to offer fully integrated OpenSync-enabled WiFi devices in June. Evolution Digital will be an authorized reseller of Plume's WiFi experience management platform, giving it the freedom to offer Homepass to consumers, Workpass to small businesses and Haystack to service providers. The EVO6700AP WiFi 6 router, the EVO6500EXT mesh beacon and the EVO3000GW DOCSIS 3.1 gateway will be available with OpenSync integration this summer. Other whole-home WiFi devices will be able to be purchased with OpenSync later this year.

TUBI, LIVERAMP TEAM UP

Tubi and data platform **LiveRamp** have partnered to implement addressability solutions across OTT platforms while maintaining the ability to reach first-party audiences. The AVOD will leverage LiveRamp's Authenticated Traffic Solution to directly connect authenticated inventory with advertiser demand, and brands will be able to more efficiently target people-based audiences on the streamer with increased reach and ROI.

OVATION TO LAUNCH CHANNELS ON DISTROTV

Ovation TV and OTT service **DistroTV** signed a deal to launch two curated OnDemand channels from the arts network. Journy will feature travel, art and cultural programming while Mystery Alley will air thrillers and dramas from a sizable international library.

CURIOSITYSTREAM ON WARNERMEDIA-DISCOVERY

CuriosityStream president/CEO *Clint Stinchcomb* doesn't feel threatened by the **WarnerMedia-Discovery** merger. Instead, he sees it as confirmation that nonfiction programming has a high value in today's television ecosystem. During an appearance at an investor conference Wednesday, he also mentioned it speaks volumes to what the global streaming landscape will look like in a few years, echoing Discovery and CuriosityStream founder *John Hendrick*'s predictions for a five-streamer world. "If you look out 5 to 10 years, I think it's likely that there will be 5 to 15 global streaming services that offer essentially a reconstituted bundle. In this bundle you have sports, you have news, you have scripted entertainment and you have nonfiction programming," Stinchcomb said. Despite Discovery's origins in nonfiction, Stinchcomb doesn't see the Discovery-WarnerMedia combo as much of a competitor for CuriosityStream. "We believe that we're running our own race as we've described before. Provided we continue to maintain our position as the premium factual destination and monetize content across our diverse revenue stack, we're going to have a great business," Stinchcomb said.

PAY-TV NET LOSSES IN 1Q21 SIMILAR TO 1Q20

The largest pay-TV providers in the US lost approximately 1.895 million net video subscribers in 1Q21, compared to a net loss of 1.955 million in 1Q20. According to a report from **Leichtman Research Group**, these top pay-TV providers account for 78.7 million subscribers or about 95% of the market. Broken down, top cable providers had a net loss of about 775,000 video subscribers in 1Q21 compared to a loss of about 595,000 subscribers in 1Q20. This made net cable losses in 1Q21 more than in any previous quarter. Other traditional pay-TV services had a net loss of approximately 865,000 subscribers in 1Q21 compared to a loss of about 1.15 million subscribers in 1Q20. Top publicly-reporting vMVPDs had a net loss of about 255,000 subscribers in 1Q21 compared to a loss of about 210,000 subscribers in 1Q20.

SPECTRUM APRIL RATINGS

Spectrum Networks averaged more than 3 million daily viewing households in April. The ratings, aggregated from the company's anonymized proprietary set-top box data, punctuated a month defined by national news stories. During major storms in Florida on April 11, **Spectrum News Bay 9**'s **Nielsen** ratings in Tampa (1.17) beat out **NBC** (0.71), **ABC** (1.01), **Fox News** (0.88), **CNN** (0.48) and **MSNBC** (0.60). Meanwhile, the **Spectrum News App** added more than 140,000 new downloads, bringing its total downloads to over 1.1 million devices through May 6, an overall 5% increase from the previous month. On April 20, the day of *Derek Chauvin*'s verdict, the app had more than 47,000 visits, the most of any day since launching last July. Visitors spent nearly 350,000 minutes in the app collectively, the fourth-highest total time spent since launch, while live stream viewership accounted for 34% of time in the app.

SLING TV PARTNERS WITH VERIZON

Effective immediately, new and existing **Verizon** customers with a wireless, Fios or 5G Home account can get two free months of **Sling TV**. Customers new to Sling TV can choose from three options - two months of **Sling Blue** or **Sling Orange**, two months of **Sling International** or three months of **Sling Latino**.

PROGRAMMING

CBS Sports and **1190 Sports** struck a multi-platform agreement with **Paramount+** that will see the streamer serve as the exclusive US English-language home of the Campeonato Brasileirão Série A, Brazil's top soccer league. The service will stream all 380 club matches live each season through 2023. – **Telemundo Deportes** will provide exclusive Spanish-language coverage of Super Bowl LVI live on Telemundo February 13, 2022. This marks the first time that a Super Bowl will be televised on a Spanish-language broadcast network in the US. Telemundo Deportes will also be the Spanish-language home of "Sunday Night Football" for the next 13 seasons. – French fantasy thriller series "Moloch" will premiere all six episodes on June 10 for a full-season binge on **Sundance Now** and the **AMC+** streaming bundle.

Think about that for a minute...

Behemoth

Commentary by Steve Effros

The Washington Post headline writers were at it again on Tuesday in describing the decision by AT&T to spin off WarnerMedia and meld it with Discovery. They called the resultant, as of yet unnamed company a "streaming behemoth." And that it may be, but when was the last time you read that description when there was reporting on Disney Plus or Amazon Prime Video or even Netflix? All of them are larger, in terms of subscribership or revenue than the newly announced streaming competitor.

Granted, while this particular marriage took folks by surprise, which just reinforces the view that Dave Zaslav, Discovery's head who engineered the deal, is really at the top of his game, it was almost a given that AT&T had to do something. The purchase, then spinoff of DirecTV and the sputtering efforts of HBO Max in comparison to the field of competitors made that clear.

The instant analysis being pushed about all this right now is that it proves that a combination of telecommunications and content creation, or "media" companies just doesn't work. I'm not so sure that's true. Ask Comcast. Certainly it wasn't working for AT&T, and to its credit, it admitted that relatively quickly and decided on changing the game plan. But it's not crazy to think that in the superheated telecom/streaming world it does make sense in some cases to have the ability to distribute your own content.

Look at it the other way around; if you were a traditional Hollywood movie maker and the world started shifting to a business model where the biggest distributors to the public were the same ones deciding what content would be included in the sale, wouldn't you want to be as close as you could be to the content decider? That's the whole movie theatre/studio tie up of years ago was all about. Being an independent producer in the world where distributors are the ones financing the creation of product suggests that you really want to be a favored provider. That's what Netflix, Amazon and Disney, using their own money for their own studio creations, to the degree they can, have been doing.

Remember, this is a very different world, and one I'm not so sure is going to last. These behemoths are not making a movie, let's say, for the purpose of getting it seen by as many folks as they can get into a movie theatre. They're making it to induce folks to subscribe to their service by providing the movie on an exclusive basis. That's a very different mindset. It only works in the long run if all these big new companies are correct that consumers will put up with having to buy multiple services just to get the few particular shows or movies they want to watch.

Not so sure how long that lasts. It reminds me of the *Bruce Springsteen* cable lament of years ago; "57 channels and nothin' on." Yes, that will work for a while when a customer signs up to watch a particular movie and then let's the monthly fee slide, but it won't last forever.

So at the moment companies, including AT&T or the new WarnerMedia Discovery linkup, are all charging ahead trying to soak up or create as much exclusive product as possible in order to be the "streaming king." The newest addition to the behemoth club is the smallest of that group and there's no guarantee that even it is large enough to catch up to the competition.

I'm not so worried about the size of these new media entrants. It seems to me they all may be engaged in a race with a flawed premise. If I'm right, then it's not a question of how big these behemoths are, but how hard they'll fall.

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.)