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WHAT THE INDUSTRY READS FIRST

Verizon 2Q21: Benefits from Promos, Less Video Subs

Verizon's "biggest 5G upgrade ever" promotion was just what the doctor ordered, fueling 275,000 phone net adds in 2Q21. The promo offered new and existing customers a 5G phone if they signed up for certain plans. Customers showed up, and Verizon chalked up total wireless service revenues of \$16.9 billion (up 5.9% YOY). Retail postpaid phone churn came in at 0.72%, and it all tallies up to good news for Verizon.

"The retention promotions are helping subscriber trends; churn was low, and most of the add beat came from churn; however, margins were fine," **New Street Research** said in a note. "The read through for others in Wireless is tricky given above normal net adds in the industry recently, though low churn certainly makes life more challenging for the share takers."

Fios also had a strong quarter, adding 92K broadband subscribers versus the 10K it added during the same period last year. The company said its trailing 12-month total Fios internet net addition performance is the highest it has seen since 2015, and it doesn't plan on slowing its momentum in the space any time soon.

"When it comes to broadband in general... we want to be a nationwide broadband provider and we're going to use the access technology that is best suited for our customers in a mix of everything from fiber to 4G to 5G, millimeter wave, C-band

and all of that," chairman/CEO *Hans Vestberg* said during the company's 2Q21 earnings call Wednesday. "And this quarter also we opened up even more opportunities for that. We opened more 5G Home markets, we opened more 4G Home markets and then, of course, we took more Fios subscribers than ever in the last three, four quarters."

Vestberg is particularly excited about the release of CPE in the second half of this year that is able to properly utilize C-band spectrum as well as Verizon's deployment of C-band on 7,000-8,000 towers by the end of this year. *Matthew Ellis*, the company's evp/CFO, added that C-band spectrum clearing remains on track. **Eutelsat, Intelsat, SES, Star One** and **Telesat** must clear 120MHz of spectrum in 46 partial economic areas by Dec 5. They must clear that spectrum in all remaining areas as well as 180MHz of additional C-band spectrum nationwide by Dec 5, 2023.

Verizon lost 62K pay TV subscribers, not surprising given the major migration away from traditional services toward streaming options. Rather than trying to revive its traditional video business, the company is striking content partnerships with streaming services. Vestberg said deals like the ones it has with Disney+ have set it apart from its competitors. He also highlighted the company's newest partnerships with Apple and Google for gaming content as great additions to the lineup.

"Our whole idea is to offer exclusive offers for our wireless customers, and we also want to offer that partnership to brands that we really think resonate with us... and ultimately,



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when we make these customers into paying customers, we get our fair share on that because we, with our assets, have created it together with the assets of Disney+, discovery+ or gaming,” he said. “I think we have six or seven of these offerings in the market right now, and all of them are very positive to us and to our customers. We will continue to see if we can find more.”

VAB FOR NIELSEN ACCREDITATION SUSPENSION

Video Advertising Bureau president/CEO *Sean Cunningham* asked the **Media Rating Council** to suspend **Nielsen's** accreditation Wednesday morning. In a 10-page document explaining the rationale behind VAB's ask, the Bureau cited “multiple, major and persistent violations of the MRC's ‘Minimum Standards for Media Research Rating Service (MSMRRS)’.” VAB, whose members include national TV networks, argued that Nielsen violated at least five minimum standards in its conduct throughout the COVID-19 lockdown as a ratings service. “The compounded failures by Nielsen in not preserving the integrity of their national panel is continuing to damage both their largest clients and the TV Video buy/sell marketplace as a whole—and thus requires the MRC intervention of suspending accreditation of Nielsen's national rating service as soon as possible,” Cunningham said in a statement. VAB's request comes after a May 2021 report from MRC found that Total Usage of Television P18-49 reported by Nielsen was understated by approximately 2 to 6 percent and the Persons Using Television estimates P18-49 was understated by a range of 1 to 5 percent during a February 2021 analysis period. Nielsen attributed some of those

findings to its lack of sending field agents to homes, a process that has played a major role in ensuring the accuracy of its measurements. The VAB also argued that few of Nielsen's national panel shortfalls have actually been “fixed” since Nielsen's return to in-home servicing in March. A Nielsen spokesperson responded to reports of VAB's request, saying, “We are fully committed to returning to pre-COVID operations and are working closely with and through the MRC to address any outstanding issues and requests and are committed to their process concerning accreditation.”

COHEN TO BE NOMINATED FOR CANADA POST

President *Biden* on Wednesday said he will nominate long-time **Comcast** exec *David Cohen* as the U.S. ambassador to Canada. Speculation began that Cohen would have a role in a Biden administration back in December 2019, when Comcast announced he would step away from his operational duties as senior evp, which included oversight of corporate administration, government affairs, communications and diversity. He is currently senior counselor to *Brian Roberts*. The Washington powerbroker, who helped Comcast close its **NBCU** and **Sky** deals, has hosted several high profile Democratic fundraisers over the years, including for Biden and *Barack Obama*. The Senate will have to confirm his nomination.

NETFLIX NOT INTERESTED IN LIVE SPORTS

Netflix is thinking outside the box by embracing gaming, but don't expect it to dive into the live sports marketplace any time soon. The streamer's co-CEO/chief content officer *Ted Sarandos* said during the company's 2Q21 earnings call Tuesday that he doesn't see a place for sports on the

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DEADLINE: Friday, July 23

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Cablefax Daily (ISSN 1069-6644) is published daily by Access Intelligence, LLC | www.cablefax.com | 301.354.2101 | Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com | Publisher, Cablefax and Synopsis: Robbie Caploe, 917.974.0640, rcaploe@accessintel.com | Managing Editor: Sara Winegardner, 301.354.1701, swinegardner@accessintel.com | Assoc Editor: Theresa Maher, 301.354.1704, tmaher@accessintel.com | Director of Business Development, Cablefax: Ellen Kamhi, 917.626.5574, ekamhi@accessintel.com | Dir of Marketing: Kate Schaeffer, kschaeffer@accessintel.com | Production Manager: Joann Fato, jfato@accessintel.com | Kerry Smith, Divisional President, Marketing & Media Group, ksmith@accessintel.com | Group Subs/Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com | Annual subscription price: \$1,799.00/year | Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

platform any time soon. “I’ve reiterated this a lot, but I’m not saying we’ll never say never on sports. It’s just what is the best use of about \$10 billion, and I think that’s what it’s going to cost to invest meaningfully in big league sports. And that pricing has only gone up since I started saying that, so I believe that that’s likely to hold,” he said. “Our fundamental product is on demand and advertising free, and sports tend to be live and packed with advertising. So there’s not a lot of natural synergies in that way, except for it happens in television.”

SUDDENLINK TO DROP WCTI

Altice USA’s Suddenlink is dropping **Sinclair** station **WCTI** in North Carolina. The retrans agreement between the two expired on June 30, and the pair have not been able to reach a deal in the days since. “NewsChannel 12, WCTI is simply asking to be treated fairly, based on prices that other pay TV providers have agreed to, the popularity of our programming, in the amount NewsChannel 12, WCTI is compensated,” the station said. “Suddenlink is not willing to pay the market prices that other pay TV providers pay.” Altice USA did not respond to a request for comment.

AT&T SELLING VRIO

AT&T is saying goodbye to another of its non-wireless assets. It is selling **Vrio** to **Grupo Wertheim**, a holding company that operates in telecom, finance, insurance and other industries in Latin America. Vrio currently offers live and on-demand video services via **DirectTV Latin America**, **Sky Brasil** and **DirectTV Go** to 10.3 million subscribers across 11 countries in Latin America and the Caribbean. Vrio’s broadband operations and other investments will also be transferred to Grupo Wertheim at the close of the deal. The transaction is expected to close in early 2022. The pair plan to sign transition services agreements for services like billing, infrastructure and software support to last for one to three years after the transaction’s close. Another sale could be coming soon. AT&T is in the market to sell **Xandr**, and Indian ad tech firm **InMobi** could be looking to buy, according to a *Bloomberg* report. Talks are still early, so that deal could still fall apart.

“NBA COUNTDOWN” HOST LEAVES ESPN

ESPN and “NBA Countdown” host *Maria Taylor* jointly announced they could not reach an agreement on a contract extension. Taylor’s last ESPN assignment was Tuesday night’s NBA Finals telecast. The announcement comes a few weeks after a *NYT* article detailed a leaked audio recording of “The Jump” host *Rachel Nichols* suggesting that Taylor was chosen to host the NBA Finals because she was Black. Since then, Nichols has apologized on her show for the comments and ESPN chief *Jimmy Pitaro* sent an internal memo reaffirming the company’s commitment to DEI.

CMG, AMAZON SIGN ADVERTISING PARTNERSHIP

Cox Media Group and **Amazon Advertising** are teaming up on an initiative that will allow CMG Local Solutions advertisers to reach local audiences through Amazon’s digital offerings.

CMG advertisers will be able to programmatically buy display and OTT ads through Amazon DSP and analyze campaign performance with measurement solutions provided by Amazon.

CHARTER, COMSCORE TEAM UP ON MEASUREMENT

Comscore and **Spectrum Reach** announced the latter is transitioning to the use of Comscore as its preferred source for local audience measurement currency. The transition and adoption will begin in Spectrum Reach’s southeast region. Comscore will provide quantifications of multiscreen behavior and data-driven audience-based impressions.

T-MOBILE SIGNS SPONSORSHIP WITH SEC

T-Mobile announced a multi-year sponsorship agreement with the **Southeastern Conference** and **SEC Network** that will make the mobile carrier the official 5G sponsor of both properties. The carrier will be the presenting sponsor for SEC Network’s college football franchise “SEC Saturday Night” and the SEC Softball Tournament. T-Mobile will also be integrated into SEC Network programming and throughout the network’s footprint with travelling football pre-game show “SEC Nation.”

NBCU AND SKY LAUNCH CO-LAB

NBCUniversal and **Sky** unveiled a global consultancy and research arm Wednesday aimed at helping brands leverage cultural trends. The division, called **Co-Lab**, will use observations from the nearly 700 million people per month who engage with the **One Platform** to inform brands about how to implement them into marketing strategies. New research, case studies and takeaways from Co-Lab will be released at several points throughout the year. The first report, “Localism, Communities & Fandom,” is available now.

ON THE HILL

Senate Commerce will hold a hybrid hearing June 28 at 10:30am ET with **FTC** commissioners on what it can do to empower the agency with improved tools and authority to protect consumers. A panel of consumer protection advocates has also been asked to appear, but no word yet on who will be present.

CARRIAGE

Slings TV is launching its app on **Roku Ultra** devices after a rollout on **Amazon Fire TV** earlier this year. – Full-stack streaming solution **Future Today** announced the launch of streaming channels **CoComelon** and **iFood.tv** on **Vizio SmartCast** TVs. Future Today now has launched 13 AVOD apps and four FAST channels on Vizio SmartCast TVs.

PROGRAMMING

Revolt’s rap video countdown show, “Off Top,” premieres Friday at 9pm ET. – **Lifetime** announced movie “Switched Before Birth” will debut this fall on the network. – **Hallmark Channel** announced production for the ninth season of “When Calls the Heart” has begun.

PEOPLE

Peter Binazeski is joining **Redbox** as head of public relations. He most recently worked at AVOD **Tubi** as head of communications.

Think about that for a minute...

Don't Go There

Commentary by Steve Effros

We've all seen a video or picture of the president signing some piece of legislation with a whole host of folks looking on and the President using virtually one pen per letter of his name. These "signing ceremonies" often result in the people considered responsible for the bill not only being at the signing, but also getting one of the pens. Sometimes the White House goes even further and has the title page of the legislation, along with the pen, mounted and framed and given as a memento.

I have one of those framed mementos, although it probably is one of a kind, since it wasn't a signed bill, it was the 1992 veto message that President George H.W. Bush sent Congress regarding proposed cable legislation. The White House pen was mounted, but not used, since presidents don't sign veto messages! A lot of effort by small and independent cable operators went into getting that veto, but for naught. It was the one Bush Presidential veto that was overridden. Thus the 1992 Cable Bill became law, and introduced the concept of retransmission consent. We all know what's happened since then!

The argument against the bill was simple; despite all the noise about cable bills going up and legislation and regulation being needed to "help" consumers, this bill would do the opposite. Broadcast retransmission consent has pushed cable prices consistently higher, not lower, since then, and we are talking in the billions of dollars.

There's a lesson to be learned in all of that, however. I've suggested that studying accurate history is important so we don't make the same mistake twice. Well, we made a fundamental mistake back then. By the time I was tasked with rallying the small and independent operators to try to get a veto, and Jim Mooney and the NCTA were working on getting the votes to sustain that veto, it was already way too late. We had known for a long time, particularly in an election year, that cable's reputation, fair or not, wasn't going to win it any votes. It was pretty clear where things were going. Our mistake? We, or at least the big "powers that be" at the time, chose to fight the legislation tooth and nail rather than try to "work" it into a

more favorable form.

This is a legislative or regulatory decision that often has to be made. Many of us said back then that we could "count the noses" and could see what was about to happen. The best thing, we argued, would be to participate in the process to at least blunt the sharp edges of the various provisions. The industry chose not to do that. We threatened, we fought, we suggested that legal action would follow, and the result was that while we were doing battle, the broadcasters got to write the legislative history of the bill. They got what they wanted. Consumers have been getting fleeced for "Free TV" ever since.

Now I admit it's never an easy choice to decide to either fight or live to fight another day. In this case we should have acknowledged which way the wind was blowing and not chosen to "spit into the wind." Why reminisce about all this now? Well, again, if you've been reading this column, you know that I've been warning for some time now that the "wind" is picking up, and the political numbers, at least right now, are not favorable. The odds are good that there will be a successful effort, either in legislation or regulation to re-anoint broadband as a Title II common carrier. We can either try to "work" the language or we can choose to "fight like hell." Let's not go down that path again.



Steve

T:202-630-2099
steve@effros.com

(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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