

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

No Limit: Disney Sees No Ceiling for Direct-To-Consumer Business

There's no doubt in **Disney's** mind that its future is in direct-to-consumer services. The company reported 174 million subscriptions across **Disney+**, **ESPN+** and **Hulu** at the conclusion of 3Q21. Disney CEO *Bob Chapek* doesn't believe that we have seen the ceiling yet when it comes to streaming or direct-to-consumer products, saying that Disney is only in the first inning of the first game of a very long season. "We've not even been at this right now, at Disney at least, for two full years... we've gone into 61 countries in 21 months. We're very proud of that, we're proud of the success that we've had," he said on the company's 3Q21 earnings call Thursday. "We've got a [total addressable market] of 1.1 billion households across the globe, and we've only just begun our journey. And as I think you see, what's really going to make the difference for Disney is our spectacular content, told by the best storytellers against our powerhouse franchises." Direct-to-consumer revenues for 3Q21 increased 57% YOY to \$4.3 billion while operating losses fell from \$0.6 billion to \$0.3 billion, offsetting losses tied to Disney+. Disney can thank Hulu for the improvement, which saw higher ad revenue thanks to a rise in overall ad impressions and an increase in subscription revenue growth. It ended the quarter with 42.8 million paid subscribers, up from 41.6 million in the second quarter. The company is still figuring out the right way to market its streaming services in different markets around the globe, but it has been making a consider-

able push in the U.S. behind its Disney bundle, which includes Disney+, ESPN+ and Hulu. "A good chunk of our marketing now is going towards a bundle, and that's because while we enjoy extremely low churn rates on our individual services, the churn rates on the bundle are even lower, surprisingly low, even for us," Chapek said. As Disney continues on its next string of global launches, which includes a full launch in Japan in October and Eastern Europe next summer, Chapek said there is room for experimentation in the company's launch plans and marketing. "In terms of the way we've approached the market, so far it's worked really, really well. Is there an opportunity for improvement by considering something different going forward? Possibly. We're going to continue to learn. And as we learn, I'm sure we'll refine our offerings in the marketplace as time goes on," Chapek said.

NIelsen ASKS FOR ACCREDITATION HIATUS

Nielsen, after facing criticism from the **Video Advertising Bureau** and programmers over its ratings measurement, has proactively initiated the accreditation hiatus process for its National TV ratings service with the **Media Ratings Council**. "While we remain confident in the integrity of our data and measurement, and fully support the audit process, we believe that moving to a hiatus allows us to concentrate our audit-related efforts on continuing to address panel concerns alongside the transformation of our National TV product and development of Nielsen ONE," Nielsen said in a statement. "We believe hiatus is the best course of action at this time and will allow us to

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focus on innovating our core products, continuing to deliver data that the industry can rely on and ultimately creating a better media future for the entire industry.” The measurement firm is working to integrate big data sources into its National TV products, and is still committed to delivering impact data in January. It is also finding ways to strengthen its CTV and streaming offerings. The VAB, which last month asked the Media Ratings Council to suspend Nielsen’s accreditation, said that Nielsen essentially said “you can’t fire me, I quit” hours before the council began its suspension vote process. “What cannot be evaded or dodged is the level of all-industry intervention coming to Nielsen with a mandate of change-or-die transparency needed for going forward with any real credibility,” VAB president/CEO *Sean Cunningham* said in a statement.

VERIZON-TRACFONE CHALLENGE WITHDRAWN

Public Knowledge, Access Humboldt, the Benton Institute for Broadband and Society, the California Center for Rural Policy and Communications Workers of America have withdrawn their objections to **Verizon’s** nearly \$7 billion acquisition of **Tracfone**. Verizon has committed to offering Tracfone’s current Lifeline-supported services for a minimum of three years following the close of the transaction, and the provider will not add new co-pays to existing plans offered at no cost to prepaid customers for the same length of time. Verizon will also make available a TracFone service plan to Lifeline prepaid customers that includes 5G service within 6 months after the closing of the deal. For three years following the transaction’s close, Verizon will submit a quarterly report to the **FCC** with the current number of Lifeline subscribers within the service area Verizon will acquire from Tracfone as well as the availability of 5G to Lifeline customers and data regarding the migration of customers from Tracfone’s other underlying networks to Verizon’s. The groups are satisfied with these commitments on a federal level, but warned that they will remain active on the state level until they are confident the deal will not harm consumers. “Verizon’s commitments merely meet the federal floor of regulatory requirements, but more searching review may be required under the law and policy of each state where the Transaction is under review,” the public interest groups said in a letter sent to the Commission yesterday.

FINDING AND RETAINING TOP TALENT

Everyone is looking for the best talent, but cable and media companies are facing more challenges than ever before when it comes to finding those people and retaining them once they have. **Discovery** chief people and culture officer *Adria Alpert Romm* said during a panel at **C2HRCon** Thursday that her team has faced notable challenges recruiting and retaining

talent tied to direct-to-consumer product **discovery+**. That’s particularly because there are a number of companies that are starting to produce content, including many that live outside of the cable world. “There’s a pent-up demand of people wanting to move, and I also think this pandemic has caused a little bit of change for the sake of change. People just want something in their life that’s different,” **NBCU** CHRO *Vicki Williams* said. “I do worry that some of our folks who are doing that are not doing all the research that they should. So what we’ve seen, which has been fascinating, is more people leave and ask to come back than I’ve ever seen.” On the distribution side, there have been plenty of talks of labor shortages. **Comcast** evp, HR *Bill Strahan* said he has seen the greatest impact

Cablefax Executive Round Up

What sort of broadband will the average U.S. household need in five years?



Sujata Gosalia
EVP & Chief Strategy Officer
Cox Communications

“They will be streaming, gaming, shopping online, video chatting with loved ones, seeing their doctor, enjoying virtual reality concerts, and working and learning at least occasionally from home. The broadband will need to grow in performance with them – we plan to deliver broadband that’s faster, more reliable and secure, and delivers more real time experience. We will be ready for everything they want to do!”



Brad Moline
President & CEO
ALLO Communications

“More than they think. The pandemic has brought greater awareness to broadband needs across the country. Those in our industry have always understood the impact and the need but now the rest of the world is learning that just like water and electricity, we need reliable broadband too. I think households will continue to increase their usage and providers better be able to keep up. The majority of our ALLO customers subscribe to our 500 Mbps service with the option to upgrade to a Gig but we’re already looking into 10 Gig and 100 Gig to stay ahead of the curve.”



Jon Steinberg
President, Altice News & Advertising
Altice USA

“We are currently offering 1 gig service in most of our footprint and plan to start rolling out 10 gig service next year. Streaming, gaming, and home automation are megatrends that will only require more bandwidth over time. I remember as a kid when I was excited about my 128 kbps modem speed. It seems for bandwidth the sky really is the limit as to what the consumer can make use of. In five years, VR and AR should be big use cases and I’m certain families will be excited to use 10 gig fiber to the home (FTTH) for that!”

on his company's retail stores where there has been a much smaller number of applicants for open positions. He has seen virtually no impact to the call center employees, however, that transitioned to a work-from-home environment in March 2020. "This is really the only kind of job that, across the board, we said actually works better in a work-from-home environment... we've permanently arranged for our call center employees to work from home," he said. "We're going to hire that way. We carved out a small exception where we know that from an equity perspective, not everybody's home situation is equally as comfortable." **Charter** evp/CHRO *Paul Marchand* believes that all HR professionals need to remain agile when it comes to both how they find talent and what they're willing to do to make that talent feel comfortable in the workplace, whatever that means. Nothing about an employee can be assumed, whether that's how they're feeling as a member of their team or that they have a comfortable place to work in their homes. "Speak up for the employee when they're not there to be spoken up for," he said. "It's a great topic to just be a good listener for people who are in your workforce."

SPECTRUM MOBILE, T-MOBILE TOP JD POWER

Spectrum Mobile and Metro by **T-Mobile** ranked highest (816) among virtual network operators in the **JD Power** 2021 U.S. Wireless Purchase Experience Mobile Virtual Network Operator Performance Study, Volume 2. Spectrum's top rating makes it the first time in the study's history that the cable company took the top spot. **Cricket** followed closely (815) ahead of **Xfinity Mobile** (804). The segment average was 802, above Boost Mobile's 769. Among mobile network operators, **T-Mobile** ranked highest (808) for the eighth consecutive volume as **AT&T** took second (778), just above the segment average (768). **Verizon Wireless** (755) and **Sprint** (723) were below the average. **Consumer Cellular** (865) ranked highest among value mobile virtual network operators for an 11th consecutive volume, above the segment average (822),

Tracfone (806) and **Straight Talk** (797).

VERIZON OFFERING FREE AMC+

Verizon is offering select customers up to 12 months free of streaming service **AMC+** in its latest partnership with a content provider. New and existing customers who purchase certain 5G phones with a device payment plan on one of Verizon's Unlimited plans will get 12 free months of AMC+. New customers who purchase any 5G smartphone on the Start Unlimited plan get six free months of the streamer as do existing customers upgrading to a 5G phone. New Fios Home Internet customers will also receive 12 months of AMC+.

PROGRAMMING

All Elite Wrestling's new series "AEW: Rampage" will debut Friday at 10pm ET on **TNT**. The net will also premiere reality series "Rhodes to the Top" starring AEW's *Cody and Brandi Rhodes*. – A five-fight wrestling telecast between *Jake Paul* and *Tyron Woodley* will be available for U.S. viewing in the **Showtime** app and via Showtime.com for pay-per-view. The event, beginning Aug 29 at 8pm ET, will also be available to watch on multiple streaming platforms and via major cable, satellite and telco providers. – **discovery+** competition series "Tiny Food Fight" will be available to stream starting Sept 16. – Animated series "The Smurfs" premieres on **Nickelodeon** Sept 10 at 7:30pm. – **HBO Max** series "Gossip Girl" returns in November for the second part of its first season. The streamer will also premiere comedy series "Sort Of" this fall.

PEOPLE

Sinclair Broadcast Group appointed *William Bell* head of distribution and network relations. In the new role, Bell will oversee distribution of the company's content portfolio including its broadcast stations, **Tennis Channel** and the RSN's as well as Sinclair's network affiliations. Bell joined Sinclair in March 2015 and most recently served as director, senior corporate counsel of the distribution team.

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PROGRAMMER'S PAGE

'The Hype' for Streetwear Design is Real

For those of us who like the design aspect of shows like "Project Runaway," but see high fashion as inaccessible or simply not for us, there's a new player on the street. Streetwear design competition "The Hype" landed on **HBO Max** Thursday. The Hype goes back to fashion's roots—streetwear. Designers at all stages of their career get a chance to challenge themselves and design outfits authentic to them and their potential celebrity models, with guest stars like *A\$AP Ferg*, *Wiz Khalifa* and *Cardi B*. The Hype showrunner and ep *Rikki Hughes* is also giving up-and-coming musical artists opportunities to shine on the show. "We went out to new artists, we went out to people that we knew we could afford to license, but more than that, were growing up at the same time as the designers," Hughes said. The team also brought in photographers that were on the rise, which Hughes explained are a huge part of the streetwear industry as well and are pivotal to how designers get their wear out there. Those members of the crew are key to unpacking the process of crafting streetwear and delivering it to the world. While the program looks edgy, Hughes explained she wants the show to be a unifying force by showing people how so much of streetwear has touched American lives without us recognizing it. "As viewers, as Americans, as people, we love an underdog story and we love a story of resilience, and all that stuff in the heart of it. So even if you don't know anything about streetwear before the show opens, you realize that there are some ways streetwear touched your life...for me to be able to have that kind of connection with the audience is so great, it makes you aware that every social, economic boundary doesn't matter, because that's what streetwear does. Streetwear isn't just Black and white, isn't just Asian. All of that together, it's the first movement of the hip hop community. It's a broad community, it's all these worlds brought together," Hughes said. – *Theresa Maher*

REVIEWS

"Growing Up Animal" premiere, streaming Aug. 18, **Disney+**. Viewers seeking to de-stress during this stressful pandemic moment could do worse than listening to *Tracee Ellis Ross* narrate an episode of "Growing Up Animal." Her voice is smooth and clearly, she's enjoying the informative yet entertaining script celebrating wildlife youth. In the ep "Baby Elephant," we meet a first-time mother elephant and her young charge. Along the way Ellis Ross tells us of the baby elephant's 22-month gestation period, the longest of all mammals. And then there are the intricacies of the elephant's trunk, whose 40,000 muscles dwarf the 600 in the entire human body. – "Call My Agent," streaming, **Netflix**. On one end is Ellis Ross's calm and the other is the peripatetic life of agents. Think Hollywood agent if you wish, but this series centers on a Paris-based agency and its agents who alternatively tout the camaraderie of their fellow agents and do their best to stab them in the back. And, since they're French, they look elegant while doing so. The putative star is *Camille Cottin*, who plays *Andréa Martel*, an agent who loves cinema, yet acknowledges she works in a field whose goal is less art than money. The hurdle for non-French-speaking viewers, of course, are the subtitles, which come fast. Still, it's good if harried viewing. – *Seth Arenstein*

BASIC CABLE P2+ PRIME RANKINGS* (08/02/21-08/08/21)		
MON-SUN	MC US AA%	MC US AA (000)
FNC	0.669	2,062
USA	0.380	1,170
MSNBC	0.338	1,041
HGTV	0.318	979
TLC	0.294	906
INSP	0.293	903
HALL	0.244	752
HIST	0.231	712
CNN	0.221	680
TBSC	0.200	617
ID	0.200	615
HMM	0.198	609
DISC	0.196	605
FOOD	0.192	590
TNT	0.168	519
LIFE	0.158	487
A&E	0.156	480
TVLAND	0.151	464
WETV	0.149	458
ESPN	0.141	435
NBCSN	0.140	430
FX	0.139	427
NICK	0.136	419
BRAVO	0.134	413
NAN	0.131	402
ADSM	0.117	359
AMC	0.117	359
GSN	0.115	354
BET	0.107	329
CNBC	0.104	322
NATGEO	0.104	320
SYFY	0.101	311
TRAVEL	0.100	309
APL	0.099	304

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





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