

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## To the Max: Unpacking HBO Max's \$1 Price Increase

It's only a buck. And it's the first time **HBO Max** has raised prices since its launch in May 2020, but with many believing a recession is on its way, every penny is being scrutinized. Not to mention it comes after **Warner Bros. Discovery** recently removed programming from the service, such as "Westworld" and "The Nevers."

The price hike applies to the ad-free version of the streaming service, taking its monthly total to \$15.99 from \$14.99. As for viewers who get their service through MVPDs, sources said operators have the discretion to raise rates to recoup an increase they're getting hit with for the service. The new rate applies to new customers immediately, with existing customers to see their rate increase on the next billing cycle on or after Feb. 11. "This price increase of one dollar will allow us to continue to invest in providing even more culture-defining programming and improving our customer experience for all users," Warner Bros. Discovery said.

WBD is on the hunt for ways to maximize revenue and cut costs. In that vein, **CNN** is preparing to leave its longtime Atlanta HQ by the end of the year. The CNN Center was sold by **AT&T** last year, with the remaining CNN operations in Atlanta (a lot of it has shifted to NYC) to move to the Techwood Turner Broadcasting campus in where CNN got its start.

HBO Max's increase is the latest in a series of rate hikes for streamers (\$3 for **Disney+**, \$2 for **Apple TV+**) as they look to

get to profitability, but the timing is notable—especially given the upcoming combining with **discovery+**. It's not clear if HBO Max will raise prices again once it combines the two streaming services, but it may have decided to take this first-ever hike because it's no longer the most expensive stream in town. "I think for a long time they might have felt constrained because they were the highest priced service. But now if you look at the competition, the Disney bundle is \$20. That top tier price for **Netflix** is also \$20. So, I think they think there's an ability to raise price," **S&P Global Ratings** Senior Director *Naveen Sarma* told **CFX**.

In a report issued this week titled "Pouring Recessionary Gasoline On A Secular Fire," S&P Global noted that these DTC services have yet to be tested in a recession, putting the risks for streaming from inflation costs, cyclical and overall macroeconomic risk at medium. On average, S&P said consumers subscribe to four to five streaming video services. Those who take all nine (**Netflix**, **Disney+**, **HBO Max**, **Hulu**, **Paramount+**, **Peacock**, **Apple TV+**, **discovery+** and **Prime**) will shell out approximately \$105/month. It lumps broadband in as an essential service for consumers, along with rent/mortgage, utilities, auto payment, etc. But when it comes to traditional pay TV channels vs DTC streaming options, Sarma thinks a recession could result in more consumers ditching linear TV.

"I think they'll look at their pay TV bundle and see they're spending \$100. Then look at five or six streaming services that they're signed up for and say they're spending \$80. They're going to cut back and I think that pay TV is probably



## Who Deserves to Rank Among Cablefax's Annual Top Power Players?

The Cablefax 100 salutes the most influential executives whose leadership continues to take the industry to new heights. We will rank the top professionals in the media, cable & broadband industry and publish the list in the June edition of Cablefax: The Magazine.

**It's free to enter — but you must submit your entries by Jan. 21!**



Nominate at [www.Cablefax100.com](http://www.Cablefax100.com) | Questions: Kate Schaeffer at [kschaeffer@accessintel.com](mailto:kschaeffer@accessintel.com)

the one that's going to go just because it's the natural trend of people away from pay TV," he said. "And they can do a better job of controlling their costs by going in and ... getting rid of Paramount or Peacock when there's no football season."

But streaming isn't as profitable as linear, which brings us right back to those price increases. S&P projects growth in new content spending should stabilize in 2023 as companies embrace DTC profitability, but warns a return to undisciplined content spending could occur if DTC subscriber growth is weak.

#### CHARTER, NEXSTAR SHAKE HANDS

Looks like **Charter** and **Nexstar** have officially signed on the dotted line for a retransmission renewal agreement. According to court documents Friday, the two have asked Delaware Superior Court to dismiss litigation over unpaid retrans fees for **WPIX** due to a settlement agreement. Nexstar had sued Charter and **Comcast** separately as both operators wanted to apply **Mission Broadcasting** retrans terms to WPIX instead of Nexstar rates. Nexstar dropped its similar suit against Comcast after the two renewed their retrans deal in December. However, the **FCC** is still reviewing an informal complaint claiming Nexstar is over the 39% broadcast audience cap because the operators believe WPIX attribution should go to Nexstar given its marketing agreement with Mission. Nexstar was required to divest WPIX when it bought Tribune in 2019 to stay under the national audience cap, but the cable operators argue it is effectively in control of the station through its arrangement with Mission.

#### BULK CHALLENGES ROLL IN FOR FCC MAPS

It's the final day for states, Tribal governments and other entities to submit bulk challenges to the **FCC** that should trigger corrections to the agency's broadband availability maps, and they're burning the midnight oil to ensure they are as complete as possible. There had been calls from a number of stakeholders to push back the deadline and give those entities more time to review the location data and identify any inaccuracies, but **NTIA** has determined that won't be possible if it wants to maintain its projected timeline for distributing funds through the \$42 billion BEAD program. "Several other states have expressed to us that they want us to maintain this target so that they can begin developing quality plans and begin their subgrant programs as soon as possible," NTIA said in a Friday blog. "Unfortunately, a delay in the timeline would mean a delay in providing funding to communities who desperately need it, and it will not address many of the process concerns we have heard." NTIA plans to announce BEAD allocations by June 30. The **Pennsylvania Broadband Development Authority** announced Friday that approximately 35,000 locations have been submitted as part of its bulk challenge to the Commission. Details from other states have been rolling in over the last few months, with New York

submitting 31,000 addresses as part of a challenge in October.

#### TCA NOTEBOOK

**National Geographic** gave the greenlight to a new natural history series "Underdogs." The 10-episode series will be narrated by *Ryan Reynolds* as the show looks at the good, the bad and the ugly of little-known animals. In other **TCA** Winter Tour news, "The Proud Family: Louder and Prouder" will kick off its second season, beginning Feb. 1 on **Disney+** for the U.S. only. "Marvel's Moon Girl and Devil Dinosaur" will start Feb. 10 on Disney. "Restaurants at the End of the World" and "Secrets of the Elephants" will premiere on NatGeo on March 21 and April 21, respectively, and "A Small Light" and "American Born Chinese" will be released in the spring on Disney+, with the former also on NatGeo. For **Disney Junior**, "Firebuds," "Superkitties" and "Pupstruction" were each renewed for new seasons. **Disney Branded Television** also announced a new overall deal with "Phineas and Ferb" co-creator *Dan Povenmire*. The deal includes 40 new episodes of Phineas and Ferb, a second season renewal for "Hamster & Gretel" and the development of live-action projects.

#### RATINGS

For the first time ever, **Disney Junior** finished 2022 as the top TV network among Kids 2-5 as it jumped **Nickelodeon** by 4% in the demo. **Disney** was the No. 1 cable net among Kids 6-11 for 4Q22 with an average of 34,000 viewers. It also completed its 17th year as the top network among Girls 6-11, averaging 27,000 viewers in the category. – **ESPN's** "Sunday NFL Countdown" had its most-watched regular season since 2019, up 7% YOY and 13% among A18-24. The show averaged 1.24 million viewers during its 10am-1pm run time. The Monday Night Football game preview "Monday Night Countdown" averaged 1.5 million viewers and had a 4% increase in the A18-24 demo. "NFL Live," which airs weekdays from 4pm-5, averaged 423,000 viewers per episode—its best mark since 2016. "NFL Rewind" and "NFL Matchup" averaged 373,000 and 267,000 viewers, respectively, and "NFL Primetime" on **ESPN+** finished as the top original studio program during the season. – The series debut of "Anne Rice's Mayfair Witches" claimed the top spot for a new series premiere on **AMC+** based on the first five days of viewership. The premiere garnered 1.7 million viewers on the company's linear networks in **Nielsen** live+3 ratings.

#### LIFETIME DOC BOOSTS RAINN HOTLINE ACTIVITY

After the two-night premiere of **Lifetime's** "Surviving R. Kelly: The Final Chapter," RAINN's National Sexual Assault Hotline experienced a 46% increase in calls. The hotline was featured in the docuseries, which wrapped up its third and final installment on Jan. 3. The Final Chapter was viewed by more than 3.5 million people total across linear and digital platforms.

**AN APPLE FOR STERN'S GOODBYE**

We have to give **Apple** exec Peter Stern a hat tip for one of the most creative farewell notes we've seen. [Business Insider](#) reported earlier this week that the former **Time Warner Cable** exec would depart Apple later this month, with his responsibilities being divided up between other execs. Stern served as Apple's VP, Services, overseeing subscription services, including Apple TV+ and Apple Arcade. He started his goodbye note by saying he wanted to work at Apple since he was 10, including a photo of his childhood self posing in front of his Apple II+ computer as proof. Stern goes on to say that he wants to pay more attention to family and friends, many of whom live on the East Coast, and feels that the work his team has done will stand the test of time. "I always have been and always will consider myself Apple's greatest fan. Please stay in touch, for as long as I walk this earth I will always be here for you and for Apple," he concluded.

**DOING GOOD**

More than 1,700 employees from **Liberty Latin America** participated in the company's "Mission Week," helping contribute over 7,000 total hours of service. The week included planting over 1,200 trees, collecting more than 5,800 pounds of garbage to help support environmental sustainability and donating over 470 electronic devices. – As part of its storm relief efforts in Northern and Central California, **Comcast** is making its nearly 147,000 public WiFi hotspots free for anyone to use. Those that are not Xfinity customers will need to renew their sessions every two hours.

**PEOPLE**

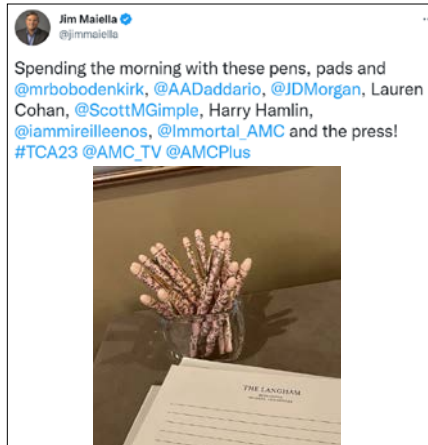
**UP Entertainment** hired *Chuck Moore* as VP of Creative Services & Design, reporting to SVP of Marketing *Wendy McCoy*. Moore will guide a multidisciplinary creative team as well as manage creative for the company and its brands, including **UPtv**, **aspireTV** and **UP Faith & Family**. He previously was with **Turner Broadcasting** for over 20 years—five of which as Head of Creative for **Turner Classic Movies/Warner Media**.

**EDITOR'S NOTE**

Our office is closed Monday in observance of MLK Day. **Cablefax Daily** will return on Jan. 17.

**CABLEFAX DASHBOARD**

**Twitter Hits**



**Research**

(Source: [Hub's Annual Video Redefined Study](#))

- > Viewers age 35+ say they spend more time watching TV than any other kind of screen-based entertainment, accounting for 43% of their total screen time.
- > The opposite is true for those age 13-24. They estimate 17% of their screen time is spent on TV shows, and they spend more than twice that on gaming and non-premium video combined.
- > Viewers age 35+ spend 1/3 of their screen time watching content through a pay TV set top box. Those age 13-24 watch 30% of their content on their smartphone and only 8% on a cable box.

**Up Ahead**

- JANUARY 20:** [Cablefax 100 Entry Deadline](#)
- JANUARY 24-26:** [Content Americas](#), Miami
- FEBRUARY 7:** [Regional Fiber Connect](#); Raleigh, NC
- FEBRUARY 28-MARCH 3:** [ACA Connects Summit](#); DC
- MARCH 13-16:** [Satellite 2023](#); DC

**Quotable**

"It's been a tough time in the media business as the linear business is declining and the streaming business is growing... Frankly, there's been too much investment in streaming by the whole industry. Disney's results were poor, and that's one of the reasons [former Disney CEO Bob Chapek] is gone. The timing is interesting and I realize you've got to make your move in January if you want to get into this year's proxy, so that's why [Nelson Peltz] moved now, so quickly. But Bob Iger probably has done the best job of any media CEO for the last couple of decades... The Fox acquisition may have been too expensive, but if you look at the Pixar, Marvel and Lucasfilm acquisitions and you look at the profits that those acquisitions have done, I'm sure they made way more on those three acquisitions than they potentially will have lost on Fox."

– Loop Capital's Alan Gould on [CNBC's "Squawk on the Street"](#) on [Triam Partners Founder/CEO Nelson Peltz's campaign to join the Disney board](#)