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WHAT THE INDUSTRY READS FIRST

Two Ways: Giants Embrace Different Upfront Approaches

"The show must go on" has been the message from a number of programmers putting on upfront presentations this week, and some of the big players like **Warner Bros. Discovery** and **Disney** are taking a slightly different approach to their ad formats for the coming year.

For WBD, it's placing its focus on targeted and addressable advertising. It cancelled the talent appearances originally scheduled for its upfront presentation so as not to force anyone to cross the picket line created by the **WGA** strike, using its time instead to tout its power in the media marketplace in terms of advertising reach.

Disney is honing in on programmatic advertising. At its splashy event late Tuesday (which featured WGA picketers outside), Disney's President, Ad Sales and Partnerships *Rita Ferro* said that every upfront deal this year will have a programmatic aspect at its core. She pointed to the company's 250 million identifiers across 120 million households to showcase Disney's precision with audience targeting, specifically when it comes to planning, buying and measurement. "Over 1/3 of our advertising transactions today happened programmatically, and close to half of these are using real-time ad decisioning," she said.

Both media giants believe they have something for every buyer. In the last two months WBD recorded 28 nights where its networks averaged a 40 share in the A18-49 category, with nine nights breaching the 50-share mark. It reaches 90% of all U.S. households per month, even with 25% of that audience only using streaming services.

Audience activation is a feather in WBD's cap, according to Chief U.S. Ad Sales Officer *Jon Steinlauf*. He said at WBD's upfront Wednesday the company merged its data and technology systems in order to provide unified campaign and audience activation that optimizes delivery and brings more accurate measurement capabilities."Our data-driven linear was already the best in the business. Now it's even stronger, offering guaranteed in-target delivery across more than 25 networks through a single entity," Steinlauf said. "Additionally, our linear addressable delivers one-to-one audience targeting in 50 million households—the most in the industry. This allows you to reach the same audience across 18 of our networks with zero waste."

WBD isn't ignoring digital, especially with the impending Tuesday debut of the new **Max** service. Max will launch with an ad-supported tier that goes for $9.99/month. WBD saw success in ad-lite subscriptions over the past year with **HBO Max**'s ad-tier subs growing by 71%. At launch, Max will boast a full suite of ad products that include takeovers, brand blocks and pause ads, all built using mostly WBD's tech stack to allow it to quickly maneuver in a dynamic setting. The company also rolled out a new brand that aggregates all of its digital video inventory so that advertisers can access any of the company's brands through a single buy, dubbing it "WBD Stream."

"Max provides [advertisers] with innovative ad products and access to the most premium brands and content in the

GAME SHOW NETWORK

TOP 20 Cable Network

TOP 10 Value Networks

According to S&P Global Market Intelligence

High Value Viewers

Unlikely to Cut Cord, Premium Service Subscribers, Highly Engaged Viewers (LOT, FREQ, LV)

Game Show Viewers more likely to watch TV from MVPD as a first content option, in all viewing scenarios, and times.

Game Show Viewers more likely to have Pay TV and current package for 5+ years, Watch more TV, Less likely to subscribe to streaming.

Top 20 Network P2+ Total Day Ranker
Source: NPOWER, Ratings Analysis Time Period Report, Live + SD, 12/27/2021 – 12/25/2022, Viewing Source - Ad Supported Cable Orig & GSN, M-SU 6A-6A, CVG RTG % & (000), P2+.

video industry, while also rewarding our customers with one of the lightest ad loads in streaming," CEO/President, Global Streaming and Games *JB Perrette* said.

Where Disney and WBD align is in their enhanced focus on multicultural audiences. WBD revealed a dedicated client partnerships and inclusive solutions team that matches marketers with opportunities across its portfolio to reach multicultural consumers. For example, **CNN** will have a special "CNN's Juneteenth: A Global Celebration for Freedom" for a second consecutive year, and other ad opportunities remain in events like the FIFA Women's World Cup or the HBCU Legacy Classic.

Over at Disney, Ferro said the last few years saw a tidal wave of investments as Disney leaned into adding more representation into its content, but that process of showcasing diversity in a thoughtful way is a long unfolding one for marketers.

"We have a story for everyone. Multicultural is mainstream," Ferro said. "When people see themselves on the screen, it stays with them. It builds community and fandom ... What I do ask, however, is to increase the intentionality around those commitments. Be deliberate about your investments. Lean into all dimensions of diversity."

DISNEY GETS DEEPER ON SELLING STREAMING

Ad-supported tiers are all the rage in streaming these days, and **Disney** President, Ad Sales and Partnership *Rita Ferro* is more than happy to have more inventory to offer marketers that want to partner with the Mouse House on **Disney+**'s ad-supported tier. "There's more demand than we've been able to take, candidly, but we're seeing growth in that every single day," Ferro said during an investor conference appearance Wednesday. "It's a high percentage that are taking the ad tier, which is helpful for us. Supply is growing week over week, and now that we're rolling out targeting, we'll actually be able to do more with more advertisers in the marketplace." Neither Ferro nor CFO *Christine McCarthy* shared any details around what type of subscribers are choosing the ad-lite tier of Disney+ over the ad-free version. Selling advertising across streaming platforms is still relatively in its infancy, and selling on **Hulu** is different from the approach that should be taken with Disney+, she said. But she remains firm that programmatic is king when it comes to the superior way to sell. "We talk about it a lot as a team, there is no more scatter in streaming," Ferro said. "It's moving to a programmatic business because you buy in real time with the data that we have across the platforms to be able to leverage the outcomes you want, to target the audiences you want across our entire portfolio of streaming."

The *WHO* and the *WHY*

CFX's spotlight on recent new hires & promotions

MICHAEL
Olsen
GENERAL COUNSEL/CHIEF CORPORATE RESPONSIBILITY OFFICER
ALTICE USA

3 THINGS TO KNOW

- Michael was picked for this newly-made role in early May after serving as EVP, General. Counsel and Board Secretary since 2019. He'll now guide Altice USA's legal matters, government and regulatory affairs, community affairs and ESG teams. He'll report to CEO Dennis Mathew.
- Prior to his promotion, Michael was responsible for all legal activities, litigation, transactions, compliance and corporate governance. He originally joined Altice USA in 2016 as SVP, Legal Operations and Regulatory. His added duties come as EVP, Government and Community Affairs Lee Schroeder announced her departure from the company in July.
- Michael spent nearly 15 years at Cablevision prior to his arrival at Altice USA. At Cablevision, he oversaw the company's public policy and regulatory legal strategy at the FCC, Congress and state and local governments. Michael received his JD from Georgetown and his BBA from Loyola Marymount.

OPTIMUM'S GOAT OFFER

If you haven't seen **Optimum**'s ad campaign for its Optimum Complete offering, a broadband and mobile bundle starting at $45/month, it's worth a click. The spots feature a goat, meant to represent that this is the "Greatest Offer of All Time." And it seems to be catching on. "We've had some of our best or the best-selling mobile week. We've had day-after-day of best selling in terms of mobile attachment," *Dennis Mathew* said during hist first-ever investor conference appearance as **Altice USA**'s CEO. "Though I liked the goat, it wasn't just about coming up with an animal and tagline. It was also about evolving our compensation plan, setting sales targets, doing coaching and performance management, driving participation… Let's evolve the organization to drive broadband and mobile as the core of our business." While Altice has said its research shows that customers want a mobile-broadband bundle, **Verizon** Consumer CEO *Sowmyanarayan Sampath* took the opposite stance at the same **SVB MoffettNathanson** conference the day before. Mathew cited research showing 25% of consumers want that two-product bundle, while Verizon doesn't want to give away its high-performing fixed wireless product at a discount just to drive up the number of converged offerings it is selling. One

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question Wall St has with Optimum Complete and similar offers such as **Charter**'s Spectrum One is what sort of churn could happen once the promotional discounts end. After a year, the lowest Optimum Complete offer jumps to $70/month. Altice is trying to keep consumers informed while maintaining lower prices than competitors. "[Customers] want to know what's going to happen, when it's going to happen. A bit of what we're doing with Optimum Complete is providing that transparency in terms of Year 1, Year 2, and making sure that folks understand what those step ups look like," Mathew said.

COX COMBINING UPN, SEGRA

Cox Communications will acquire the remaining interest in **Unite Private Networks**, which provides fiber-optic communications infrastructure services to schools, governments, carriers, data centers, hospitals, and enterprise business customers. Cox will bring UPN together with its **Segra** division to create a new, standalone company with a broad portfolio for commercial business services. The transaction is expected to close by June 30. Segra CEO *Kevin Hart* will lead the new company as CEO, and *Jason Adkins*, UPN CEO, will report to Hart as president of the new company.

MURDOCH TALKS CNN TOWN HALL, MOVING ON POST-TUCKER

Fox Corp. CEO *Lachlan Murdoch* wasn't impressed with **CNN**'s town hall with former president *Donald Trump*, but not for the reasons you might expect. During an appearance at an investor conference Wednesday, he said the allegations Trump voiced during the town hall aren't so different from the claims that **Fox News** reported on. Those claims were the ones that ultimately led to it being sued by **Dominion Voting Systems**, a suit it recently settled. "If you believe it's newsworthy to have a former president, also a candidate for the next presidential election, in 2023, well it certainly was newsworthy in 2020 to report on similar allegations," Murdoch said. "It was a difficult decision to make, but the right decision because I don't believe Fox News or any of our hosts engaged in any defamation during the whole period." Murdoch didn't give many details into the departure of *Tucker Carlson* from Fox News, but he said programming decisions are made with the long-term interest of the brand in mind. He also noted this isn't the first time the network has said goodbye to a huge name. "*Bill O'Reilly* was a superstar. *Megan Kelly* was a superstar. *Glenn Beck* was a superstar, and we're able to move forward with programming decisions that ultimately result in long-term growth and profitability of the business," he said. "From an advertising point of view, the whole business is incredible strong… and we're seeing advertising, if anything, strengthen at Fox News rather than weaken." When questioned about the move of sports to direct-to-consumer, Murdoch said he still believes broadcast networks are the best place for live sports. His estimates on "Thursday Night Football" have its reach down 42% on average when compared to Fox simulcast it with the **NFL Network** and **Amazon**. "If I were an NFL owner, that's a disaster for me. Sports leagues and their owners really need to think carefully about the value of sports, national sports, national brands reaching as many Americans as possible," Murdoch said. "If I were a sports owner or a commissioner of sports, I'd want to be on broadcast and make sure that I'm broadcast more than anything else."

TELEVISAUNIVISION CEO CALLS AD MARKET MESSY

TelevisaUnivision CEO *Wade Davis* said the ad market is "still a mess." His single biggest concern about the advertising business in the U.S. is that the general market reach declines to a tipping point where the ad community stops thinking about television as an effective reach vehicle. "We don't have the same problem. We're growing our reach. We have different demographics, but that would be bad for our business," he said at **SVB MoffettNathanon**'s TMT investor conference Wednesday. "There's still a lot of uncertainty among the advertising community. What that means in the scatter market is that people are waiting longer to come in." Another thing happening is that the "stickiness" of the upfront digital commitments are less sticky than linear upfront commitments, creating even more uncertainty, he said. TelevisaUnivision is hoping to take advantage of the negative trends and get advertisers to shift dollars to an undersold Spanish-language market. "They can take 5% of their English-language budgets and move it to Spanish language and they see zero impact on English language and they see 4x the results in terms of engagement just from a marginal shift," he said. Davis also waded into the recent decision to drop the ViX+ name from its ViX streaming offering. "People only use plus when you have an old brand that you're trying to signify as digital. Everybody with a plus, that's what it is—**Paramount+**, **Walmart+**, **BET+**," he said. "People with digitally native brands don't have plus. It's not like there is Spotify and Spotify+—there's just Spotify and there's a free tier and a paid tier."

WBD PROGRAMMING NOTES

As **Warner Bros. Discovery** pitched its reach across audiences, the other side of the equation is in the content. WBD made a slew of programming announcements at its upfront Wednesday, starting with changes to **CNN**'s news lineup. Anchor *Kaitlan Collins* is headed to primetime starting this summer and will join *Anderson Cooper* in a 9pm show. *Poppy Harlow* will fill in for Collins' previous morning show duties. For **TNT**, it's bringing "AEW: Collision" on June 17, which will feature wrestling stars like *CM Punk*, *Thunder Rosa* and *Samoa Joe*. Also on TNT next month will be the next iteration of "The Match." The golf competition will pin the **NFL** vs **NBA**, with *Patrick Mahomes* and *Travis Kelce* taking on *Stephen Curry* and *Klay Thompson* on June 29 at 6:30pm. Remember "The Joe Schmo Show"? **TBS** is bringing it back next year after the show originally debuted in 2003. **Max** will also have some big names on the platform as it gets ready to introduce itself to the world. The streamer ordered "Conan O'Brien Must Go," a travel series following comedian *Conan O'Brien* as he connects with fans around the world. It'll also have a docuseries with *Robert Downey Jr.* called "Downey's Dream Cars." Premiering June 22, it details Downey Jr.'s pursuit of making old-fashioned cars more environmentally sustainable. Additionally, Season 2 of "Just Like That" will also arrive on Max on June 22. For true crime fans, **Investigation Discovery** signed a deal with filmmaker *Michael Bay* to executive produce a new docuseries slated to premiere in 2024.

FCC WANTS TO CROSS-VERIFY ACP SUBSCRIBERS

The **FCC** is asking some providers using alternate verification processes to sign up customers for the Affordable Connectivity Program Wednesday to conduct a subscriber eligibility cross-check with the National Verifier system. Most providers in the program use the National Verifier system to determine whether a household is eligible for the ACP, and while the agency limited the use of alternative verification process to those companies that already have a process in place for verification of their own self-subsidized low-income programs, it wants to ensure waste, fraud and abuse is minimized. "We remain concerned that alternative verification processes, although allowed by the law, may result in improper enrollments," the FCC said in its letters to **Charter**, **Cox** and **Starry**, the three largest providers utilizing alternative verifications. It has requested those providers work with **USAC** to confirm subscriber eligibility through the National Verifier. By June 15, they'll also need to provide an updated application explaining their continued need for an alternative verification process.

FIBER FRENZY

Google Fiber has signed a license agreement with the City of Logan, Utah, which will be its northernmost Google Fiber city to-date in the state. Construction is expected to start later this year, with service to begin in 2024.

LRG TALLIES 2.2M VIDEO LOSSES

The largest pay TV providers shed about 2.215 million subs in 1Q23 compared to 1.85 million in 1Q22, according to **Leichtman Research Group**. Top cable providers had a net loss of about 1.06 million subscribers in the quarter vs a loss of about 825,000 subscribers in 1Q22. Other traditional pay TV services saw their net loss grow from 625,000 to 760,000 during the period. The trend was better for top vMVPDs who scored aloss of 395,000 in 1Q23 compared to a year ago loss of 400,000.

DEALS

Consulting firm **M/A/R/C Research** has acquired **Horowitz Research**, the firm founded by *Howard Horowitz* in 1985 that has built a name for itself providing cultural insights on America's Black, Latinx, Asian, LGBTQIA+, Gen Z and Gen Alpha audiences. Horowitz's *Adriana Waterston* and *Nuria Riera* will continue to manage the business, which will ill operate under the M/A/R/C umbrella.

DOING GOOD

Charter will commit $1 million this year to Spectrum Digital Education, bringing its total investment in the multi-year initiative to $9 million. The fund gives grants to nonprofits that offer broadband education, training and technology. Since the program's 2017 launch, Charter has partnered with over 100 organizations, impacting more than 100,000 people across 22 states and D.C.

CALL FOR ENTRIES

SCTE is seeking nominations for eight industry awards to be presented at the SCTE Cable-Tec Expo Awards and Anniversary Celebration. Among the categories are the Excellence in Learning & Development Award, Member of the Year Award, the Hall of Fame and the Wilt J. Hildenbrand Jr. Award. The nomination deadline is July 1, and attendee and exhibitor registration for Expo 2023 will open on June 22. – **The WICT Network** is calling for nominations for the 2023 Women of the Year and Women to Watch honors. The deadline is June 16 at 5pm and submissions can be made here. The awards will be presented during the organization's leadership conference at the Touchstones Luncheon on September 18.

PEOPLE

Mediacom is expanding *Tapan Dandnaik*'s role to SVP, Senior Vice President of Operations, Product Strategy, and Consumer Experience, giving him senior responsibility for managing Mediacom's field operating teams and guiding the company's strategic direction for future growth, product offerings, and end-user experiences. Dandnaik joined Mediacom in 2005, and most recently served as SVP, Customer Service and Financial Operations. – Former **Discovery** and **A+E Networks** exec *Dan Bragg* joined **EarthxTV** as EVP, Marketing, Creative & Communications. Bragg most recently was Executive Creative Director at Leroy and Clarkson, leading creative efforts for various clients, including **Scripps**, **Showtime**, **HBO Max**, **WE tv**, **Discovery Channel** and more. – **NBCUniversal** Syndication Studios have promoted *Vinnie Fusco* to SVP, Production and Operations and *Kristen Killackey* to VP, Production and Operations.

Think about that for a minute...

Not So New Normal

Commentary by Steve Effros

I've written about the "paradox of choice" in this column on several occasions. The idea was popularized and extremely well explained by Dr. Barry Schwartz in his 2004 book of that name. It's worth reading, or at least listening to one of his TED talks explaining the concept. It's actually very simple, and one your mother told you about when you were grabbing for another piece of candy or more ice cream; there can be too much of a good thing.

The paradox Schartz points out is that when too many options are offered the result is an inability or reluctance to make any choice. Proctor and Gamble proved this when they limited the number of varieties of Head and Shoulders shampoo they were marketing. They dropped the purchasing choices for the product from 26 to 15 and reported higher sales and revenue.

What does this have to do with our business? Lots. Take a look at what's happening to cable subscriptions, streaming service angst and now a rush toward "FAST" (aptly named) as companies become convinced that the next "new" thing is "free, ad-supported television" and you will get the drift of where I am going.

Let's start with FAST. Clearly, it's not "new!" That's what broadcast television has been hawking for years. The difference, and it's a major one, is that the broadcast television folks set things up so that there were limited, mini-cartels in each identifiable "market," like a major city. This was in part because of their constrained technology, but also for what is becoming an obvious business reason. Too many television stations in any given market would make it much harder for any of them to succeed. If you only have three "major networks" (and then four, when Fox came along) you can have a darn good business.

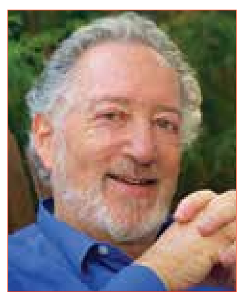
But is that true if there are dozens, if not hundreds of sources of video entertainment? We're about to find out, and I'm pretty sure the answer is going to be no. Cable television came along and ruined the broadcast television cartels, but with a little help from the government, called "must carry" rules and "retransmission consent," the broadcasters are still doing very well, thank you. But none of that exists in the wild "new normal" of YouTube, TikTok and streaming video. However, going back to that paradox, things are neither normal, nor new.

Here's the problem, and you can look at it from both the provider and the viewer's side. There are now so many options for video viewing that if there is total reliance on advertising revenue to support the cost of programming my rudimentary math knowledge suggests things are going to get very bad. Put simply, the advertising pie is going to be cut into too many pieces.

At the same time, the need to attract eyeballs to, in turn, "sell them" to advertisers is forcing the "new" FAST folks to already start talking about original and exclusive programming on the package of channels they are offering. I would note this is hardly "new," the broadcasters and the cable programmers did the same thing.

What's not "normal" is that there are virtually no limitations on how many "competitors" can jump into this marketplace. This leads us to the paradox of choice for viewers who are already having a tough time figuring out what, if anything, they want to watch and how to find it!

The current industry headlines are all about significant drops in "cable subscriber" numbers and a slowdown in paid streaming service subscriptions. That may be "normal" when a market is becoming saturated (like broadband subscriptions) but it's going to get a lot worse as the not so new or normal unfettered choices FAST become a paradox for viewers.



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