

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## No Rules: Fubo Pricing Choice Shows Off Regulatory Hole for vMVPDs

At a time when regulators are attacking MVPDs for junk fees and forcing them to offer customer credits during carriage blackouts, **Fubo** is reminding everyone that vMVPDs play under a different set of rules.

Fubo lost a total of 19 **Warner Bros. Discovery** networks earlier this week after carriage negotiations fell apart. The news was somewhat unsurprising given the vMVPD's ongoing court battle against WBD, **Fox** and **Disney** over their developing sports streaming jv, but a number of subscribers questioned whether that would mean a drop in their monthly bill. The service had said earlier in the week that it was not planning on changing its billing, and CEO *David Gandler* went a step further in confirming it during the company's 1Q24 earnings call Friday.

"It's not like we have that much room in our current pricing. We have been under pressure by the defendants for a long period of time. We're dealing with pernicious tactics that they continue to apply on our business owners, terms that make it quite difficult for us to reach profitability quickly," Gandler said. "At this point in time, we believe our pricing will remain status quo, and this should flow to the bottom line." He also said Fubo spent approximately 90% of its total revenue in the first quarter on content.

The **FCC** is considering a rule requiring cable operators and DBS providers to give subscribers rebates in the event of a blackout from failed carriage or retrans negotiations. vMVPDs

do not function under the same regulatory regime as those providers, and the FCC has [noted its preference](#) that Congress address the blank space that exists when it comes to rules for these online video providers. The **Preserve Viewer Choice Coalition**, which counts **YouTube TV**, **Roku**, Fubo and WBD among its members, also has [asked the FCC](#) to hold back from prescribing rules like cable's must-carry onto streaming services. The argument is that a copy-paste of those rules would only increase costs for customers and stunt innovation.

FAST channels now account for approximately 9% of viewing on Fubo, and the vMVPD is absolutely taking that data to the negotiation table when it comes to carriage and retrans deals. "We attempted to negotiate in good faith with them. As you know, that didn't really work out very well, but the FAST channels have really absorbed some of that viewing," Gandler said.

Fubo also plans to launch a free tier later this year, and his hope is the tier will allow the streamer to continue to monetize users even when they pause their subscriptions while they wait for the next sports season to start.

At the end of 1Q24, Fubo counted 1.511 million paid subscribers, an 18% increase YOY. Total revenue was \$394 million, up 24%, and ARPU came in at \$84.54, a 10% rise. The company hopes to reach profitability by 2025 and believes it has sufficient liquidity to do so, setting aside any potential impacts from the sports streaming jv. Fubo is also leaning into its advertising capabilities and boosting them as much as possible to help ensure they run straight through those goalposts.



## JUST RELEASED: The Cablefax 100

It's time to celebrate the trailblazers who have propelled the media, cable, and broadband industry to unprecedented heights. We're thrilled to unveil the distinguished individuals who have earned a coveted spot in the 2024 Cablefax 100.

[VIEW HONOREES](#)

Ad revenue skyrocketed 21% YOY, something Gandler attributed to the testing of new ad formats. That includes something Fubo calls the “marquee,” a banner ad on its homepage that is similar to those Roku sells on its platform.

“The banners are actually quite interesting because it doesn’t require any improvement in engagement, although engagement already is very high,” he said. “On average, our customers are watching over five hours per day and on a monthly average just north of 100 hours. Engagement is up about 2% YOY.”

.....

## WOW! REVEALS UNSOLICITED BID FROM INVESTMENT FIRMS

**WOW!** confirmed Friday that it received an unsolicited non-binding preliminary proposal from **DigitalBridge Investments, LLC** and a number of **Crestview** entities to purchase all outstanding shares of the company that Crestview does not already own for \$4.80 per share in cash. Crestview and its affiliates currently hold 38% of **WOW!**’s shares. DigitalBridge’s portfolio includes fiber company **Zayo**, **Boingo Wireless** and **GD Towers**. **WOW!** plans to establish a special committee of independent directors to evaluate the proposal.

.....

## ALLEN MEDIA GROUP LAYOFFS

Fans of **Mike Seidel** took to social media to lament that the 32-year veteran **Weather Channel** meteorologist, a familiar face during severe weather coverage, is reportedly among an unspecified number of **Allen Media Group** employees laid off this week. *The Atlanta Journal Constitution*, the hometown paper for the network, first [reported](#) about Seidel. Also impacted is **Rick Semmler**, longtime Sports Director of Terre Haute’s **WTHI**. Allen Media, which held an upfront in NYC last week, said it’s making reductions across all divisions to better position the company for growth. “Allen Media Group’s brands continue to perform well and in many areas our revenue growth has greatly outpaced the market. We are aligning these changes to drive future business opportunities and support our growth strategies in our rapidly evolving industry,” read a company statement. AMG didn’t provide details on the number of cuts. *The NY Post* [put](#) the figure at around 300, or 12% of the workforce.

.....

## FRONTIER ACHIEVES REVENUE MILESTONE, DELAYS INVESTOR DAY

Friday’s 1Q24 earnings call might be the last time we hear from **Frontier** execs for a bit as the operator is delaying its investor day until it finishes its previously announced strate-

gic review. It had initially expected to hold the update in the second quarter, but decided to wait in case there are insights to share from the review process. Strong 1Q results should heighten the interest in what will be shared and the outcome of the review, which has everything on the table—further optimizations of its operational and financing strategy, potential strategic partnerships, joint ventures, divestitures, mergers and business combinations. Frontier’s 1Q revenue of \$1.46 billion is up 1.5%, marking the first YOY revenue growth for the first quarter since 2015. It added 88,000 fiber broadband customers, resulting in fiber broadband customer growth of 18% YOY, while fiber broadband ARPU grew 6.1% YOY to \$65.18. Management attributed ARPU growth to the introduction of faster speed tiers (over 60% of customers took speeds of 1 gig or faster in 1Q), price adjustments and expanded value added services (50% of customers purchased at least one value added service during the quarter). CEO **Nick Jeffery** reiterated his belief that Frontier doesn’t need to add a mobile product right now. “Convergence is a great strategy perhaps for legacy operators who are defending position, but we’re an attacker in the market,” he said, noting earlier that most of Frontier’s new customers are coming from cable. He’s seeking little activity from overbuilders. “I think that’s a reflection of the colossal whitespace that still exists in the U.S. market to go build fiber. If you have capital and an intention to build fiber, you should really go to somewhere where there isn’t a great deal of competition, and that’s a very big available space for those operators,” said Jeffery. Frontier expects 2Q nets adds to be up significant YOY, despite the winddown of ACP (about 4% of its customer base is impacted and offers are in place to convert them, including a 200 mbps plan). It’s also keeping a close eye on BEAD opportunities, building out a grants team and even beginning the pre-qualification process with “a handful of states.” Last month, Frontier was hit by a cyberattack. The company’s investigation determined a third party likely gained access to personally identifiable information, but it doesn’t believe it will have a material impact on finances.

.....

## TDS KEEPS FUELING FIBER, SCORES NEW FUNDING

**TDS** closed a \$375 million unsecured debt financing with funds managed by **Oaktree Capital Management** Friday. The proceeds of the deal will be used for general corporate purposes, including the advancement of its fiber build program. TDS revealed its 1Q24 earnings Friday as well, and it is on track to deliver 125,000 fiber service addresses by the end of the year. Residential broadband connections grew 6%, and TDS grew its total service address footprint 12% YOY.

## FIBER FRENZY

The next step in **GCI's** Aleutians Fiber Project has begun in Chignik Bay. The company officially started construction with ground-work in early April, digging trenches and installing fiber conduit throughout the area to prepare for fiber-optic cable deployment. Once complete, Chignik Bay residents will get 2.5 gig internet speeds. GCI expects to kick off construction in Larsen Bay this summer, its sixth community that'll be part of the Aleutians Fiber Project. – **ALLO** is done with the construction of its fiber network in Kearney, Nebraska. Residents can now get ALLO's internet, TV, phone and managed service solutions. ALLO has built to over 40 communities across Nebraska, Colorado and Arizona.

## RATINGS

**ESPN** networks are up 14% through 21 games compared to last year's opening round average from Games 1-5. That was helped by Game 5 of the Golden Knights vs Stars averaging 1.2 million total viewers—peaking at 1.7 million—and accumulating 508,000 viewers P18-49. The Stars' win became the most-viewed Western Conference Game 5 of a first-round NHL Playoff series ever on cable.

## PROGRAMMING

**A&E** is bringing back "60 Days In" and "Inmate to Roommate" on May 30 at 9pm and 10pm ET, respectively. – **HBO's** original comedy series "Fantasmas" will roll out its six-episode season in June. Episodes will be released weekly and the show will be available to stream on Max. – After having success with "The Prison Confessions of Gypsy Rose Blanchard," **Lifetime** is rolling out a new eight-episode docuseries "Gypsy Rose: Life After Lock Up." It'll begin June 3 at 9pm and pick up from the days before her release back in December.

## PEOPLE

Cloud-based ad solutions company **ShowSeeker** is promoting *Jeff Blaszak* to SVP, Business Operations and Strategy. Blaszak, who first joined ShowSeeker in 2020, spent time as VP, Media Operations for Suddelink Media (now **Altice USA**) and as a Technical Operations Manager for TCA Cable/Cable-Time (now **Cox Media**).

## CABLEFAX DASHBOARD

## Social Media Hits



## Quotable

*"It is so damn expensive to lay broadband in rural America. I don't know how you're ever going to get competition. I just don't know unless we're willing to lay several lines or, I don't know, you guys probably make rules that force other companies to be able to use the lines or whatever. I just don't know how we do it. In a grocery store, we get more food manufacturers. In energy, we'll get more people that are creating energy, whether it is carbon-based or renewable. This one is just a different marketplace that somewhat holds the consumer at a big disadvantage. You don't have to say anything. I had to get it off my chest."*

– **Senator Jon Tester (D-MT)** speaking to witnesses at the **Senate Communications Subcommittee's "The Future of Broadband Affordability" hearing**

## Research

(Source: [Nielsen](#))

➤ Asian Americans are spending nearly equal time watching content on their TVs and smartphones, approximately 17 hours per week on each screen.

➤ In 2023, Asian Americans spent 31% of their viewing time on AVOD streaming platforms, compared to the 27% of the total population.

➤ Asian representation on screen is rising, reaching 10.9% in 2023.

➤ Netflix's "Beef" racked up more than 5.8 billion minutes watched in 2023.

➤ Streaming gains share with 45.4% of Asian Americans' TV usage at the start of 2024 (up from 43% in January 2023).

## Up Ahead

**MAY 17:** [WICT Network Rocky Mountain Chapter Walk of Fame;](#) Denver

**MAY 23:** [FCC Open Commission Meeting;](#) D.C.

**JUNE 4:** [Regional Fiber Connect;](#) Deer Valley, Utah

**JUNE 13:** [Cablefax American Broadband Congress;](#) D.C.