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WHAT THE INDUSTRY READS FIRST

Still Blooming: Netflix Touts Ad Membership Growth, High Engagement

Netflix has once again blown expectations out of the water, growing paid memberships by nearly 5.1 million subscribers in 3Q24.

Revenue grew 15%, 1% higher than Netflix's original forecast, and average revenue per member (ARM) was flat. Netflix's ad-supported business continues to be an area of growth for the company with subscribers gravitating to its lower-cost tiers.

Ads memberships were up 35% sequentially and Netflix's ad tech platform is on track to launch in Canada in the fourth quarter and more broadly in 2025. Ads memberships accounted for more than 50% of sign-ups in its ads countries and the streaming platform expects to reach scale in all of the countries in which it has ad-supported plans next year.

"The near-term challenge (and medium-term opportunity) is that we're scaling faster than our ability to monetize our growing ad inventory. While this creates a short-term drag on ARM, we are balancing building ads scale (for more meaningful ads revenue and ARM contribution over time) while still delivering healthy overall revenue growth in the near term (as noted, we expect our total company revenue to grow 15% year over year in 2024)," Netflix said in its letter to shareholders.

During the company's earnings call, co-CEO Greg Peters said partnerships with **Google** and **The Trade Desk** are going well so far, and Netflix has a roadmap going forward for more ad formats, more features and more measurement.

"Our goal over the next 5-10 years is to combine the best of digital advertising, so all the things that we know from targeting, personalization, relevance, with the best of TV advertising," he said. "This is an elevated creative format, we've got highly engaged viewers positioned against those culture-defining shows and films. So that's really the North Star."

Co-CEO **Ted Sarandos** said engagement was more than healthy at approximately two hours per member per day. And in the letter to shareholders, Netflix took a shot at programmers that are testing different models to attract a wide, varied audience and retain them long-term.

"Programming for such a large, engaged audience, with so much variety and great quality, is hard. It's why streaming services which lack our breadth of content are increasingly looking to bundle their offerings (selling and discounting their services together, channel offerings, etc.," the streamer said. "At just under 10% of TV time today in our biggest countries, we believe there's a huge opportunity to grow that share by investing even more in our slate and continuing to improve the variety and quality of our offering."

Peters also spoke to the desire to improve the service's core film and series offering, aiming for a consistent and growing rate of standout titles hitting Netflix. Beyond that, there's a huge focus on continuing to improve the overall product experience, particularly as the streamer adds more options to its games service and other new features.

"We tested a new, more intuitive version of our TV homep-

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age. We're excited with the progress that we've seen there. We're polishing it up and we're excited to bring that to our subscribers around the world," he said.

When asked what role AI could play in the overall content creation process, Sarandos said ultimately the jury is out on how much of an impact it will have. He agreed that there has been a lot of hype and creatives have been relying on different technologies throughout history to bring stories to life.

"It's very important, I think, for creators to be very curious about what these new tools are and what they could do, but AI needs to pass a very important test. Can it help make better shows and better films? That's what they've got to figure out," he said. "Any tool that can go and enhance the quality, making them better is something that is going to actually help the industry a great deal."

PEACOCK TO ADD RSNS

The next evolution of the RSN space continues to take shape after a *Wall Street Journal* [report](#) revealed that **NBCUniversal** plans on adding RSNS to **Peacock** as soon as early 2025. Four of the **NBC Sports** nets would be available on the streamer: **NBC Sports Bay Area**, **NBC Sports Boston**, **NBC Sports California** and **NBC Sports Philadelphia**. The networks would remain available on TV. The finalized plans are still being ironed out for the RSN rollout. WSJ reports the implementation could be delayed as details are still being worked through. One possible plan could be to offer the RSNS as add-ons in their respective local markets and pay extra to stream games.

COX MAKES XUMO STREAM BOX AVAILABLE FOR CUSTOMERS

Cox Communications became the fourth U.S.-based operator to begin offering the **Xumo Stream Box** to its customers. Users can purchase the product for a one-time price point alongside their internet service. Cox joins **Xfinity**, **Spectrum** and **Media.com** as operators distributing the product that combines live TV and streaming services. **Mediacom** was previously the [last one to add it](#) when it did so in March.

NAD MAKES COMCAST DECISION

The **National Advertising Division** is recommending **Comcast Cable**, along with **Comcast Business**, to discontinue and modify certain claims after a challenge made by **AT&T**. NAD said to cease the claim that "Comcast Business Internet has speeds up to 12x faster than Verizon, AT&T, and T-Mobile" in markets where AT&T offers a wired fiber product with speeds faster than 100 Mbps to

small businesses. It also suggests Comcast adjust the claim to limit the message to specific products compared to avoid conveying the message that AT&T doesn't have a faster service with speeds comparable to Comcast's fastest product speeds. NAD's investigation found Comcast's advertisements didn't clearly disclose the exact products being compared. Comcast said it'll comply with the recommendation, but disagrees "that small business customers would expect the advertised speed comparison to relate to a fiber service rather than the 5G business internet offerings of the three wireless companies together."

TEGNA, MAVS GROW DISTRIBUTION

As Dallas Mavericks fans get ready for a season of OTA availability, the team is adding eight more stations to its distribution footprint. That's in addition to the six **TEGNA**-owned stations that are already part of the Mavs' market. The eight stations—owned by **Gray**, **Sinclair** and **Nexstar**—will begin airing games Oct. 26 when the Mavs take on the Suns. All non-nationally televised games will be available OTA, with this season set to deliver 70 or more games.

SPECTRUM NEWS MAKES ENTRANCE IN SOUTH CAROLINA

Spectrum News is adding another network to its portfolio: **Spectrum News South Carolina**. The channel is available for Spectrum TV customers across the state and will be focused on the areas of Greenville, Columbia, Florence and Myrtle Beach. It'll come with local news headlines and hyperlocal weather reports along with reporting from SC-based journalists and relevant national/international stories. The network can also be accessed through the Spectrum News app on mobile devices, Xumo Stream Box, Roku and Apple TV.

DIAMOND STRIKES NAMING RIGHTS DEAL WITH FANDUEL

Diamond Sports has officially found a naming rights partner in **FanDuel**. In a filing in the Southern Texas Bankruptcy Court, Diamond said the rebranding of the Bally Sports RSNS under the FanDuel name will unlock significant synergistic opportunities between the two companies as it relates to live sports programming, sports betting, subscriber acquisition and advertising. The current term sheet locks in the naming rights partnership for the 2024-25 NHL and NBA seasons with additional options going forward. "Assuming the Debtors emerge from chapter 11 as a going concern, and subject to the terms and conditions set forth in the FanDuel Term Sheet, FanDuel will provide multi-year commitments to the Debtors for, among other things, annual rights payments, minimum

media and advertising spending, and content produced by FanDuel that can be aired on the Debtors' RSNs," the filing said. "In exchange, as part of a multi-year partnership between the parties and pursuant to a chapter 11 plan, the Debtors will provide FanDuel with a series of purchase options and performance-based warrants for post-emergence equity interests in the reorganized Debtors." FanDuel will have the opportunity to purchase up to 5% of the equity in the reorganized Diamond Sports and the exercisable performance warrants will open the door to another 5% of the equity.

CORNING OPENS FIBER OPTIC TRAINING CENTER

Corning officially cut the ribbon on a new Corning Fiber Optic Training Center that's part of Catawba Valley Community College's Corporate Development Center. Trainers from Corning will provide hands-on education involving the skills needed to design, engineer, install and manage high-speed fiber broadband networks.

PARAMOUNT+ TURNS TO AI FOR COLLECTIONS

Paramount+ is using generative AI to create new collections that feature kids-first content for families. The streamer conducted a series of research studies to see what kids and parents identified as the most resonating themes in content, resulting in topics such as space exploration, daring stunts, treasure hunting, exploring nature and of course goofy stuff. AI was used to build curations of Paramount+ content around those themes. The collections are now available on platforms via the "Older Kids" profiles that are meant for viewers aged 6-13.

VIDEOAMP'S NEXT-GEN MOVE

Media measurement company VideoAmp introduced the next generation of its platform. The new edition offers a full suite of APIs and an enhanced dashboard to showcase reporting and insights, also enabling cross-platform planning, audience measurements, outcome measurement and optimization solutions that can be integrated into agencies', brands' and publishers' systems. VideoAmp currently powers the proprietary, first-party data adver-

tising platform from Warner Bros. Discovery, which has seen a 166% growth in data-driven video cross-platform campaigns guaranteed on VideoAmp currency. Other VideoAmp clients include Paramount and Yahoo.

DISH OFFERS NETFLIX DEAL

DISH is introducing a new offer for customers. The company is now including Netflix with a DISH TV subscription at no added cost for two years. New DISH customers will need to sign up for a two-year commitment, but they'll get access to Netflix's ad-free Standard Plan—which normally goes for \$15.49 per month—as part of their package. Current Netflix subscribers are eligible for the deal as well.

AT THE COMMISSION

The FCC proposed a \$146,976 fine against ESPN for six apparent violations of the Emergency Alert System during a promotional segment for the start of the 2023-24 NBA season. In the promo spot, ESPN apparently violated Commission rules prohibiting transmitting or causing the transmission of the EAS codes or attention signal in the absence of an actual emergency, authorized test or qualified PSA. In response to a Letter of Inquiry from the FCC Enforcement Bureau, ESPN admitted it transmitted a portion of the EAS attention signals as part of the promo spot, and it transmitted the promo spot a total of six times in Oct. 2023 on two ESPN-owned networks.

RATINGS

Wednesday's interview with Vice President Kamala Harris and Fox News' Bret Baier during "Special Report" recorded 7.8 million viewers and 1.13 million A25-54, according to Nielsen. The interview ran from 6-6:30pm, but the full hour of Special Report brought in 6.7 million viewers and 901,000 A25-54, the show's highest-rated episode since 2020. – The Bills' gritty 23-20 win over the Jets on Monday Night Football averaged 17.3 million viewers across ESPN, ESPN2, ESPN Deportes, NFL+ and ABC. That's good for the second most-watched MNF Week 6 game in the ESPN era (19 games total). The game peaked at 19.1 million viewers in the 9:30-9:45pm window.

BASIC CABLE P2+ PRIME RANKINGS* (10/07/24-10/13/24)		
MON-SUN	MC US AA%	MC US AA (000)
ESPN	0.848	2688
FNC	0.770	2443
FS1	0.410	1301
MSNBC	0.389	1233
TBSC	0.308	978
CNN	0.237	750
TWC	0.230	730
HALL	0.205	649
USA	0.174	552
HGTV	0.161	510
ESPN2	0.150	475
INSP	0.136	431
DISC	0.133	422
FOOD	0.118	376
HIST	0.118	375
TLC	0.118	373
HALLMYS	0.105	333
FX	0.103	326
ID	0.097	309
NWSMX	0.095	301
TVLAND	0.091	289
REELZ	0.086	272
TNT	0.084	266
GSN	0.083	263
LIFE	0.081	257
WETV	0.075	239
AMC	0.071	226
PRMNT	0.070	223
A&E	0.069	218
BRAVO	0.068	215
OXY	0.064	203
FRFM	0.063	199
NAN	0.059	186
ADSM	0.058	185
BET	0.054	173
NATGEO	0.053	169
NFL	0.048	152
TRAVEL	0.048	151
COM	0.047	148
HLN	0.045	142
MTV	0.044	140
SNDNCE	0.043	135
FETV	0.042	134
SYFY	0.041	131
FOXDEP	0.040	127
IFC	0.040	126
FXX	0.037	119

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



BEYOND THE BANDWIDTH

Solving Sports' Streaming Woes

There's no question we're in the midst of an exodus of sports programming away from traditional platforms. **ESPN** plans to launch its own flagship direct-to-consumer service by next fall, and if **Disney**, **Fox** and **Warner Bros. Discovery** have their way in the court system, **Venu Sports** will launch and offer fans access to a large portfolio of content from all the major professional sports leagues and college sports for \$42.99/month.

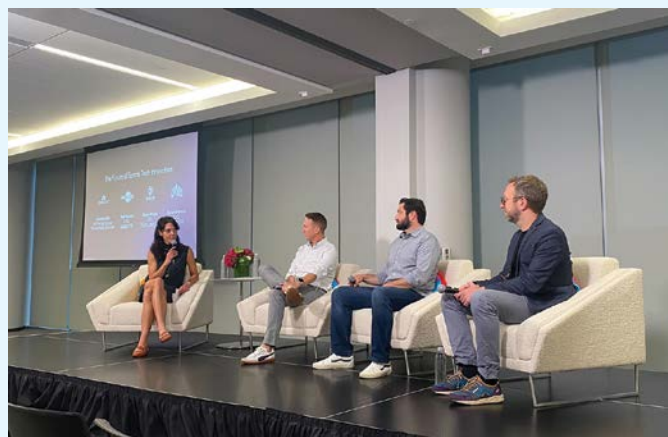
But as more of that programming lives on streaming services, the technology companies powering the delivery of these must-see events have to rely on connectivity networks to showcase a seamless experience.

"Expectations are obviously super high. Consumers nowadays, they expect from streaming services maybe even a better-than-broadcast experience. So the richness, immersiveness, that's still provided, but also the quality of the image, the reliability, low latency is a big topic in delivery," **Einbliq.io** CEO *Ralf Neudel* said during a panel hosted at **Comcast's** Atlanta headquarters during **SCTE TechExpo**. "You don't want to see the result of the game on socials before you see it on your screen, and you paid a lot of money for that." Einbliq.io's streaming analytics platform provides real-time data to customers to optimize their services with considerations to costs, quality and sustainability.

The issue has become of such high priority that Amazon, which currently touts the rights to **NFL's** "Thursday Night Football," the **NHL's** Seattle Kraken matches and is set to stream **NASCAR** races and **NBA** games next year, even has a [help page](#) dedicated to educating consumers about low latency and optimizing their networks to deliver the best experience. The boom in sports betting, which is currently legal in 38 states as well as Washington, DC, and Puerto Rico, has only raised the stakes.

The topic was also alive and well at IBC 2024 with Comcast teaming up with **BT Media & Broadcast**, **Associated Press** and **Globo** on a proposal for an [accelerator project](#) that would seek to achieve the equivalent of the latency seen on social media platforms and near-instant playback start using standard HTTP streaming infrastructure. The project aims for synchronization between streams within 250ms, the optimization of streams for networks across WiFi where signal strength is low and more.

"It's clear that we as an industry will move in the coming years from a broadcast-delivered media to being something that is entirely OTT delivered and it's only time before that



happens. In this meantime, we've got this strange situation where consumers that are watching on broadcast see the pictures live from the venue in a 3-4 second delay whereas for those watching on streaming, it's more like 30 or 40 seconds or even more so," BT Media & Broadcast Head of Futures & Innovation *John Ellerton* said during a panel at IBC. "Clearly, there's a big benefit here in being able to align those things."

But there's far more to the growing field of sports technology than just the streaming of live events. Companies like **MOVRS** are using artificial intelligence to generate athlete shape and motion data from live sports events. Among other use cases, MOVRS can utilize that data to create a digital twin of the athlete and run them through various simulations to uncover data points and stories that fans care about.

"Really, what that comes down to is helping us as consumers better understand why these athletic moments are so amazing. Yeah, it's great to see Simone Biles doing three backflips, but it helps a lot to have it contextualized around what does this mean compared to the normal person, or what does this mean compared to another athlete for example," MOVRS Co-Founder/CEO *Dorian Pieracci* said during the Comcast-hosted panel.

And more is on the way. Pieracci sees a future where those digital twins could be used to run a live sports event inside of online platforms like Roblox or massive video games like Fortnite. Overall, the largest trend he sees in sports is the demand for more interactivity,

"I think it's around enabling the consumer and the fan to have agency in how they actually engage with a story whether that's at home or at an event," he said.