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WHAT THE INDUSTRY READS FIRST

## In the Ring: Netflix Bullish on Live Events, Ups Price

It was an eventful end to 2024 for **Netflix** after taking some of the biggest steps in its foray into sports. With the *Jake Paul vs Mike Tyson* fight and **NFL** Christmas Day games now in the rearview mirror, it's on to 2025 as the streamer moves to preserve its spot within the upper echelon of the streaming wars. First on Netflix's to-do list is upping its subscription costs for the first time since October 2023.

Netflix's ad-supported tier, which drew plenty of praise during the streamer's 4Q24 earnings call Tuesday, will increase by \$1 to \$7.99 per month. It's the first time the plan has gotten a price change since being rolled out in November 2022. The Standard ad-free plan will move from \$15.49 to \$17.99 per month, while the Premium option was upped by a few bucks from \$22.99 to \$24.99 per month. Additionally, the cost of adding another member to an ad-free plan is now \$8.99 per month, but the \$6.99 rate for extra users on ad-supported plans will remain untouched. Changes will go into effect across the U.S., Canada, Portugal and Argentina on customers' next billing cycle.

"When you're going to ask for a price increase, you better make sure you have the goods and the engagement to back it up, and I feel like what we have going into 2025 is just that ... I definitely feel like the strength of slate has never been better," co-CEO *Ted Sarandos* said, listing off shows and films slated to return this year such as "Stranger Things," "Wednesday," "You" and "Happy Gilmore 2."

The rate hike comes after Netflix ended 2024 with 301.63 million memberships. It had 19 million paid net adds in 4Q24—the most quarterly net adds in the streamer's history—and more than 55% of signups were for the ad tier across countries where it's available. Membership on ad-supported tiers also increased by about 30% compared to the previous quarter.

Speaking of advertising, Peters said Netflix met its scale goals for advertisers heading into 2025, allowing the platform to shift its attention to making the experience better for advertisers and increasing the monetization of its growing inventory. Netflix introduced its first-party ad tech platform in Canada in November, and it's since transitioned all ad serving in the country in-house. It'll roll out the first-party ad platform in the remaining countries ad plans are available this year, beginning with the U.S. come April.

Some investors were curious about how much of that 19 million additions were bolstered by influxes from the Paul vs Tyson fight and Christmas NFL games. Co-CEO *Greg Peters* denied that notion, saying that Netflix is seeing broad strength across content categories in all regions.

"We've seen it throughout the entire year, and as we've consistently seen across our history, no single title really drives a majority of our acquisition or engagement," Peters said. "So even in an amazing quarter where we had three huge live events, we had an incredible fight, two NFL games, we had one of our biggest TV series ever in 'Squid Game' Season 2—all very successful events and titles that we are thrilled about. Our estimates for subscriber adds driven by those titles combined represent a

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## Exclusive – OpenVault Hones in on Most Extreme Power Users

OpenVault's been steadily tracking what it has deemed as "extreme power users"—those who use 5TB or more of bandwidth—for some time now. But it's found even amongst these intense customers there are a subset of customers who are off-the-charts, which can strain network resources and result in subpar experiences for others on the network. OpenVault isolated the top five residential downstream and upstream users from data collected from the company's network optimization and revenue enhancement solutions.

### Top downstream

- 34 TB
- 21 TB
- 21 TB
- 21 TB
- 18 TB

### Top upstream

- 5.5 TB
- 2.8 TB
- 2 TB
- 1.3 TB
- 1.2 TB

Top Overall – 36.8 TB

small minority of our total member acquisition in the quarter.”

But with the Christmas NFL games reaching an unduplicated audience of nearly 65 million U.S. viewers, according to Nielsen, will Netflix change its approach to obtaining full-season sports rights? It doesn't seem imminent after Sarandos called it "challenging" to carry the full season of a sports league, but it's not necessarily off the table. Still, Netflix did obtain one of its larger packages of rights last month with the 2027 and 2031 editions of the FIFA Women's World Cup.

"We are constantly trying to broaden our programming, and live events is one of those things, and sports is part of those live events. So when I look at this and say, 'That's a really fantastic thing,' it doesn't really change the underlying economics of full-season, big league sports being extremely challenging," he said. "If there was a path where we could actually make the economics work for both us and the league, we certainly would explore, but right now we believe that the live events business is where we really want to be."

Tuesday's call was the last time Netflix will report paid memberships and ARM on a regular, quarterly basis. It'll announce paid memberships once it reaches certain milestones, but starting next quarter, it'll begin publishing a bi-annual engagement report alongside its 2Q and 4Q earnings results. The report will account for 99% of all viewing on Netflix.

Revenue for 4Q24 came in at \$10.25 billion, up 16% YOY. Operating income reached \$2.27 billion, helping Netflix eclipse \$10 billion in the segment for the year for the first time. Net income fell sequentially to \$1.87 billion, and free cash flow was \$1.38 billion. Looking forward to 2025, Netflix projects yearly revenue of \$43.5-44.5 billion, which would equate to 12-14% of YOY improvement. For 1Q25, the streamer anticipates revenue growth of 11%, slightly below its full-year guidance due to the timing of price changes and seasonality of Netflix's ad business.

## TRUMP'S FIRST ORDERS

As promised, President *Trump* set about rescinding *Biden* administration actions and freezing regulations as soon as he was sworn in Monday, and there's a lot to unpack. And yes, some of them, such as delaying enforcement of a ban on **TikTok**, are likely to face legal scrutiny. As promised, he signed an executive order titled "Ending Radical and Wasteful Government DEI Programs and Preferencing." He also installed *Andrea Lucas*, a critic of corporate DEI initiatives, as Acting Chair of the **U.S. Equal Employment Opportunity Commission**. Hours after being sworn in, he made *Brendan Carr's* appointment as Chair of the **FCC** official. Carr wasted no time Tuesday announcing that he will end the FCC's promotion of DEI. That includes eliminating the FCC Communications Equity and Diversity Council, nixing DEI analysis from economic reports and removing the promotion of DEI to the Commission's Strategic Plan. "Promoting invidious forms of discrimination runs contrary to the Communications Act and deprives Americans of their rights to fair and equal treatment under the law. It also represents a wasteful expenditure of taxpayer resources," Carr said in a statement. He noted that DEI promotion would be eliminated from the FCC's budget and that the DEI Equity Action Plan published by the FCC in 2022 would be rescinded, the cross-agency Digital Discrimination Task Force would end as would DEI in annual performance plans at the agency. Commissioner *Anna Gomez* criticized the moves: "Let's be clear, diversity, equity and inclusion does not equal discrimination. It is precisely our efforts to be equitable and inclusive that strengthen our ability to fulfill our mission." Carr said he has concluded that the work of the Communications Equity and Diversity Council [CEDC] is complete and thus the advisory group will terminate. The council was re-chartered by *Jessica Rosenworcel* most recently in March 2024. FCC Chair *Ajit Pai* chartered the group in 2017 under the name the Advisory

Committee on Diversity and Digital Empowerment. Gomez was named Vice Chair and later Chair of the group. Its roots are older, with then-FCC Chair *Michael Powell* creating in 2003 the Federal Advisory Committee on Diversity for Communications in the Digital Age. The CEDC held its final meeting on Dec. 6, well aware that Trump had promised to revoke federal DEI policies. “The reality is there’s a metaphorical elephant in the room. Change is coming to the government and FCC in January. But this change does not negate your importance or your work or our need to help those who could use a helping hand,” Rosenworcel’s Deputy Chief of Staff *Sanford Williams* said at the start of the gathering.

## INAUGURATION DAY RATINGS

**Fox News** had nearly 10.6 million viewers from 12-1pm ET for *Donald Trump’s* inauguration Monday, according to early **Nielsen** numbers. Compare that to 2021, when **CNN** led the newscasters with just under 10 million viewers for *Joe Biden’s* oath of office and inaugural address. CNN had 1.7 million viewers Monday for the noon hour, while **MSNBC** averaged 882,000. It was Fox News’ second-highest-rated inauguration day special programming in network history, with its 11:30am-1pm coverage garnering 10.3 million viewers and outpacing broadcast and cable networks. Fox News also came out ahead in primetime, averaging 6.1 million viewers vs 1.1 million for MSNBC and 1 million for CNN. *Sean Hannity* will have the first interview with newly inaugurated President Donald Trump. It’ll air during Fox News’ “Hannity” on Wednesday at 9pm, covering topics like the executive orders Trump has signed so far, his first 100 days in office and other news stories.

## POWELL AMONG WITNESSES AT SPECTRUM HEARING

The industry will have a front-row seat at the **House Communications Subcommittee’s** first hearing of the 119th Congress, with **NCTA** President/CEO *Michael Powell* to testify Thursday morning. The hearing, dubbed “Strengthening American Leadership in Wireless Technology” will also feature **CTIA** EVP *Brad Gillen*, **Open RAN Policy Coalition** Executive Director *Diane Rinaldo* and **Public Knowledge** CEO *Chris Lewis*. The subcommittee intends to look at what role does licensed and unlicensed spectrum play in the economy and how the **FCC** and **NTIA** coordinate spectrum management activities.

## CARR’S FCC STAFF PICKS

**FCC** Chair *Brendan Carr* tapped *Scott Delacourt* as his Chief of Staff for the Commission. Delacourt joins from **Wiley Rein**, where he served as Partner and Chair of the Wireless Practice Group. He previously held FCC posts, including Deputy Bureau Chief and Chief of Staff of the Wireless Bureau. His current Chief of Staff *Greg Watson* will continue to serve in that role. *Erin Boone* will serve as Senior Counsel to Carr on Media and Enforcement matters. She previously served as Chief of Staff

and wireless advisor to FCC Commissioner *Nathan Simington*. *Arpan Sura*, who joined Carr’s office in January 2024, will serve as Senior Counsel for Spectrum and Technology.

## OPTIMUM, NEXSTAR SHAKE HANDS

Late Friday night, **Altice USA** and **Nexstar** reached an agreement to restore the broadcaster’s stations and **NewsNation** to Optimum’s lineup, ensuring **NFL** playoff games weren’t missed. Terms weren’t disclosed, but Optimum described the deal as allowing more flexibility and optionality. “At Optimum, we have a clear mission: provide the programming that our customers want at an affordable price and give them choice and flexibility when selecting their desired TV content. We are proud to continue our track record of successfully partnering with programmers who put customers at the center,” read a company statement. Nexstar stations were removed from **Altice USA’s Optimum** cable systems at 5pm ET Jan. 10 with the two unable to reach a new retransmission consent agreement. The blackout impacted 63 stations in 42 markets, including **WPXI** in NY as well as stations in Albany, NY; Charleston, WV; and Lubbock, TX. Optimum is still at an impasse with **MSG Networks**, which has been off its lineup since Jan. 1.

## HOLIDAYS DELIVER BOOSTS IN LATEST NIELSEN REPORT

The month of December saw a 4% increase in overall time spent watching TV compared to November, according to **Nielsen’s** most recent “The Gauge” report. That’s in part due to Thanksgiving and Christmas having their usual influx of TV viewing, but also because the **NFL** was wrapping up its regular season and the College Football Playoff kicking off. Streaming topped The Gauge with 43.3% of the TV pie for the month, led by **YouTube** main with 11.1% of the chunk. **Netflix** tied its best share that it set in July 2023 with 8.5%, though it wasn’t just from the two NFL games—the streamer received boosts from the film “Carry-On” and the Season 2 premiere of “Squid Game.” **Prime Video** also saw a boost in December as it reached a platform-best 4% share of TV viewing. Broadcast (22.4%) and cable (23.8%) combined for 46.2% of viewing, good for 17% and 29% increases, respectively, compared to November.

## ESPN WANTS TO HAVE ‘THE TALK’

It’s no secret how much betting has become intertwined with modern sports (just look at **ESPN BET** or the new **FanDuel Sports Network**), but **ESPN** is looking to educate its audience about healthy gambling habits through a new campaign called “The Talk.” It will feature two spots: one with “SportsCenter” anchor *Elle Duncan* and another with fellow SportsCenter host *Gary Striewski*. Both will mimic heart-to-heart conversations that happen among families and promote responsible betting practices. ESPN will include the 1-800-GAMBLER hotline and direct viewers to a landing page with more resources. Duncan’s spot will roll out tonight at 7pm, while Striewski’s commercial will hit the airwaves later this year.