

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Hunkering Down: Recession Threat Triggers Short-Term Fixes

Economists are torn over whether we're already in or headed toward a recession, but the threat of an economic downturn has lawmakers and corporations battering down the hatches.

U.S. GDP in the second quarter contracted at a 0.9% annual rate after falling 1.6% in 1Q, triggering some panic among banks and those charged with analyzing economic trends. But the GDP is only one factor among many that paint a picture of the nation's economic health.

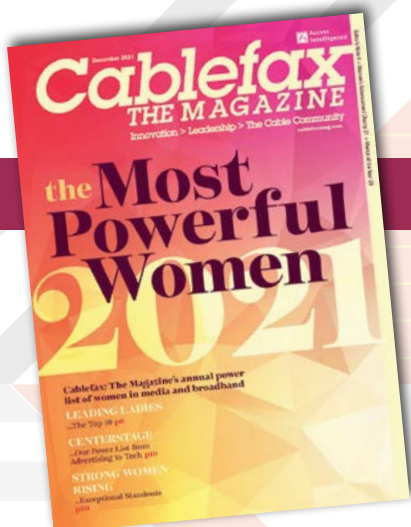
"Most people associate two negative quarters in a row with recession, given that until 2020, this had been the case for all 11 recessions back to 1948. That said, this measure is only a guideline," **S&P Global** said in a release earlier this month. "The current economic weakness hasn't affected all sectors of the economy, leaving the National Bureau of Economic Research's (NBER's) dispersion criterion for recession unmet."

Congress has already begun taking action to fight against the rise in inflation that largely skyrocketed after Russia's invasion of Ukraine. The Inflation Reduction Act, a massive bill targeting everything from prescription drug prices to climate change initiatives, was passed by the Senate on Sunday and is expected to come up for a vote soon in the House. There were initial concerns about the legislation's potential impacts on the wireless industry as a provision

within the original version would have eliminated the ability of those providers to amortize the cost of spectrum, effectively creating a 15% tax on wireless services. That has since been cured with a technical fix where only spectrum acquired after the law's enactment will be subject to the new tax treatment.

Folks across the cable business are also trying to adjust and remain flexible given the current financial outlook. Fear of a recession and its effects had some adjusting their guidance and near-term targets, but the universal feeling is that any bumps in the road will only cause short-term disruptions.

WOW! CFO *John Rego* said on the company's Q22 earnings call that it is resorting to a lot more promotional activity than normal just to be able to attract and grow its subscriber base. That's taking a drag on earnings for now, but those types of promotional activities should roll off after a quarter or so. "That's the challenge right now, and the environment is really tough out there. But we've been able to find a balance where we can still grow EBITDA, still grow revenue—maybe not as much as before—and, with some promotional activity, keep growing the sub base, which will help us in the future," he said. CEO *Teresa Elder* added that in an abundance of caution, the company has also adjusted some near-term guidance figures. For 3Q22, WOW! expects HSD revenue to be between \$102-106 million.



Nominate for The Most Powerful Women

Every year, Cablefax recognizes the Most Powerful Women in the industry across all disciplines including advertising, communications, corporate culture, sales, content, consultants, distribution, digital, finance, legal, operations and more.

Deadline: Friday, August 12 to submit three entries for free. www.CablefaxWomen.com

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Other providers are thinking about how they can get ahead in the labor market if the current hardships in finding and retaining quality talent continue. **Charter** CFO *Jessica Fischer* described on its earnings call that it had seen inflationary pressure across fuel, freight and utilities and pricing pressures were rising when it came to CPE and network components. On the labor side, the company's planned move to a \$20/hour starting wage helped insulate it from some of the trends tied to attrition that have begun showing themselves. At the same time, Charter is still feeling some heat and Fischer said the provider may need to more fully respond to those pressures before the end of the year.

For programmers, choppiness in the advertising market caused by supply chain issues and inflationary pressures has been a consideration. But many are coming off of a strong upfront and are benefitting from political ad revenues ahead of the midterms. **Paramount Global** CEO *Bob Bakish* said during its 2Q22 earnings call earlier this month his company began experiencing challenges from inflation a while ago on the production side as studios competed for talent, so that's nothing new. And while sectors like auto and packaged goods are slowing their ad spend in order to protect their margins, travel and technology are gaining strength.

"It's also worth noting that we're taking advantage of the current situation to increase our level of promotion for in-house assets, particularly with respect to **Paramount+**," Bakish said. "That gives us incremental product visibility

to the consumer, and it also benefited us in terms of third-party expense reduction."

FCC WINS AT D.C. CIRCUIT ON 5.9 GHZ

The D.C. Circuit Friday upheld the **FCC's** authority in its decision to repurpose part of the 5.9 GHz band to meet spectrum demands in an opinion issued Friday. The decision came after the FCC proposed keeping the upper 30 MHz of the band for use by intelligent transportation systems while repurposing the lower 45 MHz for unlicensed use. The **Department of Transportation** and others in the space objected on the grounds that the reallocation would not provide an adequate spectrum band for those intelligent transportation systems and also voiced concerns about interference with unlicensed devices. The FCC moved forward with approving the proposed rule in 2020. The **Intelligent Transportation Society of America** and the **American Association of State Highway and Transportation Officials** then petitioned for review and appeal of the FCC's order, asking that the D.C. Circuit vacate the part of the order reallocating the lower 45 MHz of spectrum because of an apparent violation of the Transportation Equity Act. With Friday's opinion, the court ruled the FCC did not overstep by approving the rule. "But the Transportation Equity Act did not transfer away from the FCC its broad authority to manage the spectrum related to intelligent transportation systems. Instead, as the FCC noted, it simply required the FCC to account for the Department of Transportation's views and the needs of intelligent transportation systems when it does so," the

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opinion said. “The FCC did that here. It devoted at least twenty paragraphs of its order to carefully considering the needs of intelligent transportation systems and to thoroughly explaining that the remaining 30 megahertz of the spectrum will support such systems.”

SPECTRUM ORIGINALS SHUTTERS

Charter is closing the doors on its **Spectrum Originals** division following the departure of Head of Original Content *Katherine Pope*. *Deadline* was the first to report the news. The MVPD had already been considering options on what to do with the division prior to her departure, but Pope’s move in July to head **Sony Pictures Television** offered an opportunity to begin the shuttering process early. Charter marked its entry into the original content ecosystem in 2018 and was able to nab shows like “LA’s Finest” and create revivals like “Mad About You.” Charter is still determining how it will manage existing projects in the months ahead.

STARRY ADDS UPLOAD BOOST

Starry unveiled a new add-on feature Thursday that will allow customers to increase their upload capacity to symmetrical speeds. Upload Boost, which will start at \$5/month depending on the speed tier, is available on a trial basis in certain markets for Starry Plus customers.

PROGRAMMING

The **SEC Network** will air more than 300 collegiate soccer and volleyball matchups across its linear network and SEC Network+ this fall. TV coverage of SEC college soccer will begin on Aug. 18 at 7 pm ET with Florida State’s big battle against South Carolina while the first volleyball match on SEC Network will come one week later with Troy taking on Georgia on Aug. 26 at 7 pm ET. – “Good Bones: Risky Business,” a solo spinoff of “Good Bones” headlined by *Mina Starsiak Hawk*, will make its premiere on Sept. 6 at 9pm on **HGTV**. – Reality series “El Retador” comes to the U.S. for the first time Sunday at 8pm ET as part of **Univision’s** “Domingos en Familia” programming block.

CABLEFAX DASHBOARD

Twitter Hits



Research

(Source: Hub Research)

- > In general, more viewers use at least one ad-supported TV source (including cable or broadcast) (95%) than ad-free (79%).
- > More than half of viewers say they would choose a platform with ads if it saved them as little as \$4-5/month.
- > 30% of those that describe themselves as “intolerant” of ads said they would choose an ad-supported platform if it saved money.

Up Ahead

AUGUST 23: [Fiber Broadband Association Copper Mountain Regional Fiber Connect](#); Frisco, Colorado

SEPTEMBER 13-14: [Mid-America Cable Show](#)

SEPTEMBER 19-22: [SCTE Cable-Tec Expo 2022](#); Philadelphia

OCT 10-11: [The WICT Network's Annual Leadership Conference](#)

OCT 11-12: [36th Annual NAMIC Conference](#)

Quotable

“The common denominator of our content is love in all its many forms. We believe that all humans deserve and are indeed worthy of love and seeing themselves in loving relationships through our storytelling. Romantic love for sure, and if you add to that the love we have for parents, siblings, friends, children and beyond, simply put, our brand and our content mean something important to our viewers. We take that responsibility seriously and deliver on that promise 24/7 in everything we do... Now, while our movies and our series are created with the female viewer in mind, we know in fact that husbands, boyfriends, and dads are also watching us. Now, let’s not forget when the coach of one of my favorite teams, the Baltimore Ravens, once talked about his love for Hallmark movies in a press conference.”
 – **Hallmark Media CEO Wonya Lucas during the programmer’s TCA summer tour panel**