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WHAT THE INDUSTRY READS FIRST

Different Strokes: Broadband & Mobile Shine for Charter, ARPU Doesn't

When it comes to **Comcast** and **Charter**, one of these things is not like the other. In a seasonally weak quarter, Charter scored 70,000 residential broadband adds vs Comcast's loss of 19,000 for 2Q23. But Comcast grew ARPU 4.5% YOY for the second consecutive quarter, while Charter posted 2.2% growth.

"Investors are asking why Comcast is growing broadband ARPU at a much faster pace. First, it is not clear that allocation decisions are identical across the two companies. Second, Comcast won't have anywhere close to the same impact from mobile discounts. Third, we suspect Comcast is benefiting much more from subs adopting higher priced, higher speed plans. We don't think Charter has 33% of subs on 1Gbps+, for example," **New Street Research** said in a note to clients.

It's important to remember that Charter launched its bundled Spectrum One WiFi and mobile offering at the beginning of October. The discounting for mobile obviously impacts ARPU, but Charter is betting on a sticky customer who stays around once the promo is over. And it's really gaining momentum in the mobile space, adding 648,000 lines in the quarter, well above what Wall St. expected. Comcast is less aggressive and it shows with 316,000 lines added in the quarter.

"Over 11% of our internet customers now have mobile service, and we expect mobile penetration to meaningfully grow over the next several years," Charter CEO *Chris Winfrey* said during the company's earnings call Friday. "We see mobile

lines as an extension of our WiFi and seamless connectivity service. And we expect our increasing convergence capabilities will contribute to further internet growth."

News that Charter is instituting a \$5 rate increase next month for internet probably won't contribute much to ARPU since CFO *Jessica Fischer* said customers on autopay or who opt into auto pay won't see a change in their overall price. "I think that we've had fairly consistent growth in ARPU if you look at the internet ARPU growth. I think ultimately our strategy is never to grow the business just based on price," Fischer said. "We aim to have competitive prices and to have good penetration... But that doesn't mean that we're sort of immune to the inflation impacts and that where it's appropriate we don't take adjustments in the market."

While Comcast and Charter are taking different paths in many respects, one area they are lockstep on is the launch of their upcoming **Xumo** platform, which unifies linear and DTC content. It will be Charter's go-to-market platform for new video sales, Winfrey said, adding that it is currently conducting field trials and remains on track for deployment later this year.

Charter has fared better on video losses than Comcast, shedding 189,000 vs Comcast's loss of 543,000 in the quarter. "We're losing the least amount of video customers of any of our peers or competitors and the reason that we've been able to do that is one, we have flexibility and we've tried to use that wisely in a way that is valuable to consumers to create products pricing and packaging that'll stick," said Winfrey. "And secondly, I think we have a high-quality video product" available in a variety of ways (DVR, smaller

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packages, cloud DVR, no set-top, etc). Winfrey described it as an extension of what Charter's already doing in the video space, noting that 2/3 of video sales today are without a set-top (meaning they're using the Spectrum app on Roku, Apple, etc).

He pointed to Charter's upcoming [RSN-free tier](#), noting that the operator had already created the capacity to have significant flexibility with packages prior to **Diamond Sports** entering into bankruptcy restructuring. "As an RSN ourselves with the **Dodgers** and **Lakers**, we took our own medicine. We increased the flexibility to an affiliate [DirecTV] dramatically. And at the same time, we announced that we would launch eventually a direct-to-consumer app, but not just in the marketplace. It'll be available to all affiliates including DirecTV and including our own customers," Winfrey said. "We think that's a model... that could have some legs going forward and create packages that are valuable to consumers and actually allow us to sell more video." As for standalone video, he said "we're at or near the point of indifference."

Charter added 68,000 rural passings during 2Q23 and added 26,000 customers in the subsidized rural footprint. In addition to its RDOF allocations, Charter has now won more than \$700 million in state subsidies for more than 300,000 passings with a gross build cost of approximately \$1.7 billion.

Overall, Charter posted 2Q23 revenue of \$13.7 billion, a YOY increase of 0.5%. Net income totaled \$1.2 billion compared to \$1.5 billion a year ago, primarily driven by higher interest expense and other non-operating costs and expenses, partly offset by higher Adjusted EBITDA.

UNTOUCHABLE T-MOBILE ROLLS THROUGH 2Q23

T-Mobile's fixed wireless train is more than chugging along with net customer additions reaching 509,000 in 2Q23. It now counts more than 3.7 million customers in that part of its business, and it continues to see positive signs that its pace of growth will continue for the foreseeable future. "Again, in Q2, we saw sequential decreases in churn and I think that really speaks to the fact that this is a great product that customers are really, really loving," Chief Marketing Officer *Mike Katz* said on the company's earnings call late Thursday. The company isn't hurting in mobile either, scoring 760,000 postpaid phone net customer additions. CEO *Mike Sievert* recognized that cable is also continuing to sing songs of success when it comes to mobile products, but he claims T-Mobile's port ratios are improving against all of its competitors, including cable. "In some ways, actually it is helpful in that in a dynamic competitive industry, more people are jump balls and more people are saying should I be with one of those two that look like kind of old line providers? Or should I be with somebody new? When

they get asked that question, they are picking cable by and large," Sievert said. "They might be coming over from prepaid. They might be just simply net new. I don't really know"

ROKU UP AFTER SOLID 2Q23

Roku's positive 2Q23 sent its stock up as high as 28% on Friday, but the good news came with trepidations about how the second half of the year could unfold. Roku gained 1.9 million active accounts in the quarter to bring its total to 73.5 million, and streaming hours reached 25.1 billion—up by 4.4 billion YOY. Total net revenue was also up by 11% YOY with \$847 million, which beat Wall Street expectations. **The Roku Channel** had a successful second quarter as well as it took 1.1% of total TV viewing in the U.S. in May, according to **Nielsen**, but that's where the caution flag comes in. It's no secret that the ad market has been in flux in 2023, and while Roku wrote in its letter to shareholders that it's seeing some ad verticals improve, there's still some concern going into 2H23. "Tech and M&E remain challenged, and just as a reminder M&E historically is our largest and highest-margin ad vertical," said CFO *Dan Jedda* on Thursday's earnings call. "It's been challenged industry-wide and we expect it to be further pressured in the second half of this year by the limited fall release schedule arising from the current labor strikes." For Q3, Roku expects total net revenue of roughly \$815 million and a total gross profit of around \$355 million. However, **Pivotal Research** sees that 3Q23 guidance as a more cautious outlook despite external factors. "While the 3Q guide is not great our view is that management appears overly conservative as it implies the effects of a lengthy strike and very weak M&E spend vs. a digital ad environment that appears to be improving and the decent prospects for strike settlement by Fall," Pivotal said in a research note.

CW NABS XFINITY SERIES RIGHTS

The **CW Network** is continuing its foray into the live sports realm. [First it was LIV Golf](#), and now it will be the home for the **NASCAR Xfinity Series** starting in 2025. The deal runs through the 2031 season and will have CW broadcast 33 live Xfinity Series races per year as well as practice and qualifying events. It'll be the first time in the series' history that every race will be available on free OTA TV.

NAD SIDES WITH AT&T

The **National Advertising Division** has recommended **Altice USA** modify its claim that "**Optimum** has faster download speeds than **AT&T** nationwide." NAD found that in context, the claim—submitted by AT&T—suggests consumers would get faster speeds if they switched to Optimum from AT&T. Altice based the claim on undis-

puted Speedtest data from **Ookla**, but statewide data submitted by AT&T showed the actual comparative speeds when looking at overlapping service areas. NAD concluded that claims of faster download speeds in those markets were unsubstantiated, adding that the disclosure “based on analysis by Ookla of Speedtest Intelligence data comparing national median fixed download speeds of Optimum and AT&T Internet, Q4 2022” doesn’t differentiate it from overlapping service areas. Altice said it appreciates NAD’s recommendations and will take them into account in future advertising.

WWC CONTINUES MOMENTUM

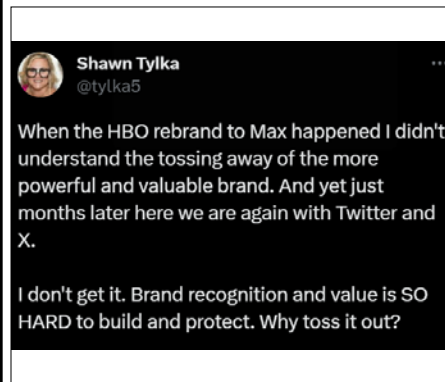
The U.S. women’s national team was held to a 1-1 draw with the Netherlands on Wednesday in the FIFA Women’s World Cup. It averaged 1.51 million across **Telemundo, Peacock, Universo** and Telemundo streaming platforms, making it the second most-watched game regardless of stage in Spanish-language history (the first being the 2019 WWC final at 1.55 million, also between the U.S. and Netherlands). It also checked in as the most-streamed WWC group stage match in U.S. media history with an average minute audience of 244,000 viewers. **Fox’s** broadcast had 6.43 million viewers—the most for a WWC group stage telecast in English-language TV—and peaked with 8.45 million viewers from 10:45-11pm.

SHARK WEEK, SUITS HAVE BITE

The return of **Discovery Channel’s** “Shark Week” lifted the network to rank No. 1 in primetime for all of TV among A18-49 and M18-49. The event’s premiere reached over 5.3 million total viewers across Discovery Channel, **discovery+** and **Max** on its first night. Through the first four nights, Discovery ranked as the top network in cable TV for A25-54, M25-54 and W25-54, as well as W18-34. – “Suits” has seen a resurgence with clips from the program going viral on **TikTok**, and it’s led to it being streaming’s most-viewed acquired title for a single week ever, according to **Nielsen**. It’s gotten over 3 billion viewing minutes for the week of June 26-July 2, coming nearly four years after the final episode of the series aired on USA. Suits is currently available on both **Netflix** and **Peacock**, where Season 1 has been in Netflix’s Top-10 series list for four weeks.

CABLEFAX DASHBOARD

Social Media Hits



Research

(Source: Parrot Analytics)

- > While Peacock is still the smallest of the major media-backed streaming services, it is also showing the most consistent growth in market share.
- > Peacock Originals accounted for 3.7% of U.S. demand for streaming original series in 2Q23.
- > Eight Peacock Originals averaged “Outstanding” demand with U.S audiences in 2Q23, meaning they were each in the top 2.9% of shows across all platforms during that time.

Up Ahead

- JULY 30-AUGUST 2:** [The Independent Show 2023](#); Minneapolis, MN
- AUGUST 7-8:** [C2HRCon](#), Brooklyn
- AUGUST 20-23:** [Fiber Connect 2023](#); Orlando
- SEPT. 8:** [2023 Cablefax Most Powerful Women Nomination Deadline](#)
- SEPT 18-19:** [The WICT Network Leadership Conference](#); NYC
- SEPT 19-20:** [NAMIC 37th Annual Conference](#); NYC

Quotable

“We’re nowhere near where we need to be and it takes work and it takes investment and it takes really hard stances at times—even taking your employer to court during a World Cup. These things seem big and scary, but the magnitude and how far it pushes us not only in women’s sports, but women in the workplace in general, it’s a huge deal. And we have to keep doing this and showing and giving space for these younger players, to educate them and have them have a voice as well in these really important decisions because it impacts them for a really long time.” – **Gotham FC Global Creative Advisor Ashlyn Harris at the CNBC x Boardroom Game Plan Summit on the state of women in sports**

