

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Q&A: DirecTV's Thun Argues Broadcast Model Must Change or Risk Extinction

Given the hard negotiating stance DirecTV has been taking on retransmission consent in recent years, its loss of TEGNA stations Thursday evening wasn't unexpected. More surprising was its [pitch](#) that TEGNA and other broadcasters offer their stations a la carte to customers or let MVPDs negotiate directly with ABC, CBS, FOX and NBC for national network content. We caught up with DirecTV Chief Content Officer Rob Thun to find out how serious the distributor is and how long this blackout might last. He had a lot to say. We condensed it to bring you the best parts below.

Do you think it's realistic that TEGNA or any broadcaster would agree to these proposals or is this a way to get a conversation started? Maybe get some lawmakers interested in retransmission reform?

They openly laughed at our proposal in our dealmaker-to-dealmaker conversation, so they don't really take it seriously. But I find it unbelievable, and this goes to the overall problem that exists between the affiliate station negotiations and the networks, they don't push back at all with the networks. They go 'OK, we'll just take it' because they assume they'll be able to push it through to us. But how all of those TEGNA stations are available in Peacock's DTC consumer play and Paramount+'s is worse than what we proposed because you have to buy through first for the base package of Peacock

and Paramount+ at \$5.99. And in order to get the full station signals, which are available in those products, you have to pay another six bucks. And with the six bucks, you get the station and the ad-free version of the base product for Peacock. With Paramount+ you get the station, the ad-free version of the base product and Showtime. So it's not \$6 of value that's coming directly to the station, it's some portion less than that. They're asking for more than that. So wholesale is somehow higher than retail and we're not offering a buy through in this a la carte proposal.

It sounds like you're saying you don't really think these proposals will be accepted, but you are kind of looking at this as a conversation piece?

The price of broadcast has gone up 270% since 2015, and you look at what the content is, it's worse. We've hit the wall. Pay TV is not perfectly inelastic. People have other alternatives, and they're finding it faster as the prices go up. So we're trying to say, 'We've got to figure out alternative models.' I didn't think that TEGNA would jump at that offer, despite it actually being better than what they live with today on a DTC basis, but at least it's something. If we can't get to some other alternative model with broadcasters, whether through their realization that this isn't going to work or if the government would come in and do something differently to change the broken retransmission regime, maybe we've got to go back upstream and take them out of the mix because they're an inefficient part of the value chain.



Cablefax

MOST POWERFUL WOMEN

DECEMBER 6, 2023

Have You Heard The News?

Emmy Award winning journalist, **Alicia Quarles**, is the 2023 Keynote Speaker for The Most Powerful Women Luncheon.

Where: The Edison Ballroom • 240 W 47th St, New York, NY

When: Wednesday, December 6, 2023

[REGISTER TO ATTEND](#)



There are comparisons that this slideshow and pitch feel a little similar to what Charter did with Disney. Did you take any inspiration from that dispute?

I think Charter said, 'we're indifferent. If you don't want to play ball with us, we'll just leave you on the sidelines.' Ours is 'we have to go through you guys and we're trying to come up with alternative ways to see what we're going to have to do in the future.' I think we're different in that we're a pure play video provider that's defending the price of customers' bills. In 10 years, if the prices of pay TV continue to increase the way they are, these station groups are going to wish they did this sort of price-your-own-a-la-carte adventure because it'll all be absorbed through the network deals, pay TV will be a fraction of what it is and they won't be able to pay reverse retransmission because we will get out of the broadcast model, just like pay TV providers are fleeing the RSNs. This is the sequel to that movie, I think.

So how long do you think TEGNA stations will be blacked out on DirecTV?

Until they get real on the pricing. We just did a deal with Nexstar and they're looking for materially more than that.

The timing is different than when Nexstar went dark. We have college championship games coming up. We're into late season NFL games. Does that change things?

What would change things is this weekend with college football. It's unfortunate that we're in big markets that are impactful to the fans of particular college teams or are in the respective conference championships. Once you get past this weekend, nearly every Bowl game is on ESPN. Then you've got the pro games and those games are available in a plethora of places, Peacock, Paramount, NFL+. If we can't reach an agreement during football, the pendulum completely flips against TEGNA because now they've got nothing of any substance on their stations except for election coverage, which they get paid handsomely for and there's nothing different on their air than their competitors. So they stand to lose a lot of money in political advertising. Two thirds of their footprint have an election between Jan 15 all the way up through Super Tuesday on March 5. We'll go through there and beyond if we have to. We're finding religion around pricing. TEGNA, at the current prices, are the highest we've ever seen. We have no other choice. I have not been a party to a negotiation that ended in a blackout where the prices actually went up after the blackout, they always go down. Obviously, we'd want customers to have full access to these stations, but it would be worse if we didn't have these blackouts.

DirecTV has discounted prices on some DTC streaming offerings like Peacock. Are you highlighting such offers to impacted customers?

Our deals preclude us from screaming from the mountaintops

when we have a dispute with a station group to switch to this. We talk about the availability of it, but we don't have the ability to directly say, 'here's the alternate way to get to it.' So we have to be soft. We're going to change that in negotiations. It's just preposterous. But those are some of the unrealistic demands that we've had to stomach as part of the licensing.

Today's only the first day of December. How is the rest of your month looking?

We always have stuff going on here at DirecTV and probably every other MVPD does too this time of year. It actually isn't as bad as other years. This was probably the biggest thing that we had remaining in 2023. We do have other deals up, but nothing of this magnitude.

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ALTICE USA WELCOMES MORE COMCAST ALUMNI

Altice USA's Optimum has created new dedicated Consumer Services and Business Services divisions, and the leadership teams for both are stacked with industry veterans. *Michael Parker* is leaving Comcast to become EVP/President, Business Services. He spent two decades at Comcast, most recently serving as Regional SVP of the Beltway Region. *David Williams*, another Comcast veteran who joined Optimum as Chief Revenue Officer earlier this year, has been elevated to EVP/President, Consumer Services. He'll expand his existing responsibilities and lead all aspects of Optimum's residential business as well as the regional Optimum market structure. *Leroy Williams* came to Optimum from **Samsung Electronics America** earlier this year and became Chief Growth Officer. Now, he'll focus on driving the P&L and management of Optimum's consumer and business products as EVP/Chief Growth and Innovation Officer.

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FCC EXTENDS WAIVER TIED TO BROADBAND DATA COLLECTION

The FCC granted petitions from the **Competitive Carriers Association** and **USTelecom** to renew a waiver that temporarily waived a requirement that Broadband Data Collection filings be certified by a Professional Engineer. The petitions asked for the waiver to be renewed for an additional three filing periods, and that ask has been granted. Industry first argued against the requirement after the Commission released its Report and Order establishing the data collection procedures, with CCA filing a petition for a limited waiver that would allow wireless carriers that do not have access to a licensed PE to certify data with an RF engineer with specified qualifications. The agency granted it

for three BDC filing periods, but with time running out on those, USTelecom and CCA filed a round of petitions that argued that no significant workforce changes have occurred that have expanded access to licensed PEs. The FCC said a conditional waiver would give providers limited relief to providers on the condition that they are able to provide the agency, when requested, underlying network information that supports the reported availability data. **ACA Connects** was among those that celebrated the extension, with CEO *Grant Spellmeyer* saying in a statement that the move will allow smaller providers to make timely, complete and accurate filings without incurring unnecessary burdens.

YES ADDS BRITISH HOOPS

YES Network signed a new deal with the **British Basketball League** that will see the RSN stream two live BBL games per week on the YES App. Games will stream each Thursday and Friday starting at 2:30pm ET and be available to subscribers in the YES' regional footprint.

PROGRAMMING

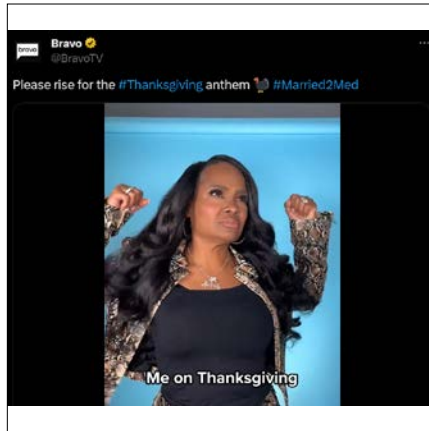
Fox News' *Sean Hannity* is hosting a town hall with former President *Donald Trump* in Davenport, Iowa, on Tuesday. It will be pre-taped and presented during Hannity's eponymous program at 9pm ET. – **Acorn TV's** "Harry Wild" has been renewed for a third season.

PEOPLE

Jamila Hunter has joined **Macro**, a multiplatform media company, as President, Macro Television Studios. She'll guide the strategy of the television teams and manage the company's upcoming slate across all stages of development. She heads to Macro from **Freeform** where she most recently acted as EVP, Original Programming and Development. – **Curiosity** named *Ludo Dufour* to its newly created position of VP, Licensing. He'll oversee the global licensing of Curiosity's portfolio of films, series and specials and help maximize the company's IP. Dufour—who previously worked in financing, co-production and global distribution at Red Bull Studios—will report to President/CEO *Clint Stinchcomb*.

CABLEFAX DASHBOARD

Social Media Hits



Research

(Source: Hub's Annual "Decoding the Default" Study)

- > A third of viewers say they first turn on a smart TV app when they're ready to watch, a 50% increase in just two years.
- > Among the viewers who do start at the set top box, live programming, sports and news are the primary draws.
- > For those that call a vMVPD their default platform, 56% said live shows, sports and news were their top reason for naming it their top choice for where to watch.
- > Among users who say live TV is their default, 56% say they would keep video service from their MVPD if they were forced to keep only one video option, including streaming services.

Up Ahead

- DEC 6:** [Cablefax Most Powerful Women Luncheon](#); NYC
- JAN. 9-12:** [CES 2024](#); Las Vegas
- JAN. 16-18:** [NATPE Global](#); Miami
- FEB. 25-27:** [NCTC Winter Educational Conference](#); Las Vegas

Quotable

"This is a generational disruption. The way people consume content on what platform, what do they want to watch, long-form, short-form, are they still going to be going to the movies... it's a very scary time to be running a company, but it's also an exciting time because everything's possible... We got a chance to do something when we took over the company, we said no sacred cows. Let's start today, what does this business look like if you start today? What content do we need, what content is going to help us, how many people do we need, what should HBO look like, what should Warner Bros. look like? We were the first ones do... but the trepidation, the concern in the industry, was there already... We blew the whistle on a lot of the spending. We needed a healthy company... in order to deal with the continuing change."

– Warner Bros. Discovery CEO David Zaslav at the New York Times DealBook Summit