

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Course Correct: WOW! Acting to Stem Customer Losses From 4Q23

WOW! has joined the list of operators reporting subscriber losses during 4Q23, attributing the challenge to the macroeconomic landscape, low move activity, higher churn and ongoing competitive threats from fixed wireless carriers.

HSD subscriber losses were 13,300 for the period, in line with what WOW! leadership expected. And while fixed wireless competition did play a role in why some customers chose to leave, CEO *Teresa Elder* made it clear on the company's earnings call Wednesday that there are other, more powerful competitive forces at play on a more consistent basis.

"I think we talked about [fixed wireless] last quarter and brought it up because it was the first time it was even much of a blip on the radar. It hadn't been much for us previously," Elder said. "The majority of customers who churn in and out of WOW! will go to **Comcast** or **Charter**, who are our biggest competitors every day, kind of all day." She noted that WOW! might have also given competitors an opportunity to swipe some of the company's customers when a rate increase coincided with some customers rolling off of promotional offers.

Now, leadership has taken action to try to stem the bleeding that came from that unfortunate timing. Elder said WOW! increased its minimum speeds for existing customers to 300 Mbps for free and offered a speed boost as well to customers in 500 Mbps plans. On top of that, WOW! simplified its pricing options and plans can now include a price lock and free

modems with no data caps or contracts. The third leg of the stool was the strategic offering of short-term extensions to help create a softer landing for customers rolling off of promotions.

"We did significant research. We really know what customers want, and that is consistency in pricing. I think we hit a great sweet spot there with the pricing, with the tiers, not having any kind of surprise and giving them an option if they want to do a price block for the future," Elder said. "It's a very different approach I think from what some others have taken and customers are responding well."

4Q23 total revenue came in at \$168.8 million, a 6% decrease YOY. 4Q23 HSD revenue totaled \$108.7 million, a 1%, or \$1.6 million, increase from the same period in 2022. WOW!'s target is to cut costs by \$35.5 million by the end of 2025, and its total savings at the end of 4Q23 was \$28.8 million. CFO *John Rego* said WOW! has made further headcount reductions with most of those falling in its corporate and administrative areas. At the same time, the operator has been able to continue meaningfully investing in greenfield builds. It had passed approximately 48,400 new homes in central Florida and South Carolina as well as edge-outs as of Dec. 31.

As for guidance for the first quarter of 2024, Rego estimated HSD subscriber losses between 500 and 2,000 and HSD revenues of \$104-107 million. Total revenue is expected to fall between \$159-162 million.

When it comes to the **FCC's** Affordable Connectivity Program ending, WOW! has 30,000 customers participating in the subsidy

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program. Approximately 99% of those have opted in to continue receiving services from WOW! when the program ends, so Elder feels like she has some visibility into the near future after the program's conclusion. Approximately 82% of WOW!'s ACP participants were existing customers prior to enrolling in the program with many using the subsidy to upgrade to higher tiers of service.

"It's hard to say exactly what's going to happen, but we feel that we should be OK in terms of the subscriber side, and we'll continue to offer attractive pricing so that hopefully we won't see much, if any, hit from the revenue side," she said.

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TIKTOK ON THE CLOCK

A day before the House voted 352 to 65 for legislation that could potentially ban **TikTok**, analysts covering the space were predicting support for the measure. A year ago, Wall Street wanted to talk with **TD Cowen's Paul Gallant** about whether a TikTok bill would get through Congress. But then he said it went completely silent at the end of 1Q23 because people realized Democrats didn't support such a move because of the political backlash it could put on President *Biden*. What's changed? "The new bill, the way I would describe it, is largely self-executing. If the bill passes, six months later, **ByteDance**, which is the owner of TikTok, has to divest TikTok so that there's no more Chinese control or TikTok is automatically banned. And that means President Biden doesn't own it politically," Gallant said during an appearance at the **Free State Foundation's** annual conference Tuesday. There's also the matter of a closed-door classified briefing on security concerns in committee, after which members voted 50-0 in favor of the bill. Gallant believes the measure has "a decent chance" of becoming law. After Wednesday's vote, Senate Commerce Chair *Maria Cantwell* (D-WA) said she'll be talking to colleagues from both chambers to "try and find a path forward that is constitutional and protects civil liberties," while expressing concern about foreign adversaries' exploitation of Americans' sensitive data "and their attempts to build backdoors in our information communication technology and services supply chains." Gallant appeared at FSF alongside **New Street Research's Blair Levin**, who gave a [speech](#) at **The Media Institute** last year that argued the four largest American companies by market cap also could fit the description of being used as a surveillance tool to harvest significant amounts of personal and sensitive data. **FCC** commissioner *Brendan Carr* this week penned an op/ed on **Newsmax** that argues that TikTok is materially different than other Big Tech companies. He's been long calling for the U.S. to look closer at the app's security risks. "He wasn't really responding to me, but I felt as I was reading it that he was responding to me, and that's why I feel guilty. I'm voting for Biden, but if *Trump* were elected, I would like for him

The WHO and the WHY

CFX's spotlight on recent new hires & promotions



GEMMA
Garcia
EVP, NEWS
TELEMUNDO

3 THINGS TO KNOW

- Gemma is returning to Telemundo for her second stint. This time she'll step in as the head of Telemundo's news division Noticias Telemundo, a role that'll have her oversee news programming, editorial units, digital news properties, newsgathering and bureaus in the U.S. and Latin America. Gemma will report to NBCUniversal Telemundo Enterprises Chairman Luis Fernandez.
- With more than 30 years of experience in broadcast and digital news, Gemma brings a multi-faceted approach to what will be a big year at Noticias Telemundo. Her most recent stop came as Head of News at RTVE Play, the OTT media service of Spain's largest public media company Radio Televisión Española. She was responsible for growing streaming and digital news content.
- Gemma will be tasked with leading Noticias Telemundo's coverage of the 2024 U.S. presidential election and the production of election-focused news specials. However, she's used to producing informative and award-winning content. Her first Noticias Telemundo stint saw Gemma direct several newscasts to win Emmy Awards, including Outstanding Newscast or News Magazine in Spanish and Outstanding Coverage of a Breaking News Story in Spanish for "La repression de Trump" (Trump's Repression) in 2021.

to become [FCC] chair. He's very smart, knows he institution," said Levin, who noted that GOP presidential nominee Trump has now come out against a TikTok ban. "If I cause Brendan to lose the chairmanship, I would feel really bad about that." Levin believes Trump's sudden flip-flop on the issue adds uncertainty, but thinks the bill will likely pass in the Senate.

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ROKU CUSTOMER ACCOUNTS HACKED, COMPANY SAYS

Roku is the latest media company to reveal a breach with hackers accessing more than 15,000 accounts. Roku discovered the breach when its security team began observing suspicious activity indicating that certain accounts were being accessed by unauthorized users. It then began an investigation to identify those accounts, determine the scope of the activity, protect affected accounts, identify legitimate account holders and identify any

personal information that may have been compromised. “Through our investigation, we determined that unauthorized actors had likely obtained certain usernames and passwords of consumers from third-party sources (e.g. through data breaches of third-party services that are not related to Roku,” Roku told customers in a notice. “It appears likely that the same username/password combinations had been used as login information for such third-party services as well as certain individual Roku accounts.” After gaining access to accounts, those bad actors changed the Roku login information for the affected individuals and, in some cases, attempted to purchase streaming subscriptions. Roku prevented further action by requiring registered account holders to reset their passwords, and it has already taken steps to cancel unauthorized subscriptions and refund any authorized charges. The unauthorized actors did not have access to social security numbers, full payment account numbers, dates of birth or other similar sensitive personal information, and Roku is continuing to actively monitor for signs of suspicious activity.

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NBCU EXPANDS MEASUREMENT DEAL WITH DOUBLEVERIFY

NBCUniversal is growing its partnership with DoubleVerify, a software platform for digital media measurement, data and analytics. The two will collaborate to provide program-level measurement solutions for OTT devices including CTVs. That would allow NBCU advertisers to measure brand safety and suitability as well as content performance at the program level. The two will use new metrics to analyze campaign performance such as programming details, genre and ratings, and the campaign reporting will be available through DV’s analytics platform Pinnacle. Additionally, all ads will be authenticated by an independent, third-party measurement provider.

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GRACENOTE ADDRESSES CONTENT FRAGMENTATION

Nielsen’s Gracenote rolled out a trio of solutions designed to help TV providers display accurate and up-to-date information regarding SVOD and FAST content availability. The solutions combine TV, movie and sports programming availability data with normalized program metadata to allow streaming aggregators, digital platforms and MVPDs to facilitate universal search and discovery. The first offering, called Streaming Sports Catalogs, features availability data, viewing options and deep links as well as normalized metadata for live sporting events. Streaming Video Catalogs updates TV program and movie availability, viewing options and deep links for entertainment viewers, and the FAST/Streaming Channels solution includes data for nearly 2,000 linear channels from around the globe.

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SINCLAIR HELPING NEXTGEN TV

Sinclair is ramping up its ATSC 3.0 efforts, announcing with

America’s Public Television Stations that in markets where Sinclair has deployed NEXTGEN TV service and a public TV station hasn’t, it’ll provide carriage of a virtual channel from that station at no cost. Sinclair will transmit programming data within a NEXTGEN signal that would enable OTA viewers with NEXTGEN TVs to access the channel in their programming guide as well as over the internet. Stations will have the ability for visual enhancements with the option of passing through programming in HDR.

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CARRIAGE

AMC Networks and BBC Studios are launching BBC News as a 24-hour live news channel on Pluto TV, Samsung TV Plus, Xumo Play, VIZIO WatchFree+, Sling Freestream and Plex. It’ll have coverage of breaking news and major stories from around the globe. AMC Networks will serve as the distribution and sales representative for the channel in the U.S. via its BBC America jv. The new CTV/FAST channel offering aligns with BBC’s growth in North America, having expanded its primetime coverage and programming development. BBC News will have chief presenters stationed across D.C., the U.K. and Singapore.

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FIBER FRENZY

Glo Fiber is expanding to over 40,000 homes and businesses in Frederick County, Maryland. Construction is scheduled to commence this summer, but engineering work has already begun. Glo Fiber expects the project to take 18-24 months. Once complete, customers will get symmetrical speeds of up to 5 Gbps, Glo TV streaming services and phone offerings.

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PROGRAMMING

Catch the Olympics at a theater near you. NBC is extending its live daytime coverage of the 2024 Paris Olympics to 160 AMC Theatre locations across the U.S. They’ll be ticketed events and run from July 17-Aug. 11. An NBCU Olympics promo will begin airing in AMC Theatres starting March 29. – HBO and Max had a few programming notes Wednesday. The film adaptation of Stephen King’s novel “Salem’s Lot” is set to debut on Max this year. HBO also renewed “Real Time with Bill Maher” for two more seasons through 2026. – The 50th edition of the PGA Tour’s PLAYERS Championship is set to begin Thursday. Golf Channel and Peacock will air it Thursday and Friday from 1-7pm, with ESPN+ taking the early coverage on both days beginning at 7:30am. ESPN+ will have 21 live streams showing every group in the morning tee time window as well as featured holes, which go live at 8am each day. At 1pm on Thursday and Friday, coverage will switch to two featured group and two featured hole feeds. – Season 4 of INSP’s historical docudrama “Into the Wild Frontier” will premiere March 24 at 6pm. – A new “Power” prequel series is in development by Starz. “Origins” is set to be the fourth spinoff from the Power series.

Think about that for a minute...

Just Askin'

Commentary by Steve Effros

It's been a big time for television blockbusters. The Super Bowl got record numbers, so did some of the NFL playoff games. This past week we had a rejuvenated Oscars night and a big rating for the State of the Union address. It sort of validates the notion that when there is programming of interest, folks will find it, and watch it.

The importance of that is the fact that viewership was counted across a multitude of platforms. The football games could be watched on "over the air" stations, or the streaming services associated with the networks showing them at any given time. The Oscars, too, could be watched on a traditional broadcast network or on a streaming service. The State of the Union was all over the place, from broadcast channels to "cable" channels to streaming services. So much for the idea that any one technology or service has a "monopoly" on the top events.

Of course, part of the game now is to either figure out and try to secure the rights to show whatever the event is that is thought to be a likely ratings success, or (much harder) try to create it yourself. Needless to say, more advertising dollars go to the winner. And that assures that the NFL will enjoy heated bidding wars for its content, as will the basketball (both men's and women's) leagues, and the soccer folks... at least on the women's side. As for creating original program "successes," that's part art, part luck and lots of money. Ask Netflix, Amazon, or any one of the "networks."

The amount of money flowing to program creation, and particularly the sports franchises, either professional or college, is why the distinction, for instance, between professional and amateur sports is starting to disappear. A college basketball player is going to make more money from her "name, image and likeness" than she will from her first-year guarantee as a pro! It clearly tells you how important it is for the competitors to "score" with programming they can provide on a "walled garden" basis, whether it's a combination of broadcast and streaming or exclusively streaming. Content is still king.

But we're now in a very strange time of transition. Think about it. What might happen if the most popular content is on a broadcast channel and there's a contract dispute with a cable provider causing a "blackout?" The FCC is considering a rule that says the deliverer of that content (even though it's available via antenna or streaming as well) has to refund money to customers who planned on watching that content. It's no wonder that at least one side of the negotiations for "retransmission consent" loves to time the negotiations just before an anticipated major ratings event. It's called government-assisted leverage, and it doesn't apply to any of cable's myriad competitors.

That whole scenario, which always seems to happen just before the football or baseball playoffs, has become an artificial boon for broadcasters and is as anti-consumer as you can get. After all, there's little question that the "negotiations" will result in higher prices for consumers. The cable provider has no choice but to cave to increased demands since if they don't they potentially will have to start refunding money to their subscribers.

Does that happen if a streaming service stops carrying a "favorite" series or football game the second day of the month? What if the local newspaper drops the most popular columnist? The consumer can cut off their subscription (monthly? yearly?) but the government can't step in and require refunds. That only might happen because the FCC thinks it has the authority to

regulate, in essence, the content of the cable system. Can't do it for streaming, or print, or anything else. Do you see the problem? Just askin'.



Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)



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