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Pay-TV executives in the US believe that they are about to face significant industry challenges, as pricing pressures intensify and subscriber losses from traditional pay-TV services accelerate, a survey from Nagra has revealed.

According to the 2018 North American Pay-TV Innovation Forum survey, carried out by MTM, virtual MVPD offerings remain challenging for the industry to embrace, with low margins and limited differentiation – even though consumers continue to migrate to them. As a result, major pay-TV businesses are committed to diversification, with broadband and other services compensating for declining revenues from pay-TV services.
This decline in pay-TV revenues creates challenges for cable networks and other programmers, pushing content owners to look for new monetisation opportunities, notably in direct-to-consumer offerings and advanced advertising services.
Although strategies are diverse, participating industry executives identified five important priorities for pay-TV service providers: managing the rollout of a more diverse range of video products; unlocking the full potential of advanced tv advertising across the industry; transforming the end-to-end customer experience; leveraging customer data; investing smartly in infrastructure and technology.
Looking in depth this means that MVPDs are transitioning from selling big channel bundles to retailing multiple smaller content packages, such as skinny bundles and direct-to-consumer services. However, it would seem that neither the existing pay-TV business model nor the contractual agreements with content owners were set up to support this transition, and, as a result, will need to be adapted to offer the

‘Skinny Bundle’ Game

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York Daily Record
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Allegations dog Sen. Leach at Conshohocken fundraiser

flexibility increasingly demanded by consumers. At the same time, as the competitive landscape becomes increasingly fragmented, industry executives see a major opportunity for existing MVPDs to offer a user-friendly re-aggregation of an increasingly complex range of content and services.
Furthermore as pay-TV subscription revenues decline, executives are focusing more heavily on expanding their advertising businesses. MVPDs are exploring new partnerships with cable networks to sell a higher share of their ad inventory available on MVPD platforms and are leveraging their direct access to customers and their data to offer addressable TV advertising and bring new advertisers to TV. As new digital video services raise the bar for customer experience, service providers must work hard to deliver more user-friendly, personalised, and interactive experiences, spanning all customer touchpoints.
Additionally, some industry participants expressed concerns that the growing importance of IP-based content distribution may lead to an increased prevalence of streaming piracy. To respond to the growing threat of piracy, industry participants will have to develop innovative anti-piracy approaches, develop more affordable premium content services, and continue educating consumers about piracy. The growing trend of password-sharing among OTT service users is also seen as a concern.
Many North American pay-TV providers believe they are making progress in tackling the challenges the industry faces. “While the North American pay-TV industry is experiencing a challenging transitional period with barriers to entry falling and competition growing, it remains the most innovative in the world,” said Simon Trudelle, senior director of product marketing at Nagra.
“This is why industry executives are optimistic about their ability to remain competitive and grow overall revenues through a more diverse product and service offering, with pay-TV at the core of this success.” – ***Rapid TV News***

Early on in Netflix’s journey toward dominating the SVOD market, Viacom shows were a big draw for its service. Now Viacom is jumping back into business with Netflix.

According to **The Information**, Viacom will begin making shows directly for Netflix as part of a new deal. While plenty of other television studios like CBS and Warner Bros. make shows for Netflix, Viacom is taking it a step further by making network-branded shows. First up will be a Nickelodeon-branded show for Netflix.

Viacom CEO Bob Bakish told the publication that his company hopes to make shows based on other networks including BET, Comedy Central and MTV for many of the top SVODs and mobile carriers. He said that Viacom today launched MTV Studios to work on reviving old shows like “The Real World” for streaming services. Viacom’s new Netflix deal is curious considering the apparent impact on ratings the company experienced after signing early deals with Netflix for many of its popular children’s programs.

The deal is also interesting given Viacom’s plans to **launch** its own direct-to-consumer streaming service later this year. Viacom’s service will house thousands of hours of content from the company’s content library, something Viacom said it’s able to do since it’s stopped licensing its content to SVODs like Netflix. “It’s important to note that one of the reasons we’re able to do this is because we’ve chosen to

curtail the amount of content that we license into third-party D2C experiences. That's a decision that we made when [Bakish] rolled out his strategic plan last year. And although that's had some short-term pain for us … it's really important that we've built that library to be able to use for our own strategic purposes and fuel offerings like this," Viacom CFO Wade Davis said during an earnings call in February.

In the meantime, Viacom has once found itself on the outside looking in for a skinny bundle streaming service; this time (at least initially) it's AT&T Watch. AT&T today confirmed the channel lineup for its $15 per month streaming service, which will be available for free with AT&T's new unlimited wireless plans. Among the 31 channels available in the bundle are A&E, AMC, Animal Planet, BBC America, Cartoon Network, CNN, Discovery, Food Network, HGTV, History, IFC, Lifetime, OWN, TBS, TCM, TLC, TNT, TruTV and Viceland.

Absent are any of Viacom's networks, although AT&T is promising BET, Comedy Central, MTV2, Nicktoons, Teen Nick and VH1 will be added soon after launch. Surprisingly, MTV, Nickelodeon, Nick Jr. and Paramount Network (four out of Viacom's six flagship networks) don't currently show up on the channel list for Watch. Viacom did not immediately respond to a request for comment on those networks' absence.

Philo, a comparable $16 per month streaming bundle with no sports, features all of Viacom's six core networks and adds MTV2, Teen Nick and VH1 to its introductory bundle. Viacom's channels are present in major virtual MVPDs like DirecTV Now and Sling TV but are not included with more recent options like Hulu with Live TV and YouTube TV. – ***Fierce Cable***