

CNN+ strategy comes into focus amid an increasingly crowded subscription streaming landscape

Article

The news: CNN+ will make its appearance at the end of March with an introductory price of \$2.99 a month—a rate that early members will keep as long as they maintain an active account—and \$5.99 a month after the promotion ends, per the Los Angeles Times.

- That post-promo cost is the same as **Fox News'** Fox Nation streaming subscription.
- A lower-cost, ad-supported version of CNN+ is expected to be offered in the future, as well as a bundle with **HBO Max**.

More on this: CNN+ will provide 8 to 12 hours of daily original programming, both live and on-demand. Shows will be led by newly hired high-profile journalists such as former Fox News anchor **Chris Wallace**, former MSNBC host **Kasie Hunt**, and ex-NPR star **Audie Cornish**.

- The streamer's news content will be distinct from the cable channels, which in addition to the flagship **CNN** include CNN International, HLN, and CNN en Español. CNN+'s ability to deliver a live feed of its linear network to standalone streaming subscribers is also apparently limited due to pay-TV provider agreements.
- The service won't have its own app. Instead, it will be available as a standalone purchase or as an optional add-on cost for pay-TV users with CNN access, from within the same CNN app.
- **Chris Licht**, currently executive producer of "The Late Show" with Stephen Colbert, was picked by **David Zaslav**, the **Discovery** CEO who will head the soon-to-be merged **Warner Bros. Discovery**, to replace ex-CNN president Jeff Zucker on Monday.

Zoom out: 73.1% of US internet users consume subscription OTT video, per our forecast, the greatest percentage of any region projected—but China has **three times as many** streaming subscription users overall. And most growth is happening outside of North America, with the Middle East and Africa **growing** at 22.4%.

CNN plus or minus? Zucker, who was also thought to be close to Zaslav, was a strong supporter of CNN and CNN+. It's unknown how committed Licht will be to the strategy laid out by Zucker.

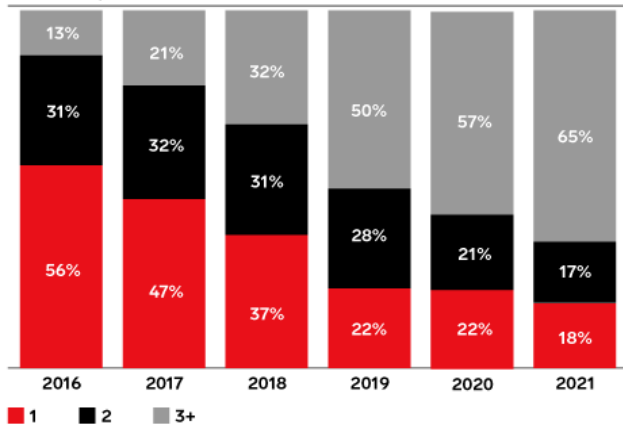
- With Warner Bros. Discovery expected to carry \$58 billion in debt, it's hard to say how CNN can contribute to cuts that will likely come. CNN made \$1.7 billion in income in 2020, about one-fourth of HBO's \$6.8 billion haul, per The New Yorker.
- WarnerMedia is in a tricky spot: It does not want to alienate its linear TV network partners that are cannibalizing their audiences, but as cord-cutting continues, it didn't have the option

of not attempting to grow its streaming presence.

Will subscribers pony up? With an increasing number of subscriptions to manage, there's a question of how much consumers are willing to pay in total to stream video content. Netflix recently **hiked** its plans, making them more expensive than HBO Max's ad-free tier or bundling **Disney+**, **Hulu** (ad-supported), and **ESPN+**.

Number of Paid Video Streaming Subscriptions Owned per US Subscriber, Sep 2021

% of respondents



Note: n=2,014 ages 18+ who spend any time watching video

Source: Activate Inc., "Technology & Media Outlook 2022," Oct 20, 2021

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Zaslav recently **announced** that the combined Warner Bros. Discovery could soon offer a free ad-supported tier for its unified streaming service—cementing the idea that a greater percentage of revenue growth may come from advertising, not incremental subscriptions, in the near future.

Content competition: Given the price sensitivity of the average consumer, streamers are fighting over content rights in an effort to avoid churn.

- The rights to broadcast the India Premier League (IPL) cricket games over the next five years are **up for grabs**, and giants like **Disney** and **Amazon** are getting ready to bid over \$5.3 billion to secure them.
- **Peacock is in talks** to obtain broadcasting rights to stream some Major League Baseball (MLB) games.
- And HBO Max is getting into live sports as part of a new soccer deal, it was just **announced**.