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Newly merged Warner Bros. Discovery is cutting 1,000 ad sales jobs

Article

The news: **Warner Bros. Discovery** is looking to cut its global ad sales team by 30%, amounting to 1,000 jobs, The Information reports.

- The media giant is offering buyouts to members of its US ad sales team in its first major cost-cutting effort since the merger.

Warner's ad strategy: The $43 billion merger brought a variety of networks and their respective streaming platforms like **TNT**, **HBO**, and **Discovery** under one umbrella, and there are bound to be redundancies.

- Warner is looking to cut annual expenses by at least **$3 billion** to soften the **$50 billion** debt load it's taken on from the merger.
- The company has also been throwing its newly merged weight around at upfronts. Buyers said the company was seeking CPM (cost per 1,000 viewers) price increases of **at least 15% to 25%** with little wiggle room.
- Discovery offered "premiere" ad slot packages at higher CPMs before the merger, but Warner is cranking those prices up too, now that they include a wider variety of networks and services.
- That's driven up CPM prices overall. **Disney** started seeking premium prices, and **NBCU** recently said it's "pretty much done" with its upfront deals, for which it sought "high single digit" percentage increases.

Overall ad outlook: While the job cuts are more indicative of Warner Bros. Discovery's effort to lighten its financial burdens while not skimping on content that can give it an edge in competitive streaming, they also reflect a cloudy advertising outlook.

- The US advertising industry has slowed down hiring dramatically for the last several months, and it lost **2,400 jobs** in May despite an overall increase in employment.
- Big Tech firms reliant on digital advertising revenues like **Snap**, **Twitter**, **Facebook**, and more have also all laid off staff or implemented hiring freezes due to economic anxiety that could lead to a pullback in ad spending.

The big takeaway: Warner's job cuts serve a twofold purpose—making progress toward its strenuous savings goals, and preparing for a possible cooldown in advertising spending.