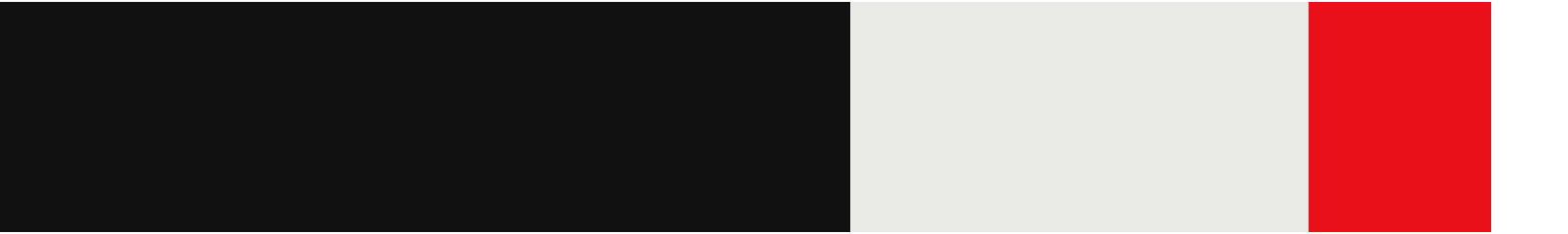


The Daily: Very specific 2024 predictions (Fall edition) part 2—Why ByteDance will sell TikTok, a kids online safety law, and a Dish/DirecTV merger

Audio



In part two of this two-part podcast episode, we discuss why China and ByteDance might blink and sell TikTok to a US company, why a law around children's online safety will get passed, and what will happen if Dish Network and DirecTV merge. Tune in to the discussion with host Marcus Johnson, and analysts Ross Benes, Evelyn Mitchell, and Max Willens.

Subscribe to the “Behind the Numbers” podcast on [Apple Podcasts](#), [Spotify](#), [Pandora](#), [Stitcher](#), [YouTube](#), Podbean or wherever you listen to podcasts. [Follow us on Instagram](#)



Episode Transcript:

Marcus Johnson (00:00):

Let eMarketer analyze your data. Our customer reports marry original survey data with your company's proprietary data and perspective to create branded analyst score reports for your

marketing campaigns. Lead the narrative around key topics. Visit emarketer.com/advertise to learn more.

Ross Benes (00:18):

The combined entity will still be big enough to push TV networks around. So the factors that have driven each of those companies into the state that they're in are still going to be there. And a merger won't save them, but they'll do it because they're out of ideas of how else to save their business.

Marcus Johnson (00:40):

Hey gang, it's Tuesday, September 24th. Max, Evelyn, Ross and listeners, welcome to the Behind the Numbers Daily, an eMarketer podcast. I am Marcus. I'm joined once again by all of the senior analysts on our digital advertising and media desk. We have with us hanging out in Philly, it's Max Willens.

Max Willens (00:58):

Yo.

Marcus Johnson (00:59):

Chilling down in Virginia, it's Evelyn Mitchell-Wolf.

Evelyn Mitchell-Wolf (01:03):

Howdy.

Marcus Johnson (01:04):

And keeping it real just north of New York City, it's Ross Benes. Who else?

Ross Benes (01:09):

Hi Marcus.

Marcus Johnson (01:13):

Good energy. Today we're talking predictions, but we start with the fact of the day. Jupiter is two and a half times larger than all of the other planets in the solar system combined. It's too big. I feel like Earth's big enough. People are like, "Come to Australia." I'm like, "Nah, I'm fine."

For a number of reasons, everything can kill you there. But also because it's 12 hours. I can't do a planet that's like... What's it [inaudible 00:01:42]? You can fit like 1,000 Earths into Jupiter or something. That's too much.

Evelyn Mitchell-Wolf (01:46):

Well, if it's hard to go 10 seconds without talking Marcus, I can't imagine 12 hours on a plane.

Marcus Johnson (01:51):

Who said that? That was me. Yeah, before the show. It's difficult being quiet apparently. It also spins the fastest, Jupiter.

Evelyn Mitchell-Wolf (02:00):

Jupiter does?

Marcus Johnson (02:01):

Meaning it has the shortest days of just 10 hours. 24 hours isn't enough. 10? I wonder if you have to sleep for 8 still?

Evelyn Mitchell-Wolf (02:11):

I mean, I imagine-

Marcus Johnson (02:11):

Unproductive.

Evelyn Mitchell-Wolf (02:12):

Humans probably would have to sleep, right? Still.

Max Willens (02:15):

I would. It's all gas there. What are you going to do?

Marcus Johnson (02:19):

That's true. What you going to do but sleep?

Max Willens (02:20):

Go look at the giant storm that's been going there for 500 years. Again, boring.

Marcus Johnson (02:28):

Fair points. Anyway, today's real topic, very specific but highly unlikely predictions. 2024 fall edition, Shark Tank style, part two.

(02:37):

In today's episode we'll cover three more very specific but highly unlikely predictions we expect to happen in the next six months or so. Check out yesterday's episode for the other three we already covered. So how does today's episode work? Each person, Max first, gets 60 seconds to pitch a very specific but highly unlikely prediction for 2024. The rest of us, me, Evelyn, Ross, and folks listening, will then decide if we are going to "invest" or believe in his prediction, so on and so forth. Each guest gets one prediction for today. Let's do it. Max, you're up first again, talk to me.

Max Willens (03:16):

I predict that sometime between now and the deadline that they face from US regulators, someone at ByteDance/the Chinese government will blink and ByteDance will agree to sell TikTok to a United States based interest, thereby allowing the app to continue operating here. Basically, the reason that I say this is that the Chinese economy is in a state of precarity quite unlike anything it's been in for quite some time. Its exports actually declined in the second quarter, the first time that's happened for quite a while. Imports have fallen two quarters in a row. And so even though TikTok Shop is small for the second largest economy in the world, it has tremendous ambitions to continue growing it and making it bigger and bigger. They had planned a 10x, their US GMV in 2024, and I think it's realistic that they could have set a similarly ambitious target for 2025. Essentially the TLDR here is that China's economy is wobbly enough that its poobahs are going to make sure not to do anything that might further imperil its manufacturers and exporters. So I think that they're going to allow TikTok to remain in the United States.

Evelyn Mitchell-Wolf (04:22):

I have a question on timing here. Do you think this will happen before the litigation is resolved in courts?

Max Willens (04:30):

Yes.

Evelyn Mitchell-Wolf (04:30):

Okay.

Ross Benes (04:31):

If TikTok was going to or if ByteDance was going to do this, why wouldn't they just have done so earlier and saved themselves all the heartache that they've gone through over the past year?

Evelyn Mitchell-Wolf (04:42):

Heartache.

Max Willens (04:43):

I think that they are... Historically, China, especially in the last decade or so, has taken a much more kind of prideful and some might say defiant posture in most international affairs. And I think that even though we're talking about business rather than politics or international relations, I do think that this fits into that same sort of theater of operations. And so it's just kind of in keeping what their outward stance to the world. But deadlines have a way of changing people's minds and since this ban was initially passed into law or the prospect of a ban was passed into law, China's economy has gone from wobbly to quite wobbly. So that's another contributing factor here.

Evelyn Mitchell-Wolf (05:26):

Yeah, I think the economic argument to me is what closes it. So I'm in.

Marcus Johnson (05:30):

Full point?

Evelyn Mitchell-Wolf (05:30):

Full point.

Marcus Johnson (05:31):

Whoa.

Max Willens (05:32):

That's right.

Evelyn Mitchell-Wolf (05:32):

Partially because I don't want to be the person who only gives half points. So full point.

Marcus Johnson (05:36):

All right, fair. I felt pointed, Evelyn.

Evelyn Mitchell-Wolf (05:41):

Listen, I have not been keeping track of your point distribution, Marcus.

Marcus Johnson (05:44):

All right, thanks. So who do you think they might sell it to? Because they've got to find someone small enough so as not to alarm antitrust people, but big enough that can afford it.

Max Willens (05:55):

Well, tune in next week to find out. That's a really good question. I think that it's possible that you could see something like, I think the prospect of Walmart buying it is not crazy. They would have a lot of reasons to want to attach something like TikTok to their business. It would help with their retail media ambitions. It would help with their own just overarching e-comm ambitions. It's adjacent enough that any argument about anti-competitive challenges... To me, it's not a slam dunk that that would instantly put them in some kind of antitrust scrutiny. So I think it would be something like a Walmart as the potential buyer.

Marcus Johnson (06:37):

That's believable, for sure. I mean, Walmart and Oracle had a pitch, didn't they, a few years ago?

Max Willens (06:42):

That is correct.

Marcus Johnson (06:42):

So that definitely makes sense.

Evelyn Mitchell-Wolf (06:43):

The only question there is that does Walmart really want to get into the social media space given... I mean, I won't give away my prediction that I'm about to go through, but it is regulatory hotbed these days. So maybe I will give a half a point. I don't know.

Marcus Johnson (06:59):

Max, I'm so sorry. You talked her out of it.

Max Willens (07:02):

I feel cheated.

Marcus Johnson (07:05):

Ross, you in?

Ross Benes (07:07):

Well, there was this new invention of quarter points that I want to make full use of-

Marcus Johnson (07:07):

That we killed at the end of last episode.

Ross Benes (07:14):

Oh, I didn't realize that was killed because I was going to carry that over-

Marcus Johnson (07:18):

Great.

Ross Benes (07:22):

And give-

Marcus Johnson (07:23):

Quarter point?

Ross Benes (07:24):

You know what, I'll give-

Marcus Johnson (07:24):

25 cents.

Ross Benes (07:24):

Three quarters points.

Marcus Johnson (07:24):

Geez. Perfect.

Ross Benes (07:29):

So it's not quite a point, but it's more than a half where I'm sitting, Marcus. Right in between there.

Max Willens (07:35):

The future is here and it feels good.

Marcus Johnson (07:37):

Evelyn, where do you live on this?

Evelyn Mitchell-Wolf (07:44):

I'm going to go with the half point.

Marcus Johnson (07:44):

Half point.

Evelyn Mitchell-Wolf (07:44):

I'm going to be that person that I said I wasn't going to be.

Marcus Johnson (07:45):

I'm going to go quarter to make the math easier. So that means that China, ByteDance, blinking and selling TikTok to an American firm, Max's prediction gets one and a half points. Good start, Max. I think that's the same as yesterday's prediction. So solid performance. Evelyn, what'd you have for us?

Evelyn Mitchell-Wolf (08:01):

I'm predicting that a law around children's online safety or privacy gets passed before the first six months of the next presidential administration have passed. When I first started ideating on this, the Kids Online Safety Act and the Children's and Teens Online Privacy Protection Act known as COPPA 2.0, they had just passed the Senate and they were hanging out in the House. The House Committee on Energy and Commerce has now advanced those two bills. So KOSA in particular has some critics who are concerned that content moderation requirements will be sort of co-opted by whatever party is in power. But broadly speaking, these bills have bipartisan support. Protecting children from the harms of social media is a cause that a lot of voters support and that a lot of politicians have made a central part of their platform of late and there has been state-level activity in this space. So I think there's a decent chance that one or both of these bills get signed into law even before Biden is out of office. But if not, one or both of them will definitely get enacted shortly after the next president is inaugurated.

Marcus Johnson (09:10):

Think it may already.

Ross Benes (09:13):

So COPPA 1, if we're calling these like a trilogy, was effectively neutered by numerous Supreme Court cases that found that the law was unconstitutional. What would stop a COPPA 2 from running into the same issues on privacy or First Amendment grounds?

Evelyn Mitchell-Wolf (09:33):

Well, I don't have an answer for that, but I do think that the bill will be enacted and then have a chance to be litigated. Especially where, I mean this is the other law KOSA, but I think that one has some serious First Amendment problems as well. And I think that there will be litigation around it. And so I don't know if it will be made effective necessarily before all that litigation plays out, but I do think it'll be enacted. So to not answer your question.

Ross Benes (10:02):

Yeah, I guess that's predicting a separate thing that it'll actually do something as opposed to someone passing it.

Evelyn Mitchell-Wolf (10:08):

Yeah.

Max Willens (10:08):

I don't want to make this competitive, but because I went from having a full point to a half point after Marcus threw a thorny follow-up question at me-

Evelyn Mitchell-Wolf (10:09):

No, throw it.

Max Willens (10:20):

No. I think Ross's question is a worthy one, but since the question here is or out of the prediction that we're dealing with specifically is just the initial passage of the legislation. I've talked myself out of it, you get a full point.

Marcus Johnson (10:35):

Oh, hello.

Max Willens (10:37):

I mean all the points you made are on point. There is a kind of, by recent history standards, a kind of unprecedented amount of anti-tech sentiment really at all three levels of government. And I think you're probably right that it's unlikely that this will get passed before Biden leaves office just because nobody passes anything in the final six months of a presidential term. So I'm dubious on that, but I think that regardless of who wins in November, this will get put on a president's desk quite quickly. So I think you're onto something.

Marcus Johnson (11:11):

So we talked about this point, I'm going to make on a previous show, but I think it's kind of relevant to what you guys are talking about here, which is that it does feel like the tide is turning. Are we talking about warning labels on social media getting a second wind? Because there is a coalition of 42 state and attorneys general who called for Congress to pass regulation requiring warning labels on social media platforms and Surgeon General Dr. Vivek Murthy in June had said they had made the suggestion then.

(11:37):

And Emma Roth of the Verge was pointing out in the past year or so, lawmakers across the US have ramped up efforts to protect kids online. Just pointing to the federal level, the two that you mentioned Evelyn, KOSA and COPPA 2.0. And then on a local level you've got states like New York, she says banned addictive feeds for teens. Florida requiring parental consent for kids under 16 to sign up to social platforms from next year. Dozens of states suing Meta last year over claims Facebook and Instagram rolled out features to exploit and manipulate young people. And then also others like Utah filing a lawsuit against TikTok alleging the platform's addictive nature has harmed kids. A lot of those have been blocked or pushed back in the courts, but there does seem like there's a growing sentiment for demand for protection for kids online. So I am in, Max is in, Ross is out.

Ross Benes (12:25):

Well, I'm going to give a half point because I could see there is a bipartisan sentiment against big tech. This seems like a sensible thing that someone will pass. I don't think it would actually-

Evelyn Mitchell-Wolf (12:37):

Do anything.

Ross Benes (12:38):

Fail to uphold anything. I think it would get struck down, but that wasn't the predictions. The reason I'm still only giving half though is because there's also the chance that just because one side pushes something, the other side will resist it. So Marco Rubio had a very sensible build to end the switching of clocks at daylight savings time and the House didn't vote on it. It's such a reactionary thing. So no matter which side holds power-

Evelyn Mitchell-Wolf (12:38):

Yeah, there's a lot of petty politics here.

Ross Benes (13:08):

Yeah, exactly. If they can't agree to end daylight savings time, which I suspect probably 90% of the population would be for, why would they agree to do something like this?

Marcus Johnson (13:18):

Yeah. All right, two and a half points. Strong score Evelyn for your prediction that a law around children's online safety gets passed before the first six months of the next presidential administration are up. Ross, closes us out with the last prediction of the day. Go.

Ross Benes (13:35):

So I'm predicting that Dish and DirecTV will merge, but even though they will come together, it won't ultimately affect much of anything other than these two companies will continue to circle the drain. So there's been a lot of media mergers in the last two decades that have often touted synergy and that they're going to prop up failing businesses and that just hasn't borne out. So DirecTV and Dish, even if they combine, they're still going to have a lot of debt. They're still going to have customers leaving at a rapid pace and there is a chance that they'd have more clout with more subscribers to get favorable retransmission negotiations with TV networks.

(14:18):

But Disney still had a big blackout with Spectrum TV who is larger than Dish or DirecTV just a year ago. So given that court cutting is going to continue to happen, their power is going to continue to decline. And I don't think the combined entity will still be big enough to push TV networks around. So the factors that have driven each of those companies into the state that they're in are still going to be there. And a merger won't save them, but they'll do it because they're out of ideas of how else to save their business.

Max Willens (14:46):

It's an expensive Hail Mary.

Ross Benes (14:47):

Well, yeah. What else was Viacom and CBS merging together or AT&T and Warner Media? Those are all expensive Hail Mary's.

Marcus Johnson (14:55):

Yeah. So reports about this have come up very recently about Dish and DirecTV and discussions for a merger, both satellite companies and they're having a much... I was looking at our cable numbers. Ross was saying as cutting the cable continues to become a thing and accelerate in some instances is looking a lot bleaker for satellite. So cable, a lot of times

people encompass everything within that in terms of pay TV. But when you break out pay TV into cable, satellite, telco, et cetera, satellite companies are having a much tougher go of it. Since 2010, the share of cable, just cable households has been nearly cut in half going from 50% to 27. Over that time, the share of satellite households in America has been reduced by two thirds going from 27% of homes to just 9. So it's pretty bleak in that regard irrespective of who you partner with. So I think I'm in.

Evelyn Mitchell-Wolf (15:49):

I think I'm in too. I mean there is really strong precedent and I agree that it won't necessarily do anything to change the fortunes of either company.

Marcus Johnson (15:57):

Ross, is there an alternative that you can see? Should they do something else? Should any of these companies try a different strategy in your opinion?

Ross Benes (16:04):

They're at a tough spot, the satellite companies, because they don't offer the other services... Like the cable companies, take Verizon or Spectrum. They have phone, they have internet, they could still be a profitable company. In fact, less of their company is on TV than it ever has been. So even though TV's declining quite a bit, they can still have a fortune due to their regional monopolies and services that people need. With satellite, if that's all you're offering, people are going to cut the cord. They don't need to have a relationship with you otherwise. So that's why they've deteriorated faster than cable companies. And I just don't think there are great alternatives, whether they stay alone or merge. You could dice up the leadership however you want. The forces that are driving them in this position aren't receding. So there's people smarter than me working on this. And if there was a great way out, they would've done it by now and I just don't think there is. So they'll try an expensive Hail Mary.

Marcus Johnson (16:56):

Sounds like it. Yeah, a fait accompli. Max?

Evelyn Mitchell-Wolf (17:00):

Yeah, I think everything that Ross said is on point. I've had my little joke about it, the expensive Hail Mary, but to what Ross was just saying, it's not like I can come up with anything better. If

they had been able to... I don't know enough about how satellite technology works, but if they were able to sort of do a version of what Comcast has done and spin up something like a remnant spectrum wireless offering or something, that would be great, but there's no way to easily diversify or grow ARPU from their dwindling customer base. And at this point, you just hope that bulking up will provide momentary relief from what they're facing at the moment [inaudible 00:17:41].

Ross Benes (17:40):

They have invested in digital alternatives like Sling TV and DirecTV has changed their name a lot. I believe it's called DirecTV Stream right now. But even those services haven't been the leaders in their category, Hulu at Live TV and YouTube TV have a lot more subscribers. So even if you go to what would be the closest related product that they could invest in, they're still not leaders in that category.

Marcus Johnson (18:08):

All right, that gives Ross a full three points, a grand slam, if you will.

Ross Benes (18:16):

Wow.

Marcus Johnson (18:17):

That's [inaudible 00:18:18]-

Ross Benes (18:18):

Very [inaudible 00:18:18]-

Marcus Johnson (18:17):

So that's not the best analogy I've ever had, but a hat trick perhaps is more appropriate.

Ross Benes (18:21):

Well, three pointer, right? You're a basketball man.

Marcus Johnson (18:23):

Oh yeah, three. That was such a layup, Johnson.

Evelyn Mitchell-Wolf (18:23):

It was right there.

Ross Benes (18:23):

My God.

Marcus Johnson (18:29):

Ross Benes from way down town for three. All right, that's all we've got time for for today's episode. How did we do? Max said China and ByteDance will blink and sell TikTok to an American firm. One and a half points. Evelyn got two and a half points for saying that all law around children's online safety gets passed at some point soon, in the next six months or so. And then Ross said Dish and DirecTV will merge, but the merger won't help them at all. That got the full three. That's what we've got time for today's episode. Thank you to my guests. Thank you to Max.

Max Willens (19:00):

Always a pleasure, Marcus. Thank you.

Marcus Johnson (19:02):

Thank you Evelyn.

Evelyn Mitchell-Wolf (19:03):

Thank you Marcus, and thanks everyone for listening.

Marcus Johnson (19:05):

Thank you to Ross.

Ross Benes (19:07):

Thanks Marcus.

Marcus Johnson (19:07):

And thanks to Victoria who edits the show, Stuart runs the team, Sophie does our social media. And thanks to everyone for listening into the Behind the Numbers Daily, an eMarketer podcast. We hope to see you tomorrow where you can hang out with Sara Lebow host of the

Reimagining Retail show, where she'll be covering the September most interesting retailers of the month. Rankings are speaking to Ariel Fager, Rachel Wolff, and Zak Stambor.