

# DirecTV aims for over-the-air's throat with 'No Locals' discount

Article

**The news:** DirecTV is offering customers a deal that could shift the balance of power in the linear TV market. In an effort dubbed "No Locals," DirecTV is attempting to lower the cost of pay TV by giving consumers a discount if they remove local, over-the-air (OTA) TV stations from their package.

- Consumers who take advantage of the offer will see up to \$140 in savings yearly, per DirecTV.

**The argument:** Pay TV viewership is declining. It's a reality that has become increasingly pressing for pay TV providers over the last year, especially with sports becoming available on streaming services and TV networks like **Disney** throwing their weight around in carriage fee deals. **To stave off the worst, pay TV providers have to offer major discounts or benefits.**

- “No Locals” is DirecTV’s answer. To back up the move, DirecTV cited an American Television Alliance survey, which found that 80% of consumers say they want more choice when it comes to what programming to opt in and out of.
- DirecTV recently had a six-week carriage fee spat with local TV provider **Tegna** that resulted in a blackout for its users. Though the parties eventually struck a deal, DirecTV published a scathing report calling the existing pay TV and carriage model “broken,” calling Tegna one of the industry’s worst actors when it came to forcing higher costs on consumers.
- By encouraging consumers to ditch local providers like Tegna, DirecTV could reduce their negotiating power and create a new normal for pay TV packages that allows for lower pricing and thus lower churn.

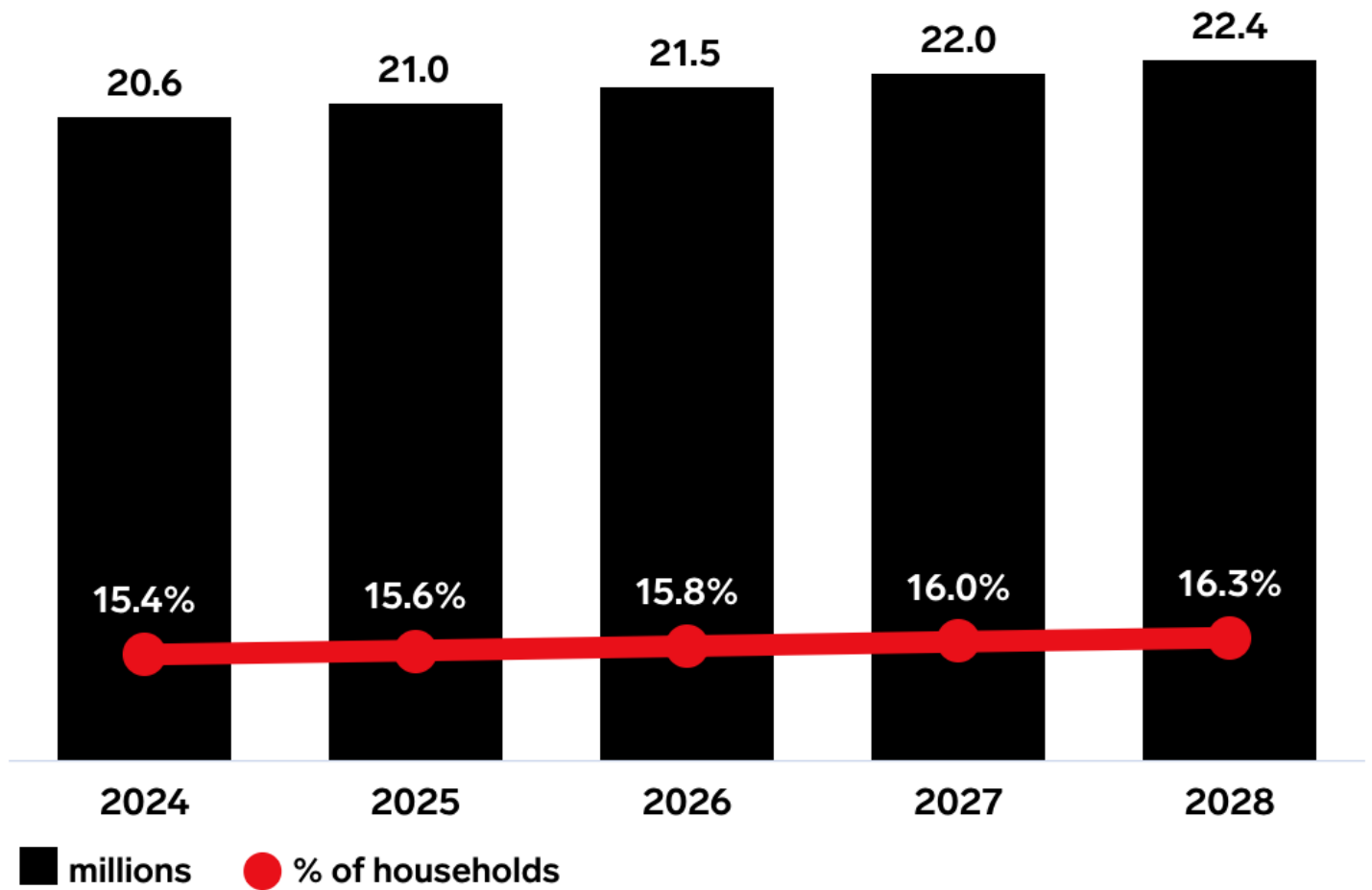
**Over-the-air’s future:** Despite the decline of pay TV and linear overall, OTA viewership is actually growing—albeit modestly. We forecast that there will be 20.6 million US over-the-air TV households this year, up 2.3% year over year.

- But even modest growth is something to covet for local networks, which have struggled especially under the shift from linear to digital. Regional sports networks (RSN), a long-lucrative staple of local TV, have started folding; **Diamond Sports Group**, one of the largest RSNs in the US, filed for bankruptcy last year (**Amazon** recently scooped up a portion of the company).
- OTA TV will also likely see an advertising spending boost due to the expected surge in election-year spending, which local networks will especially benefit from.

**Our take:** DirecTV is betting that consumers will value a potential \$140 in savings more than they’ll value access to their local networks. OTA growth could put a dent in that plan, but if DirecTV is successful, local television could be the next casualty of the streaming wars.

# Over-The-Air TV Households

US, 2024-2028



Note: households with free, broadcast television via an antenna

Source: Insider Intelligence | eMarketer, February 2024