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Impasse ball: Distributors, channels still at odds over Yankees, Dodgers

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Major League Baseball faces the prospect that both the New York Yankees and Los Angeles Dodgers — flagship teams representing the country's two biggest media markets — will start the regular season with significant holes in their TV distribution.

Fewer than 500 households have switched away from Comcast as a result of the distributor's carriage fight with the YES Network, a figure not nearly large enough to break the impasse in negotiations, industry sources say. YES is to carry 128 Yankees games this season.



YES signs at Manhattan's Port Authority Bus Terminal

And sources said DirecTV was likely to turn down a discounted one-year deal made last week by Time Warner to carry its SportsNet LA, which is scheduled to carry about 150 Dodgers games this season, in the Los Angeles market. Sources described the chances of a deal by Opening Day as remote.

The battles illuminate a change in leverage in these types of cable carriage disputes, as distributors have become more emboldened to keep local sports channels off their services. RSNs are among the most expensive channels on distributors' channel lineups.

"There has been some amount of pendulum swinging," said Desser Sports Media President Ed Desser, an industry consultant. "It's not as though local sports has lost its allure. Local and national sports are the reason people need to keep their

[multichannel video programming distributor] subscriptions. But things are changing, on the margins.”

Desser pointed to distributors’ “triple play” bundle of telephone, broadband and video services, now a dominant fixture in the consumer market for communications services, as a main reason for subscriber retention. “It’s not a seamless process to change an MVPD,” he said. “You have to get a new channel lineup, new email and new equipment. You can’t save programs on your DVR.”

Plus, there’s the sense that after many years of similar carriage battles between RSNs and distributors around the country, many consumers have grown increasingly accustomed to the fights, and assume a last-minute settlement will prevent them from having to switch carriers.

“Our phones aren’t ringing,” one Comcast insider said. “Consumers are numb to it.”

Comcast would know. The company was at the other end of this type of dispute several years ago in Houston, when DirecTV refused to carry Comcast’s CSN Houston, which had the rights to the Rockets and Astros. Comcast ended up selling the RSN.

Los Angeles also has proved to be a bellwether, as DirecTV is entering its third season without the Dodgers. Its executives say that it has not lost enough subscribers to force it to do a deal.

After months of inactivity, Time Warner last Tuesday tried to fashion a deal by offering a one-year deal with a 30 percent price cut for SportsNet LA, motivated in part by 2016 slated to be the last season for legendary Dodgers announcer Vin Scully. The channel remains dark for the majority of the Los Angeles market, where Cox and several other carriers are also holding out. MLB Commissioner Rob Manfred called the price cut “a significant economic move,” but a one-year contract was not likely to find favor with DirecTV, sources said.

As for Comcast and YES Network, the two sides have not held negotiations recently and none are scheduled. With the New York Yankees’ start to the regular season a week from today, the regional sports network is all but certain to remain dark to more than 900,000 households in New Jersey, Pennsylvania and Connecticut. Comcast in November dropped YES Network, co-owned by Fox and the Yankees, after being unable to come to terms on a new carriage deal.

Tracy Dolgin, YES Network president and chief executive, has said repeatedly in recent weeks that he does not expect a sudden breakthrough.

Despite the inherent obstacles, YES Network in the last three weeks has rolled out an aggressive advertising campaign urging Comcast subscribers to switch to another distributor. Among the most notable moves is a large ad takeover in Manhattan’s Port Authority Bus Terminal: Wall and floor signs and hanging banners cover the transit hub, which services hundreds of thousands of commuters daily from the affected areas.

YES Network last week also debuted a new TV spot featuring Yankees pitcher CC Sabathia airing in the New York; Scranton, Pa.; and New Haven, Conn., media markets, following up on ads with fellow Yankees stars Alex Rodriguez and Dellin Betances. The first spot featuring Rodriguez highlighted the veteran’s return as a club leader after a seasonlong suspension in 2014 for the use of performance-enhancing drugs.

More anti-Comcast marketing is expected this week, the last before the Yankees begin their 2016 schedule at home against Houston. The Yankees and YES have also front-loaded the cable portion of the club’s broadcast schedule, with its first over-the-air game not scheduled until April 30. But many consumers also

assume that if they switch, the new carrier could be the next to have a carriage issue with a programmer.

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