

ESPN says Verizon's new FiOS TV packages violate agreements

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This April 7, 2013 photo shows the Verizon Studio booth at MetLife Stadium, in East Rutherford, N.J. ESPN is objecting to how Verizon is giving its FiOS TV customers more choice. In new plans that went into effect Sunday, April 19, 2015. Verizon made the ESPN and ESPN2 sports channels optional, but ESPN says its contracts with Verizon prohibit the channels from being in a separate sports package.(AP Photo/Mel Evans)

Breaking up the cable-TV bundle won't be easy. ESPN is objecting to

how Verizon is giving its FiOS TV customers more choice. In new plans that went into effect Sunday, Verizon made the ESPN and ESPN2 sports channels optional, but ESPN says its contracts with Verizon prohibit the channels from being in a separate sports package.

Although Verizon will still offer big bundles of channels, it has been facing pressure to reduce prices amid cheaper online options. So to target the cost-conscious, Verizon launched a FiOS plan that starts at \$55 a month for a basic tier of 35 channels plus two themed channel packs. The basic channels that everyone gets include local broadcast stations, AMC, CNN and Food Network—but not ESPN or ESPN2.

There are currently seven add-on channel packs, focusing on such genres as sports, where ESPN and ESPN2 are, as well as children, pop culture and news. After picking two, customers can get additional channel packs for \$10 each.

Verizon Communications Inc. did not respond to requests for comment Monday.

Media companies such as ESPN's owner, The Walt Disney Co., Time Warner Inc. and Viacom Inc. charge distributors such as Comcast, Dish and DirecTV and Verizon's FiOS for the rights to carry their channels. Those fees are typically based on how many subscribers the channels have. By making a channel optional, Verizon can keep costs down and charge only the subscribers that want it.

ESPN is by far the most expensive basic cable network for distributors, according to estimates from data provider SNL Kagan. It gets \$6.61 per average subscriber per month, compared with the No. 2, TNT, at \$1.65.

Dish Network's Sling TV online service does carry ESPN and ESPN2 in the basic channel group of about 20 channels. Customers can get that for

\$20 a month and pay extra for additional channel packs, such as \$5 for a set of additional sports channels.

Sony's PlayStation Vue, currently available only in New York City, Chicago and Philadelphia, doesn't provide ESPN or ESPN2 at all because the service has no distribution deal with Disney.

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