

Shares of TV providers drop as AT&T warns of video losses

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This Thursday, July 27, 2017, photo shows an AT&T logo at a store in Hialeah, Fla. AT&T said Wednesday, Oct. 11, 2017, that it lost 90,000 video subscribers in the U.S. in the third quarter, a steeper drop than the same period a year earlier. That includes a gain of 300,000 customers in DirecTV Now, an online cable-like service that is cheaper than traditional TV. (AP Photo/Alan Diaz)

Signs that more people are dropping their traditional TV subscriptions weighed on TV providers' stocks Thursday.

AT&T said it lost 90,000 video subscribers in the U.S. in the third quarter. It's a steeper drop than the same period last year, even though gains from its newer, cheaper online cable-like service, DirecTV Now, are included. DirecTV Now wasn't available in the July-September quarter in 2016.

DirecTV Now added 300,000 subscribers in the quarter, so AT&T lost about 390,000 satellite TV and cable customers.

AT&T, which is also the No. 2 wireless carrier in the U.S., blames tough competition from both traditional TV providers like Comcast and newer digital-video services like YouTube TV. It also blames the impact from hurricanes and stricter credit standards for customers.

AT&T's prediction, issued after the market closed Wednesday, echoed Comcast's forecast in early September of third-quarter losses of 100,000 to 150,000 video customers due. That would be Comcast's largest quarterly loss since 2014. Comcast also blamed competition and weather.

Rising prices for traditional TV bundles and those growing digital options are increasingly driving customers online and away from traditional TV.

"It should be clear that DirecTV, like all of its cable peers, is suffering from the ravages of cord-cutting," MoffettNathanson analyst Craig Moffett wrote in a Wednesday night note to investors.

AT&T stock fell 4.5 percent to \$36.48 in afternoon trading. Shares of cable companies Comcast and Charter and rival satellite TV provider Dish also dropped.

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