ViacomCBS Touts Pluto TV Gains, Will Shutter a Smaller Streaming Service

Covid-19 is still battering media companies, but things are looking up for ViacomCBS' streaming ambitions and advertising revenue.

While ad revenue was down 6% in Q3, to $2.19 billion, that's a vast improvement from the second quarter's 27% decline. In the TV entertainment segment, advertising revenue was down 1% to just over $1 billion, while the cable entertainment segment was down 11% to $1.1 billion; affiliate revenue in both segments was up, but content licensing revenue sagged, resulting in single-digit revenue declines.

CEO Bob Bakish painted a promising picture for the company heading into the final quarter, and told investors today that he was "very happy" with the results of an unusual upfront season. CPMs, which last year were up by double digits at both Viacom and CBS, were up in the "low single digits" through the 2020 upfronts, Bakish said, and the company held back some inventory to capitalize on the "historically high premiums" in the scatter market that yielded higher than pre-Covid-19 rates, leading to double-digit increases on broadcast and high single digits in cable. There was also higher digital demand in this year's upfronts, helping advertising growth at free streamer Pluto TV.

Categories heavily impacted by Covid-19, including retail and auto, made tepid returns, helping turn around what had been a bleak few quarters for media companies. Coupled with CBS' fall schedule filling out with returning series, as well as sports

programming and a spike in political advertising, the company said the fourth quarter would be a bigger improvement.

“We’re encouraged by what we’re seeing and, big picture, advertising is certainly moving in the right direction,” Bakish said.

The higher CPMs and promising scatter market confirm trends other media companies are also seeing. NBCUniversal reported last week that CPMs were “slightly up,” even amid a smaller upfront than usual, while Fox Corp. told investors Tuesday that a bet to hold back more advertising inventory for scatter than usual was “paying off handsomely.”

As advertising revenue stabilized, ViacomCBS also touted growth in its streaming segment ahead of a planned rebranding of CBS All Access to Paramount+ in early 2021. Domestic streaming and digital video revenue rose to $636 million, a 56% increase from the previous year, and the company’s subscription streamer revenue—which include the soon-to-be-rebranded CBS All Access and Showtime OTT—notched 78% growth compared to the previous year.

Bakish said both streamers saw a “material increase in time spent,” including more than double the amount of time spent with film titles after CBS All Access was bulked up with new titles over the summer.

Ad-supported free streamer Pluto TV saw its domestic monthly active users grow to 28.4 million, and is projected to clear 30 million monthly active users by year’s end. Globally, its user base has ballooned to 36 million monthly active users.

More importantly, advertisers are spending. “After logging its first $1 million ad sales day in 2019, it took Pluto 10 months to log its first $2 million ad sales day—but it just took one month after that for Pluto to achieve its first $3 million day,” Bakish said.

That shouldn’t be interpreted as a daily run rate, but does highlight an optimistic trajectory on the streamer, which is soon to debut in Brazil, France and Italy. Bakish continued to project confidence about free ad-supported television, or FAST, and ViacomCBS’ efforts to capitalize on it.

“The world is quickly embracing FAST, which is why Pluto TV’s leadership and growth is a key component of our streaming strategy,” Bakish said. “And remember, as we progressively build out a linked ecosystem, Pluto will also serve as a gateway to—and a funnel for—our paid services.”

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