

Competitive monitoring and analysis of the DBS industry

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DirecTV subscriber additions continue to slow

Issue: DirecTV added 119,000 new subscribers in Q4 '09, its lowest quarterly total addition count since 2002, which is as far back as DirecTV has posted earnings online.

Background: John Malone appears to be in harvest mode as DirecTV posted a 54% increase in profit to \$750 million, while net additions fell in Q4 '09. The company added 460,000 in Q1 '09, but admittedly overshot its target for that quarter by allowing in more subscribers than it wanted. Over the next three quarters, with tightened credit policies, DirecTV only added 489,000 subscribers, barely surpassing Q1's gains.

Implications: DirecTV appears to be increasingly focused on the high-end subscriber market, with new credit standards for new customers, removal of the low-end family package and goals to add MR DVR and 3D to its lineup. New CEO Michael White, while intent on raising customer service scores, appears to be sketching out a strategy to gain and retain the high-end customers, abdicating other lower-end consumer groups to competitors.

ABOUT THE AUTHOR

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Matt Stump has been analyzing the media and entertainment industries for 29 years. He served as a reporter and editor for *Broadcasting*, *Cable World*, *On Demand* and *Multichannel News* magazines from 1980–2006. He joined One Touch Intelligence as VP, Communications Industry Intelligence in May 2006, and developed the ONETRAK® service that launched in October 2006. He monitors the competitive media and entertainment landscape on a daily basis for OTI and serves as primary writer for the company's TELCOTRAK service. Stump is a frequent moderator at industry events and has been quoted in major national newspaper and broadcast outlets.

ABOUT DBSTRAK

DBSTRAK is a comprehensive intelligence service that allows companies to make informed decisions based on thorough monitoring, reporting and analysis of the business activities of DirecTV and DISH Network.

DBSTRAK is produced by the One Touch Intelligence team of industry analysts who have been conducting research and writing about the satellite television industry since its inception. Including a weekly news bulletin, a detailed analytical monthly report, selected news alerts and optional analyst briefings, the service offers a single point of reference for critical business intelligence about a major competitive category.