

Subscriber gap widens between DirecTV and Dish

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Analysts:

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Issue: DirecTV added 460,000 subscribers in Q1 '09, while Dish Network lost 94,000 subscribers.

Background: The gap between DirecTV's gains and Dish Network's losses (its fourth consecutive quarter of subscriber losses), reached a staggering 554,000 subscribers in Q1 '09. Aggressive promotion from DirecTV plus the continued afterglow of DirecTV's HDTV strategy and new telco partner AT&T helped boosted additions to record levels. Dish Network, meanwhile, continued to work its way through an operational reorganization and new smart card deployment aimed at curbing piracy.

Implications: The one striking fact in DirecTV's enormous growth is that the company sheepishly admitted it almost grew too fast in Q1 '09. The aggressive sales tactics the company put in place in the face of the recession caused the company to overshoot. We expect DirecTV to ratchet back its sales tactics to get growth back in line with expectations and forecasts, partly because too much growth can lead to increased subscriber acquisition and capital costs. We also expect Dish Network to increase its emphasis on its newfound improvement in HD channels that brings it into parity, and then some, with DirecTV.

ABOUT THE AUTHORS

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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.

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