

DirecTV's days are numbered

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Start saying goodbye to DirecTV.

It may not be today or tomorrow, but it could be soon. DirecTV-owner AT&T this week admitted that it is no longer actively marketing the service, which has seen subscribers fall to 16 million from 20 million when the company purchased it for \$49 billion in 2015.

AT&T will continue selling DirecTV in "more rural or less dense suburban areas," John Shankey, the president of AT&T said at an investor conference. "But in terms of our marketing muscle and our momentum in the market, it will be about software-driven pay-TV packages."

Namely, the new AT&T TV, which opened nationally this week to poor reviews. "I'd recommend taking a pass," Edward C. Baig said in his U.S. TODAY review, due to high pricing, the need for equipment rental and a two-year contract. Plus add some key programming that is missing, like Amazon Prime Video, Hulu and the NFL games that sports fans crave on DirecTV.

DirecTV was initially launched in 1994 as a way for rural customers to get TV entertainment in areas

not covered by cable but over the years also expanded to urban centers.

The pitch: By installing a small satellite dish on the roof or outside the home, customers could get more channels and a clearer signal, with a heavy emphasis on sports. Most notably, "NFL Sunday Ticket," offering "every live game" across the country in one place. The downside: two-year contracts and equipment rental.

Phillip Swann, who blogs as the "TV Answer Man" and has covered the DirecTV woes extensively, was stunned at the new AT&T offering.

"This is everything people disliked about TV over the last 10 years," he says. "Two-year contracts, escalating prices and equipment to rent. If this was 10 years ago, maybe AT&T TV would have a shot. But not now."

The ease of streaming alternatives, of smart TVs that connect to the Internet to bring in apps like Netflix, Hulu and Amazon Prime, or cheap streaming players like the Roku and Amazon Fire TV Stick, which sell for around \$25, make the need for equipment rental a thing of the past.

Indeed, AT&T has its sights set on the streaming market, pouring marketing muscle behind the new HBO Max service launching in May. It will sell for \$14.99 monthly, and include originals and reruns of shows like "Friends" and "The Big Bang Theory."

Swann believes that when the NFL deal expires in two years, AT&T will either sell DirecTV or shut it down. One ready buyer has already expressed interest, the Dish Network. Owner Charlie Ergen said a merger was "inevitable" on a recent earnings call.

Merging the two services won't stem the tide of cord-cutting, which has hurt satellite companies more severely than cable. All told, some 6 million customers ditched satellite and cable in 2019, according to Wall Street analyst firm

MoffettNathanson.

Dish lost 100,000 subscribers in the most recent quarter, compared to 1.1 million from DirecTV. Dish currently has 9 million subscribers, plus 2.5 million to the streaming cable alternative service Sling TV. AT&T also has a streaming service, AT&T Now (formerly known as DirecTV Now), which has just under 1 million subscribers.

Swann believes that together, Dish and DirecTV, with over 25 million subscribers would still be a force that could continue for several more years.

Meanwhile, what are consumers to do?

DirecTV still stands. And if you have it now and are in a contract, it will cost you money to exit, so stay put.

If you're out of contract, live in a rural area and are considering satellite service, Dish is a cheaper alternative. It starts at \$59.99 monthly for service on two TVs, compared to DirecTV starting at \$49.99, but is missing ESPN and other sports channels, Discovery and cooking channels. To get those and NFL Sunday Ticket, you pay \$66.99 monthly, but only for the first year. It bumps up to \$122.99 monthly for the second year of the contract.

Dish Network's \$59.99 package doesn't go up in second year and includes ESPN, Discovery and HGTV, missing on the entry-level DirecTV package.

If you can live without the sports packages, try an antenna. They've become way more powerful than they used to be, with built-in tuners. Mohu, which makes the popular Leaf antenna, says it picks up signals as far away as 50 miles from the broadcast towers.

You won't get the cable networks, but you will pick up the broadcast channels.

YouTube TV (\$49.99), Hulu with Live TV (\$55) and Sling TV (\$30) are streaming cable alternatives that come with no equipment rental. But you'll need to live in an area with a good internet signal for them to work effectively.

Sports could be a big issue. YouTube TV recently said it would drop programming from the YES Network (which includes the New York Yankees) and Fox Sports regional channels but ended up cutting a deal for them to remain—almost.

YES Network is still dumped, but YouTube ended up holding onto 19 of the 21 regional networks. But missing in action will be such high profile teams as the L.A. Clippers, Kings and Angels.

Where can you still see them? Hulu with Live TV and, ironically, AT&T's streaming service AT&T Now, which carries the games while AT&T TV does not.

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