

CableFAX Daily™

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What the Industry Reads First

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Notable Curves: Playboy Deal Occurs As Adult Genre Sits at Crossroads

Playboy shareholders enjoyed a sizable gain Mon after the company's board approved a \$6.15/share privatization bid by a partnership controlled by founder *Hugh Hefner*. The stock's 17.1% appreciation surely elicited the greatest exultation from long-term shareholders, what with the Bunny having struggled for years to transform itself in a digital age and reverse the trend of falling domestic TV rev. Playboy has seen net US TV rev decline from \$82.5mln in '06 to \$51mln in '09, and '10 numbers likely won't exhibit much improvement. During the company's 3Q earning call, evp/CFO *Christoph Pachler* said "competition remains intense, especially for unbranded adult content, and there is no sign that the difficult trends we have experienced over the past few years will abate." Playboy wrote down more than \$22mln of its programming as a result. But the woes of adult video content aren't Playboy's alone. **New Frontier Media's** PPV rev totaled \$16.1mln during the year ended Mar 3, down from \$19.5mln a year earlier and \$20.8mln 2 years prior, while total rev fell 12% YOY. And **SNL Kagan** is forecasting a 45% decline in cable ops' adult PPV service rev through '12, along with a similar dip in adult PPV homes over the same period. Playboy's domestic growth plans include a new branded programming block called **Playboy TV for 2** that launches later this month to target couples instead of men alone. "We're really trying to create something in this \$15 subscription that you won't find online or... anywhere else on television," said Playboy TV svp/gm *Gary Rosenson* at **TCA**. "The idea of \$10 for a pay-per-view purchase is... not our bread and butter anymore so much. We like the recurring subscription base." Importantly, Rosenson told **Cfax** that the new programming direction has received positive early reviews from a key segment. "One major MSO loved it and said to us, in fact, 'if you could launch that as a separate channel I would launch that,' so that Playboy TV becomes very much a guys network, TV for Two becomes a couples network and we start to create this multiplex of channels," he said. "I hope 3 years from now, we'll see a TV for 2 channel full time that helps create a multiplex for Playboy TV that really builds that value proposition." New Frontier Media, meanwhile, is particularly bullish on VOD. "We see our transactional business as a good long-term business," said pres *Ken Boenish* during the company's latest earnings call. "Where we've made adjustments in improving the consumer value proposition, we've actually seen a double digit in improvement in our results in certain test markets, and so we're very encouraged by that." Data from SNL Kagan implies that VOD may help drive growth in the adult content category. The firm projects \$476mln in adult VOD rev for cable in '10, \$509mln this year and \$536mln in '12. Even so, MVPD sources said adult programming remains soft, heavily hampered by free content that's readily available on the Web.

CES: Citing preliminary data, **CEA** said more than 140K industry professionals attended **CES**, which set records for CEO keynotes (22) and international attendees (30K). **Comcast's Brian Roberts**, **Time Warner Cable's Glenn Britt** and **Hulu's Jason Kilar** contributed to certain keynote presentations. **Wells Fargo Securities' Marci Ryvicker** focused on TV Everywhere at the event, concluding that related initiatives could importantly help pay TV battle

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OTT plans. But near-term ubiquity is unlikely, she said, due to the lack of consistent, consumer-friendly system for authenticating subs across multiple devices and a comprehensive measurement system, plus the tricky formation of distribution rights. Perhaps most interestingly, Ryvicker said “**DISH** is uniquely positioned to reap significant market share” of TV Everywhere. The DBS op offers the most options, she said, including **Slingbox**, **Remote Access** and **DISHonline**, and the former tech doesn’t require DISH to obtain digital distribution rights from content providers. Moreover, Ryvicker said DISH owns a first-mover advantage with Google TV and is likely “working on its own OTT product combining its ‘beach front’ spectrum and just acquired Move Networks.” CEA expects CE rev this year to exceed a record \$186bln, an approx 3% increase over ’10 that’s expected to include nearly 20% growth in rev from smartphones.

Comcast-NBCU: Comcast evp *David Cohen* highlighted a number of pro-transaction comments in a blog post Mon, including a letter submitted to the **FCC** last week by 100 House members saying the union “will promote competition, investment, localism, diversity and innovation, and is in the public interest.” Cohen said the MSO looks forward to “a formal decision from the FCC very soon.” -- The **NTCA, Western Telecom Alliance, Org for the Promotion and Advancement of Small Telecom Companies** and **Rural Independent Competitive Alliance** wrote the **FCC** in favor of **ACA**’s late Dec filing contending that small MVPD’s receive no value from baseball-style arbitration in program access disputes (*Cfax*, 12/23), adding that the contention “is even more applicable to MVPDs affiliated with RLECs.” The group’s urging the FCC to approve the transaction only with the conditions set forth by **ACA**.

Privacy: In an effort to enhance online security and privacy, the **Obama Administration** is currently drafting the **National Strategy for Trusted Identities in Cyberspace**, and plans to give the **Commerce Dept** authority over the initiative that seeks to create a unique Internet ID for each American. “We are not talking about a government-controlled system,” said Commerce Secretary *Gary Locke* Mon. “What we are talking about is enhancing online security and privacy and reducing and perhaps even eliminating the need to memorize a dozen passwords, through creation and use of more trusted digital identities.”

Competition: With **Verizon** expected to announce Tues its plans to sell the **iPhone**, the telco’s preparing to offer unlimited data plans for the device, according to the *WSJ*. By contrast, the 2 plans available for Verizon’s **LTE** network are usage-based.

Carriage: **Insight** now offers more than 100 HD channels in Lexington, KY, including several from **Viacom**, **Turner**, **Comcast** and premium programmers.

Retrans: **Time Warner Cable** over the weekend reached a retrans deal with **Smith Media**. The deal returns 2 stations each in Utica, NY, and Burlington, VT, to the MSOs lineup after they were removed Dec 15. “We said from the start we wanted to stand up for our customers, and reach an agreement that helped hold down the cost of television. We believe we have accomplished that,” said the MSO in a release. Still remaining for TWC is a deal with **Sinclair**. The pair’s 2-week extension runs through Fri.

ESPN at TCA: **TCA** writers got few clues about exactly what **ESPN**’s “Year of the Quarterback” (Feb premiere) will be, but they got a fascinating exchange about free agency, retirement and quarterbacks between Football Hall of Famers *Steve Young* and *Jerry Rice*. But facts first, what writers learned about Year is: it will be a 12-month examination of quarterbacks on all of ESPN’s platforms, said ESPN vp *Joan Lynch-Owen*. It will include documentaries, original content and “some series,” Lynch said. By the end of the year, ESPN talent and viewers “will be getting smarter about” the position, she added.

Hallmark at TCA: **Hallmark** pres/CEO *Bill Abbott* told critics that the *Martha Stewart* daytime block is “steadily increasing week over week and almost doubled its delivery since Thanksgiving.” Hallmark will also add 2 new daytime shows: “Petkeeping with Marc Morrone” (premiered Jan 3) and Stewart’s first baking series “Martha Bakes” (Jan 31). Hallmark’s sessions, however, focused on movies, and it was a reunion of sorts for critics as “Beverly Hills 90210” alums *Luke Perry* and *Jason Priestley* showed up to plug original movie “Goodnight to Justice” (Jan 29), a traditional Western that the longtime friends said they hope might spur sequels or become a series. “We’re stuck together for

life,” said Perry, who added that they chose a Western because it would be harder to connect it to their previous work together. But Perry admitted Westerns are “a hard sell” for nets because they’re expensive. -- Meanwhile, can we all just admit that 11-year-old *Kiernan Shipka* has cornered the market in cuteness for the foreseeable future? The well-known child star, whose role in **AMC’s** “Mad Men” has people talking about an Emmy nomination, spoke to critics about her new Hallmark original movie “Smooch,” which also stars former child star *Kellie Martin* (“Life Goes On”) and is loosely based on the Brothers Grimm’s “The Frog King” story. Shipka, meanwhile, seems to be having a blast. “Nothing in acting is very stressful to me because I love it,” she said of her busy schedule. As for tween heart-throb *Justin Bieber*? “I love Justin Bieber,” she said. “But I’m not sure I have Bieber Fever... I’m more of a ‘Twilight’ person.” Way to maintain the street cred, Kiernan.

Discovery at TCA: Oprah and the launch of **OWN** may have stolen the limelight during **Discovery’s** TCA sessions, but the other Discovery nets also showcased some notable shows, including fast-growing **Investigation Discovery’s** “The Injustice Files” (Feb 18), which I.D. pres/gm *Henry Schleiff* said intends to “shine a klieg light on a system which has not always been that just” by opening up cold cases from the Civil Rights era. Working with I.D. is the **FBI**, whose Civil Rights Unit Chief *Cynthia Dietle* said wants to bring perps to justice using federal statutes that weren’t around decades ago. “I want to make it right today,” she said, arguing that I.D. can gain access to witnesses who have been reluctant to talk to the Bureau. Said co-producer *Susan Zirinsky*: “We hope someone will have the conscience and pay off that debt of history... shake out some information that could turn these cases around or even close them.” -- You have to admire the way former heavyweight champ *Mike Tyson* handled himself during a panel to tout “Taking on Tyson” (March premiere), the 6-part **Animal Planet** series detailing the boxer’s passion for pigeons... yes pigeons. The champ showed much knowledge about his avian pals—even telling stories from history involving the birds, the Rothschilds and European royal families—and wasn’t afraid to admit the birds have played a part in his rehabilitation. “[Raising pigeons] isn’t a hobby... I’ll be doing this for the rest of my life,” Tyson told TCA. In the series, Tyson returns to his Brooklyn roots to raise (and race) pigeons, and teams with a champion breeder. Clips shown at TCA featured gorgeous views of the Brooklyn and NJ and rooftops where Tyson spends a lot of his time with the birds. -- Perhaps the strangest announcement at TCA was **Discovery Channel** gm *Clark Bunting’s* solicitation for a Chief Shark Officer. “We’re looking for a personality who is interested in sharks, can swim fast and is interested in taking scuba lessons,” Bunting said. Less unusual was Bunting announcing Discovery will launch a record 25 series in ’11. One of 15 returning series is “Gold Rush: Alaska,” which premiered last year to the highest ratings on the channel since ’02. During the panel, clips showed numerous conflicts between the crew’s boss *Jack Hoffman* and his son *Todd*. The 2 seemed to have a much better relationship during TCA. “Our relationship is excellent now,” Jack said, adding, “Todd thinks differently than I do.” Todd admitted, “we are different... but I love my dad...” Discovery and its talent for “Kidnap & Rescue” (Jan 29) see the reality series about groups that rescue kidnapped Americans as an educational vehicle. “Education is the first step because a lot of people who are taken hostage, they’re walking into it,” said *Dan O’Shea*, president of **Daniel Risk Mitigation**, who noted kidnapping is “a growth business.” O’Shea and other experts featured on Kidnap & Rescue run organizations that work with law enforcement and the military, whose jurisdictional and bureaucratic hurdles can slow the process. When it does, the groups represented on this series fill the gap, said *Brad Barker*, president, **HALO Corp**. Not only will the series show how these groups rescue victims, it also will show how sex traffickers, terrorists and ransom seekers operate, O’Shea said. “This show can save your life,” he added. O’Shea, Barker and **Project Child Save** founder *Ty Ritter* argue simple steps can reduce the risk of kidnapping. When traveling overseas keep a low profile and blend in as much as possible. “Don’t be obvious. Leave your jewelry at home,” O’Shea said. Preventing kidnapping in the US is one of the specialties of Ritter, whose book on the subject is downloadable at projectchildsave.org. The final show in the series will be devoted to safety tips, Ritter told **CableFAX** after the TCA session. -- As for **OWN**, Oprah’s new net brought out a few of its stars to chat with critics, including journalist *Lisa Ling*, whose “Our America with Lisa Ling” examines off-the-beaten-path stories about sometimes taboo subjects like faith healing and convicted pedophiles who live off the grid in camps. “I’ve never been prouder of any other work I’ve ever done,” she said. Also on display was Oprah’s best friend *Gayle King*, who will create “The Gayle King Show” (premieres this month) based on her **Sirius XM** radio show, and the diverse cast of “Your OWN Show” (premiered Jan 7), which gives 10 unknowns a chance to compete for a 6-episode show slot on the net.

TCA Note: So much great stuff from TCA, so little space. Look for more TCA coverage tomorrow as we wrap up the tour and bring some context to what was perhaps the most packed cable block in recent memory. Go cable!

Ratings: Thurs night’s season 3 premiere of “Jersey Shore” delivered 8.45mln total viewers to become **MTV’s** most-watched series telecast in history. The ep garnered 6.5mln 12-34s and an 8.3 rating in the demo. -- Powered by college bowl games, particularly the **Rose Bowl**, **ESPN** earned its highest-rated (4.3) and most-viewed (6.30mln total viewers)

BUSINESS & FINANCE

day ever on Jan 1—as well as its best week ever from Dec 27-Jan 2. -- The Sun premiere of **Showtime's** "Shameless" garnered 982K total viewers at 10pm and 1.3mln viewers for the night to become the net's biggest drama series premiere in 7 years. Also Sun night, "Californication" delivered its best season premiere ever by earning 848K viewers at 9pm and 1.12mln total viewers for the night.

Programming: In addition to lead-off guest *Oprah Winfrey* (Mon), **CNN's** "Piers Morgan Tonight" will feature *Condoleezza Rice*, *Howard Stern* and *George Clooney* during its 1st week on the air. -- **Penthouse 3D** is expected to launch in 2Q -- **Oxygen HD** launched Mon.

People: *Rainbow's Theano Apostolou* on Jan 31 will join **Starz Ent** as svp, corp comm and programming publicity. *Rainbow evp Ellen Kroner* called Apostolou "one of the most gifted publicity executives in the business." -- **Fox Soccer** tapped *Jason Wormser* as vp, prod. -- **Documentary Channel** named *Robert Edney* vp, ad sales and upped *Jay Kelley* to svp, marketing and business dev. -- **Fox Sports Interactive Media** named *Marla Newman* svp, sales.

Business/Finance: **Altitude Sports & Ent** acquired a 50% interest in **WFN: World Fishing Network**. As part of the deal, WFN will consolidate its US ops in Denver, including technical ops at Altitude's operations center in Centennial, CO.

CableFAX Daily Stockwatch

Company	01/10 Close	1-Day Ch	Company	01/10 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	41.70	(0.16)	AVID TECH:	17.39	0.08
DISH:	20.99	(0.15)	BIGBAND:	2.80	(0.03)
DISNEY:	39.50	0.05	BLNDER TONGUE:	2.42	0.12
GE:	18.51	0.08	BROADCOM:	45.71	0.82
NEWS CORP:	16.35	(0.09)	CISCO:	20.79	(0.18)
MSOS					
CABLEVISION:	34.05	(0.59)	CLEARWIRE:	5.65	0.04
CHARTER:	39.15	(0.03)	COMMScope:	31.39	0.01
COMCAST:	22.72	0.02	CONCURRENT:	4.88	0.08
COMCAST SPCL:	21.51	0.10	CONVERGYS:	14.01	0.26
GCI:	13.09	0.09	CSG SYSTEMS:	19.23	0.08
KNOLLOGY:	14.85	(0.2)	ECHOSTAR:	26.01	0.54
LIBERTY CAPITAL:	63.99	0.01	GOOGLE:	614.21	(2.23)
LIBERTY GLOBAL:	37.41	0.20	HARMONIC:	8.45	(0.05)
LIBERTY INT:	16.05	0.20	INTEL:	20.69	0.03
MEDIACOM:	8.59	(0.01)	JDSU:	16.46	0.23
SHAW COMM:	20.33	(0.32)	LEVEL 3:	1.11	UNCH
TIME WARNER CABLE:	66.26	(0.49)	MICROSOFT:	28.22	(0.38)
VIRGIN MEDIA:	25.82	(0.15)	RENTRAK:	28.05	0.02
WASH POST:	415.00	(27.56)	SEACHANGE:	8.96	(0.08)
PROGRAMMING					
CBS:	19.78	0.53	SONY:	36.16	0.12
CROWN:	2.56	(0.08)	SPRINT NEXTEL:	4.58	(0.1)
DISCOVERY:	39.82	(0.5)	THOMAS & BETTS:	47.95	0.35
GRUPO TELEVISA:	25.67	0.23	TIVO:	9.93	(0.05)
HSN:	29.48	0.06	TOLLGRADE:	9.29	(0.11)
INTERACTIVE CORP:	29.68	0.16	UNIVERSAL ELEC:	27.06	(0.02)
LIBERTY:	40.01	0.03	VONAGE:	3.00	0.22
LIBERTY STARZ:	67.80	(1.42)	YAHOO:	16.60	(0.3)
LIONSGATE:	6.77	0.17	TELCOS		
LODGENET:	4.48	0.01	AT&T:	28.34	(0.51)
NEW FRONTIER:	1.73	(0.06)	QWEST:	7.38	(0.01)
OUTDOOR:	7.97	0.41	VERIZON:	35.92	(0.01)
PLAYBOY:	6.09	0.89	MARKET INDICES		
SCRIPPS INT:	47.56	(0.85)	DOW:	11637.45	(37.31)
TIME WARNER:	33.28	(0.02)	NASDAQ:	2707.80	4.63
VALUEVISION:	6.12	0.27	S&P 500:	1269.75	(1.75)
VIACOM:	46.90	0.15	TECHNOLOGY		
WWE:	14.08	(0.13)	ADVANTAGE:	3.14	(0.01)
TECHNOLOGY					
ALCATEL LUCENT:	2.97	(0.01)	AMDOCS:	27.32	0.23
AMDOCS:	27.32	0.23	AMPHENOL:	51.91	0.07
AMPHENOL:	51.91	0.07	AOL:	24.07	0.48
AOL:	24.07	0.48	APPLE:	342.45	6.33
APPLE:	342.45	6.33	ARRIS GROUP:	11.62	(0.05)
ARRIS GROUP:	11.62	(0.05)			



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EYE ON ADVERTISING

How Sweet It Is...

As a sign of changing advertising times, **Hershey's** took to the Consumer Electronics Show last week to kick-start the viral campaign for its new Reese's Minis. The sweets, which hit the market Jan 6, are dime-sized versions of the classic candy, packaged in a bag with no individual wrappers and perfect for popping into the mouth. Hershey's is seeking mass distribution for the Minis, and looking to drum up consumer demand via a broad, multimedia marketing campaign. So cable networks, listen up. Anna Lingeris, public relations manager for the Hershey Co, sat down with Cathy Applefeld Olson at the Las Vegas Convention Center last week to share the company's plans for its first new product in years—and, of course, some of the new treats.



CES seems like an odd place to kick off a campaign for a new candy. Yet here you are in the middle of the grand lobby, as the official candy of the show. Why?

AL: As technology gets smaller and smaller, what better way to announce our largest miniaturized version of Reese's than at a show that's obsessed with size? Your technology and tablets are getting thinner, and now so is your candy. And, in reality, there is a lot of innovation and technology that goes into creating new candy. It took about five years to create a mini [candy] that's unwrapped and portable.

During the past year Hershey created "I Love Reese's Day," with a big online presence and Hollywood tie-ins, and teamed with Paramount Pictures and Marvel for an "Iron Man 2" promotion. What kind of branding campaign are you engaging in to launch the new treats?

AL: It's one of our largest product launches for the year, in addition to Hershey's Drops [button-sized unwrapped chocolate drops]. Those and the Minis will be merchandised together. We will be launching with a 360-degree marketing

and television campaign. There'll be both a new television campaign to support Minis, and other activations.

What audience are you looking to reach? Which cable networks make the most sense to advertise on, and will you be broadening—or narrowing—your reach?

AL: We are pretty much across the board. The Reese's brand is loved by everybody, literally. It splits pretty evenly among the 18-65 demographic, and there's a pretty even split female to male. So we have a wide range of places where we can choose to advertise.

Do you know what the television campaign will look like?

AL: The current Reese's television campaign is the "Perfect" campaign, and the Minis [launch] will fit in with that campaign. I don't yet know what the buyout will look like specifically, but the message is that they are perfectly poppable and resealable.

And it sounds like social media will play a big role?

AL: Reese's has a very active Facebook page, with almost 6.5 million fans, and there will be strong activation there. As well as Facebook, there will be TV spots and rotations, plus custom merchandising and radio.

Do you anticipate doing television integrations along with straight-ahead ads? An episode of the series during the 2008 series extolled the virtues of several Hershey candies, including Reese's and Twizzlers.

AL: As a brand, Reese's has participated in integrations in the past, such as "Project Runway." I can't say specifically whether Minis will or will not be integrated into a program like that, but Reese's has always lent itself to that kind of branding.

(Longtime entertainment industry reporter Cathy Applefeld Olson is delighted to be documenting media's wild ride into the 21st century)

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