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Thursday — January 13, 2011

What the Industry Reads First

Volume 21 / No. 008

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TCA Wrap: Reflections on Cable Comeback in L.A.

Amid the parties and schmooziness that continues this week, it's perhaps fitting that TCAs cable block led off the Winter Tour in Pasadena. The cable nets used to be TCAs lesser stepchild. No longer. Cable drove much of the buzz this year, with *Tommy Lee Jones* (HBO), *Piers Morgan* (CNN) and everyone's recent It-Girl *Betty White* (TV Land) among the big-name highlights. But even they couldn't compete with this tour's biggest fish *Oprah Winfrey*, who took critics' questions for an hour onstage and later during two chaotic "gaggles"—first right after the session and then again during OWN's launch party Thurs night. And not only did cable treat critics to some of the most well written programs on TV, but nets seemed more willing to spend money on room-drop tchotchkes and parties than in recent years. Top room drop: Real boxing gloves to promote *Mike Tyson's* pigeon-racing show "Taking on Tyson" on **Animal Planet**. Top party: **Hallmark Channels'** ridiculously swanky and star-packed dinner at the Tournament House in Pasadena. As for panels, we were struck by how far some nets have come. **AMC** and **Starz** are on fire, with new premieres that had critics talking. Turner's new shows "Falling Skies" and "Franklin & Bash" turned heads (*Steven Spielberg* and *Malcolm McDowell*... what could go wrong?) And Hallmark charmed us all with 11-year-old *Kiernan Shipka's* poised demeanor during a panel to promo original movie "Smooched." We also laud cable nets for taking big chances on scripted programming. **TV One**, **BET** and **CMT** all jumped into that game with promising sit-coms aimed at their respective audiences. But reality TV lives on, giving us everything from guilty pleasures like "The Nail Files" (**TV Guide Net**) and "*Joan and Melissa Rivers' Joan Knows Best*" (**WE tv**) to weightier fare like **Spike TV's** "Coal" about grizzled coal miners and **Discovery Channel's** "Kidnap & Rescue" about the scary and growing kidnapping trade. We also sense a few potential rivalries, with 2 shows based on *The Onion's* satirical Web videos ("Onion SportsDome" on **Comedy Central** and "Onion News Network" on **IFC**), as well as a battle to the medieval death between HBO's "Game of Thrones" and Starz's "Camelot" (Both premiere back to back in Apr... and both look pretty darned good). Then there are deliciously quirky shows like *Rob Corddry*-vehicle "Children's Hospital" (**Adult Swim**) and IFC's *Fred Armisen* starrer "Portlandia," proving that alternative comedy is alive and well on cable. Meanwhile, it was nice to welcome **Playboy TV** to its 1st press tour as it tries to lure couples into the previously male-oriented brand. And we appreciated the creativity behind **Weather Channel's** series based on world-class landscape photographer *Peter Lik* as

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the net continues to branch out from its green screen roots. And while we focused on the cable block, it's important to note that some cable nets present with their broadcast partners, including **Showtime** ("Shameless" is stellar), **FX** ("Lights Out" has buzz galore) and the always notable **Disney** and **NBCU** nets. But in the end, this was Oprah's TCA. She came. She saw. She answered critics' questions. And her net remains one of the most ambitious rebrandings in cable history.

Discovery Changes: As part of an overall US net restructuring at **Discovery Comm**, *Eileen O'Neill* was named to the new position of group pres, **Discovery Channel** and **TLC**, and will now oversee Discovery pres/gm *Clark Bunting* and TLC COO *Edward Sabin*, who's also serving as the net's interim gm. *Marjorie Kaplan* was upped to pres, **Animal Planet** and **Science Channel**, and assumes oversight of Science gm *Debbie Myers*. **Investigation Discovery/Military Channel** pres/gm *Henry Schleiff's* purview now also encompasses DISCA's Emerging Nets, **Planet Green** and **FitTV**, with pres/gm *Laura Michalchyshyn* reporting to Schleiff.

Competition: **Sinclair** inked new affil deals with **Fox** that include **KFXA** in Cedar Rapids, IA, which Sinclair operates pursuant to an outsourcing agreement. The pair also forged an overall programming licensing pact allowing Sinclair to engage in retrans negotiations through Dec 31 '12.

Carriage: **Comcast** launched 4 Indian channels from **News Corp's STAR India** in D.C. and Philadelphia and added **STAR India PLUS** in CO. -- **Cox** rolled out in Fairfax County and Fredericksburg, VA, the "El Mix" digital package, which bundles 209 English- and Spanish-language channels for \$45/month.

Comcast-NBCU: Rep *Charles Dent* (R-PA) added 7 additional colleagues to the list of nearly 99 members of Congress who supported his Jan 5 letter to the **FCC** asking for expeditious approval of the transaction. In last week's letter, Dent noted an understanding that the FCC's order on the deal "concludes that, based on all filings, the joint venture will promote competition, investment, localism, diversity and innovation, and is in the public interest." -- Following a letter to the **FCC** last week asking for a resolution to all pending carriage complaints against **Comcast** prior to deal approval, **WealthTV** CEO *Robert Herring* proposed the following deal conditions: that Comcast be required to carry all "established independent networks" on similar terms and conditions as mother major MVPD's providing carriage and subject to baseball-style arbitration in all carriage access complaints filed by such nets.

Retrans: **Griffin Comm** is threatening to yank the signals of its **CBS** affil stations in Tulsa and Oklahoma City, plus the cities' CW affils, from **DISH's** lineup if a deal can't be reached by Sat. CBS is airing the Patriots-Jets playoff game Sun. -- No word yet from **Time Warner Cable** and **Sinclair** on a new retrans deal. The talks' 2-week extension expires Fri.

Research: The good news for cable is VOD/iVOD's 21% YOY rev growth in '10 to \$1.8bln. But according to data from **BTIG's Richard Greenfield**, physical video rentals still dominate—with most options exhibiting greater growth rates. **Netflix's** DVD by mail option delivered a 29% rise in '10 rev to \$2.15bln, and kiosks provided by **Redbox** and **NCR** enjoyed a 66% increase to \$1.43bln. **Blockbuster** slipped 33.3% to \$2.42bln. In 4Q alone, though, VOD/iVOD earned \$600mln, more than all 3 physical segments, albeit with softer growth than Netflix and kiosks. -- One-fifth of TV viewers watch time-shifted programming, according to **Centris Research**, noting a 52% surge in HH use of DVRs over the past 3 years. 77% of all DVRs are provided by MVPDs, 21% are privately owned and 2% are part of a PC. More than 37% of all homes now own or rent a DVR, compared with 35% in '09 and 29% in '08.

Ratings: **Galavision** averaged 128K total viewers in total day during '10 to nearly triple the next Spanish-language competitor in the metric, **Discovery en Espanol** (43K). The net averaged 85K Hispanic 18-49s and 45K 18-34s. In prime, the net again beat the competition handily, averaging 152K total viewers, 99K 18-49s and 54K 18-34s to top runner up Disc Esp's respective totals of 86K, 57K and 31K. -- When you're hot, you're hot. **Investigation Discovery's** "On the Case with Paula Zahn" set net records in HH rating (1.01), total viewers (936K) and 25-54s (527K) Sun night, only to be upstaged by the Mon premiere of "Stolen Voices, Hidden Secrets," which established fresh records in rating (1.61), total viewers (1.46mln), 25-54s (701K) and women 25-54 (463K). -- "Conan" on **TBS** averaged 1.44mln 18-49s and 930K 18-34s from Nov 7-Dec 30, helping make the show late night's youngest with an avg age of 33. Time-shifted viewing accounted for much of the audience, including 361K growth in 18-49 and 236K growth in 18-34 when comparing Live to Live + 7 viewing. -- **OWN** ranked 25th among ad-supported cable nets during its launch week (Jan 1-9), delivering a 0.55 HH rating, 0.41 rating among women 25-54 and 505K total viewers. -- The season premiere of **Nat Geo's** "Alaska State Troopers" was the net's highest-

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rated returning series ever with a 1.15 HH rating (0.87 among 25-54s).

Programming: Plaudits to **ESPN**, which celebrates 25 years of observance of **Martin Luther King Day** with a week-long multiplatform initiative (Jan 11-17). Highlights include a 2-hr "town hall" discussion (Jan 14) about the current image of the black athlete with director *Spike Lee* and other panelists, special segments on "SportsCenter" and "Outside the Lines" and vignettes featuring sports figures speaking about King's legacy. -- **Nickelodeon's** "Power Rangers Samurai" (Feb 7) is an updated version of the old TV series.

On the Circuit: Proposals for technical papers to be published and presented at the '11 **Spring Technical Forum** during **The Cable Show** are due Fri. Info at thecableshow.com. -- **Canoe Ventures** CEO *David Verkillin*, **NBCU** svp/gm, digital content *Cameron Death* and **MTV Scratch** evp *Ross Martin* are among the planned participants in **NATPE's** ad innovations track, Jan 26 in Miami.

People: USA promoted *Andrea Epstein* and *Kristin Schulman* to vp, publicity and talent relations. -- *Karin Gilford* joined **ABC** as svp, digital media. -- **The Cable Center** appointed *Lela Cocoros* vp, corporate and constituent relations. -- **FourthWall Media** welcomed *Anton Federov* as vp, iTV sales and *Charlie Barnes* as svp, product strategy and management.

CableFAX Daily Stockwatch

Company	01/12 Close	1-Day Ch	Company	01/12 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AVID TECH:	17.54	0.36
DIRECTV:	41.83	0.01	BIGBAND:	2.80	UNCH
DISH:	21.53	0.10	BLNDER TONGUE:	2.55	(0.02)
DISNEY:	39.17	(0.23)	BROADCOM:	46.05	0.47
GE:	18.67	0.04	CISCO:	21.12	0.24
NEWS CORP:	16.16	UNCH	CLEARWIRE:	5.70	(0.06)
MSOS					
CABLEVISION:	33.76	(0.07)	COMMScope:	31.47	0.02
CHARTER:	39.87	0.83	CONCURRENT:	4.94	0.08
COMCAST:	22.53	(0.07)	CONVERGYS:	14.06	0.11
COMCAST SPCL:	21.26	(0.1)	CSG SYSTEMS:	19.65	0.28
GCI:	13.16	0.19	ECHOSTAR:	26.60	(0.1)
KNOLOGY:	15.18	0.57	GOOGLE:	616.87	0.86
LIBERTY CAPITAL:	63.95	0.62	HARMONIC:	8.44	0.06
LIBERTY GLOBAL:	37.52	0.04	INTEL:	21.30	0.25
LIBERTY INT:	16.23	0.29	JDSU:	16.72	0.38
MEDIACOM:	8.60	0.01	LEVEL 3:	1.27	0.09
SHAW COMM:	20.52	0.18	MICROSOFT:	28.55	0.44
TIME WARNER CABLE:	64.91	(1.2)	RENTRAK:	28.60	0.14
VIRGIN MEDIA:	25.94	0.49	SEACHANGE:	8.93	(0.01)
WASH POST:	419.18	(10.96)	SONY:	36.40	0.04
PROGRAMMING					
CBS:	19.78	0.18	SPRINT NEXTEL:	4.41	0.01
CROWN:	2.63	0.02	THOMAS & BETTS:	48.99	0.57
DISCOVERY:	39.66	(0.29)	TIVO:	9.96	(0.09)
GRUPO TELEVISIA:	25.67	0.22	TOLLGRADE:	9.35	(0.07)
HSN:	29.04	0.29	UNIVERSAL ELEC:	27.09	(0.03)
INTERACTIVE CORP:	29.71	(0.04)	VONAGE:	3.26	0.14
LIBERTY:	40.80	0.69	YAHOO:	16.65	0.07
LIBERTY STARZ:	67.57	(0.43)	TELCOS		
LIONSGATE:	6.75	(0.04)	AT&T:	28.04	0.13
LODGENET:	4.50	0.04	QWEST:	7.32	0.04
NEW FRONTIER:	1.80	0.02	VERIZON:	35.47	0.11
OUTDOOR:	7.78	(0.17)	MARKET INDICES		
PLAYBOY:	6.10	(0.01)	DOW:	11755.44	83.56
SCRIPPS INT:	47.83	0.11	NASDAQ:	2737.33	20.50
TIME WARNER:	33.69	0.22	S&P 500:	1285.96	11.48
VALUEVISION:	6.25	0.26	TECHNOLOGY		
VIACOM:	47.49	0.20	ADVANTAGE:	3.09	0.01
WWE:	14.11	0.09	ALCATEL LUCENT:	3.26	0.19
MARKET INDICES					
DOW:	11755.44	83.56	AMDOCS:	27.87	0.23
NASDAQ:	2737.33	20.50	AMPHENOL:	52.82	0.43
S&P 500:	1285.96	11.48	AOL:	24.36	0.36
TECHNOLOGY					
ADVANTAGE:	3.09	0.01	APPLE:	344.42	2.78
ALCATEL LUCENT:	3.26	0.19	ARRIS GROUP:	12.39	0.32
AMDOCS:	27.87	0.23			
AMPHENOL:	52.82	0.43			
AOL:	24.36	0.36			
APPLE:	344.42	2.78			
ARRIS GROUP:	12.39	0.32			



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Think about that for a minute...

20 to 2

By Steve Effros

The CES is history. The “buzz” is turning into a drone, and all you really need to know is that 20 turned into 2 in order to understand what’s happening with “AllVid,” 3D, “OTT,” “cord cutting” and “smart TVs.”

The “20” was the average yearly percentage increase in sales of new television sets over the previous several years. The “2” is the percentage sales increase

in the past year. The gravy days for flat screen television sales are over, and it’s not just because of the recession. So the manufacturers have to do something to rev up the market again. See words in quotation marks above.

Yes, it’s that time of the marketing cycle, and while the average viewer didn’t know it, he or she is about to find out that they are woefully out of date, and definitely in need of a new television! That message has been building for some time now, but with the help of the “consumer” groups (this really gives that whole genre a new meaning) and the government, have no fear that the message will get out.

Of course that 20 percent increase each year was helped out by the government as well. The “digital transition” was one of the key factors in a lot of folks buying all those new flat screen televisions. But that made some sense, since the entire video distribution market was converting to digital, and the digital, particularly High Definition television did, indeed, provide new value.

But as we hit close to 75% of the market having purchased a new set (about 25% of televisions are replaced every year) there has been a serious slow-down in sales at the same time there has been a significant price decline as LCD and Plasma sets became the

norm. The solution; a “new” technology. It was introduced last year: 3D.

But that plan hit a glitch. Seems there is very little 3D programming worth watching, and if you watch too much—especially kids—it may not be good for you, hence health warnings are now being shipped with some 3D products. The manufacturers sold less than a third the number of 3D sets they thought they would sell this year. Another reason for the drop to a 2% increase in sales.

What to do? Develop some other “must have” that folks didn’t know they had to have. Now it’s “Smart TVs.” Of course we all know we need one of those because we want to start pushing “app” icons on our screens to get the weather or music, news or movies. Never mind that we could already get all that stuff on the televisions we currently have, and we can use the “apps” on our computers and phones. It’s all gotta be one device! Self-fulfilling convergence. One all-controlling, super-smart, we probably won’t be able to figure out how to “re-boot” it thing in our living room.

And naturally, the “consumer” groups (that, after all, is what they are pushing—more consumption) are all for it. Let’s get rid of all those “old” TVs and buy a new “smart” one. Let’s require IP distribution of all video coming into the home so that we can commoditize what we watch in favor of the device we watch it on.

Let’s get the government to create a master American industrial policy to encourage everyone to buy yet another new, and more expensive screen made somewhere else. It’s a brilliant plan, and it’s going to start happening at the FCC soon. When will we learn?

Steve

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