

CableFAX Daily™

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What the Industry Reads First

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The More Things Change... ReelScreeners Mull 3D, Big Shifts in Media

The penultimate panel of the RealScreen Summit demonstrated how TV is changing, while the final panel acknowledged changes, reveled in them—but reined them in slightly. While this Summit amassed the largest number of registrants, many departed before an excellent panel on 3DTV not only discussed the format but showed extensive clips on special screens. 3D glasses were provided to attendees. **Discovery's 3net** JV with **Sony** and **Imax** anchored the discussion, with VP *Tim Pastore* scotching the notion that 3net merely is acquiring content. "We are a traditional emerging network," commissioning originals, co-producing and acquiring, he said. 3net has about 80 hours in production and will end up with 70-80% of commissioned programming. He was cagey about a launch date, reiterating 3net will launch "early" this year. "You're in a healthy place when you can launch with 100 hours [of programming]," noting, the jv is "in this for the long haul" and is commissioning for '12, "exhausting all avenues" for content. **Electric Sky** CEO *David Pounds* estimated there are 60 3D nets worldwide, although many are small VOD platforms and just "10%" have funds to commission content. Indeed, 3D's higher costs means even established firms like **Atlantic Productions Ltd** are "looking for [co-production] partners," CEO *Tony Geffen* said. And shoot schedules must be "very compressed" to stay within budget, Pounds added. Yet even a 3D convert like Geffen admitted 3D isn't suited for every piece. "There are still a lot of things that look great in HD," he said. Hold 3D for times when it makes a difference, he added. That comment seemed to inform the final panel, whose speakers agreed content and brands will win despite any and all changes to the TV landscape. **Nat Geo/Wild** chief *Steve Schiffman* likened media to the packaged goods industry, with its thousands of products. Ultimately established, trusted "brands win in a crowded marketplace," he said. The others struggle or go away. Indeed "a bunch" of linear networks will cease to exist in 5-10 years, **A&E/Bio Channel** chief *Bob DeBietto* said. He noted the dearth of linear launches in N America, but touted prospects for strong growth overseas. Clearly cable has created niche viewing, which is a good thing, the panel agreed. You no longer need a 5 [rating] to keep a show on, **Endemol N America** chair *David Goldberg* said. "As long as it's a good show," there will be a place for it, he added. Others chimed in on the content first theme, including **Pilgrim** chief *Craig Piligian* and **Reveille** director *Howard Owens*. Schiffman said a key to strong

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unscripted content is find the right personality/talent to drive the series. DeBitetto said the “holy grail” is marrying the talent with the right format. In the end, while TV viewing itself will become fragmented, with packets of consumers watching live, on computers, via DVR etc, the public’s “emotional connection” with TV will endure, moderator/**IFC TV & Sundance** chief *Evan Shapiro* said.

Compelling Model: Nearly a year after eps of **Comedy Central**’s “The Daily Show with Jon Stewart” and “The Colbert Report” got yanked from **Hulu**, the content’s back up on the site, and more programming from **Viacom** is coming as well to the **Hulu Plus** subscription service. “We’re very interested in the new business plan that Hulu has come forward with because it replicates the dual revenue streams that we enjoy in the traditional distribution realm,” said Viacom pres/CEO *Philippe Dauman* during the company’s Thurs earnings call. Viacom will receive both ad and sub rev from content featured through Hulu Plus, he said, with a 21-day window in place that makes participation complementary to linear viewing and brings incremental rev. In the coming weeks, Hulu Plus will also add more than 2K eps from Viacom’s library. “In the near to mid term, we anticipate being able to generate higher advertising returns than any traditional channel can from their advertising service, for any type of content,” said Hulu CEO *Jason Kilar* in a Wed evening blog post that dismissed traditional TV as having too many commercials. “In the near future, advertisers will demand the ability to target their messages to people rather than targeting their messages to TV shows as proxies for people.” Citing data from **Nielsen/IAG**, Kilar said Hulu’s video ad service is approx 2x more effective than traditional TV ad services. “We believe that all studios and networks will recognize that it is in their economic interest to insist on per-user per-month pricing in all their distribution relationships,” he said, noting Hulu’s ability to compensate content owners more handsomely this way than anyone else. Hulu expects to generate nearly \$500mln in rev from ads and subscriptions this year, up from \$263mln in ’10, and surpass 1mln Hulu Plus subs.

Earnings: Cable continues to provide media conglomerates with important horsepower, the latest example being **Viacom**. Filmed ent dragged the company’s quarterly results down along with its stock price Thurs, but cable nets delivered 8% overall rev growth domestically on increases in ad (+10%) and affil rev (+11%). “Our major cable nets are on a roll,” said pres/CEO *Philippe Dauman*, noting Viacom’s sharp focus on audience research and a 6% CAGR in programming investment since ’06. “Momentum keeps building” in advertising regarding both pricing and volume, he said, and scatter pricing remains strong. Double-digit domestic ad rev growth is expected for the current Q. In short, Dauman is very pleased about how the cable nets are positioned heading into this year’s upfront. **Epix** is profitable, helped by its recent carriage deal with **Suddenlink**. Cable nets’ ancillary rev fell 18% due to lower consumer products and DVD sales, the latter a problem felt at filmed ent as well. The segment’s home ent rev plummeted 44% on difficult comps and lower catalog fees, and TV licensing fees decreased 38%. -- **Miller Tabak**’s *David Joyce* said op income at both **News Corp**’s cable and broadcast divisions beat his estimates last Q despite respective hits of \$30mln from the company’s distribution standoff with **DISH** and \$17mln from the Fox blackout by **Cablevision**. Despite such potential skirmishes, News Corp deputy chmn *Chase Carey* said retrans fee increases ensure a bright future for Fox broadcast. “We expect our US broadcasting business including the stations and [Fox network] to generate at least \$1bln in annual operating income within the next couple of years assuming relatively stable ad markets,” he said, noting expectations of “hundreds of millions of dollars” from retrans. News cited particular strength at its RSN stable, and believes **Fox News** is in line for a hike in sub fees going forward. Carey said the ad market is quite strong across virtually all of News’ businesses.

Retrans: **DISH** inked a deal returning **Frontier Radio Management**’s **ABC** and **Fox** affil stations in Central GA to its lineup.

In the Court: The DC Circuit Court denied **Verizon**’s motion to assign its challenge of the **FCC**’s Open Internet Order to the same panel that decided **Comcast**’s case against the Commission last year. The court gave no reason for the decision, and has yet to take any action on the telco’s challenge.

RealScreen Notebook: Content producers, creators and distributors are moving past multiplatform, or “transmedia,” storytelling as an afterthought and are now integrating multiple strategies while creating content. “The essential skill for any content creator is understanding how stories spread in this new environment,” said **Campfire** partner *Michael Monello*. “You have to look and see why people are sharing content, and figure out how you can

BUSINESS & FINANCE

build your audience.” Panelists said viewers should be able to explore the world when and wherever they want, whether it’s a TV series, a Website or a mobile application. “There’s so much you can do in transmedia, but how much should you do? That goes back to knowing your audience,” said *Andrea Nemtin*, partner, exec prod, **PTV Productions**. “Your success is through their support. Today, you’re not finding viewers, you’re creating fans.” While content creators want “fans” for what they’re doing, tying hardline monetary value to each fan is a difficult process. “The trick with metrics is that you can measure everything online, but you have to determine what you’ll be valuing and what you want to achieve,” said Manello. “On something like **Facebook**, it’s hard to make a penny, but understanding how content spreads on Facebook can change how you value certain metrics. The page that has 200,000 people strongly engaging on it is exponentially more valuable than the page with just 5,000,000 likes and little engagement.”

On the Circuit: This year’s **ACA Summit** will hit the Hyatt Regency Hotel on Capitol Hill, Apr 11-13. The show’s theme, “Turning Up the Heat,” is meant to reflect ACA’s ongoing need to engage the public on critical issues including retrans, USF reform, AllVid, the CALM Act and online privacy.

CableFAX Daily Stockwatch

Company	02/03 Close	1-Day Ch	Company	02/03 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	42.68	0.07	AVID TECH:	17.33	0.19
DISH:	21.85	0.10	BIGBAND:	2.63	0.01
DISNEY:	40.50	0.01	BLNDER TONGUE:	2.39	0.01
GE:	20.75	0.04	BROADCOM:	43.90	0.10
NEWS CORP:	18.29	0.78	CISCO:	21.91	0.29
MSOS					
CABLEVISION:	35.38	0.82	CLEARWIRE:	5.28	0.10
CHARTER:	42.00	0.38	CONCURRENT:	5.09	0.08
COMCAST:	23.21	0.14	CONVERGYS:	13.70	(0.22)
COMCAST SPCL:	21.85	0.13	CSG SYSTEMS:	20.03	0.17
GCI:	12.45	0.09	ECHOSTAR:	29.12	0.15
KNOWLOGY:	15.16	(0.09)	GOOGLE:	610.15	(1.85)
LIBERTY CAPITAL:	70.58	1.92	HARMONIC:	8.60	0.24
LIBERTY GLOBAL:	41.04	0.19	INTEL:	21.57	0.19
LIBERTY INT:	16.35	0.07	JDSU:	17.93	0.01
MEDIACOM:	8.80	UNCH	LEVEL 3:	1.24	0.01
SHAW COMM:	21.87	0.18	MICROSOFT:	27.65	(0.29)
TIME WARNER CABLE:	69.44	0.11	RENTRAK:	29.38	0.41
VIRGIN MEDIA:	25.98	0.10	SEACHANGE:	8.68	0.03
WASH POST:	442.65	7.94	SONY:	36.46	1.67
PROGRAMMING					
CBS:	20.25	0.28	SPRINT NEXTEL:	4.35	UNCH
CROWN:	2.47	(0.02)	THOMAS & BETTS:	52.92	(0.4)
DISCOVERY:	41.14	1.44	TIVO:	10.48	0.18
GRUPO TELEVISA:	24.46	(0.24)	TOLLGRADE:	9.55	0.12
HSN:	28.03	0.56	UNIVERSAL ELEC:	26.76	(0.4)
INTERACTIVE CORP:	29.53	0.78	VONAGE:	3.51	0.06
LIBERTY:	41.28	(0.01)	YAHOO:	16.69	0.12
LIBERTY STARZ:	68.29	0.34	TELCOS		
LIONSGATE:	6.24	(0.01)	AT&T:	27.99	0.32
LODGENET:	3.61	(0.04)	QWEST:	7.22	0.04
NEW FRONTIER:	2.05	0.04	VERIZON:	36.38	0.22
OUTDOOR:	8.04	(0.04)	MARKET INDICES		
PLAYBOY:	6.14	UNCH	DOW:	12062.26	20.29
SCRIPPS INT:	48.49	1.41	NASDAQ:	2753.88	4.32
TIME WARNER:	36.03	0.93	S&P 500:	1307.10	3.07
VALUEVISION:	6.17	(0.02)			
VIACOM:	50.04	(0.47)			
WWE:	12.10	0.11			
TECHNOLOGY					
ADVANTAGE:	3.05	(0.05)			
ALCATEL LUCENT:	3.27	(0.16)			
AMDOCS:	29.00	(0.16)			
AMPHENOL:	56.77	(0.38)			
AOL:	22.24	(0.4)			
APPLE:	343.44	(0.88)			
ARRIS GROUP:	12.56	0.12			

CableFAX Webinars

Thursday, February 17
1:30-3:00pm ET

Profiting from Transactional TV

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Content creators and distributors are starting to grasp the power of transactional TV (aka, “T-Commerce”), which melds advertising and sales into a single feature that lives on the TV set. This Webinar will explore this burgeoning field and share the best ways that cable operators, programmers, agencies and brands can capitalize on transactional TV now and as the market evolves.

Register at www.cablefax.com/webinars



PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

What'll You Have, TV Style

I used to love those Choose Your Own Adventure books as a kid because they placed me in control of my own entertainment. Decades later, through new series "Bar Karma" (Feb 11), **Current TV** has improved the concept by applying its principles to TV. Since last year, community members at **Current.com** and social sites including **Facebook** have interacted with the net and partners *Will Wright*, creator of video game "SimCity," and **Worldwide Biggies** CEO *Albie Hecht* to craft the program's thrust and storylines. *David Cohn*, Current's exec in charge of the series, described the interactive collaboration that has transpired and continues as a "creative ping pong match," volleying that resulted in show about a time-traveling bar owned and operated by members of the mysterious org Karma. "We're about telling stories in a unique fashion, and this is certainly that to the Nth degree," said Cohn. "The community is our 4th partner." 3 initial treatments for the show hit the net's site last year, and through community feedback Bar basically became a mash up of all 3 ideas. Now, the process is repeated for ep storylines, and users whose submissions are adapted find their names on the credit roll at the end of the show. Ep 2, for example, was submitted by an OH interactive dev and is about an author who goes into the future to discover the political fallout from his children's book is going to cause a global meltdown. "This is a social experiment that has given us great fun and great learning," said Cohn, adding that not knowing what to expect when the concept began was a little daunting. And particularly challenging is the mere 4-6-week window governing idea to air. But nearly all aspects have proved redeeming, he said, and success has been already achieved on the advertising front. **American Express**, **AT&T** and **Mazda** are Bar partners. If only I could lure sponsors for my own reading or TV viewing. *CH*

Highlights: "Justified," season II premiere, Wed, 10pm, **FX**. We love *Timothy Olyphant* as Marshal Raylon Givens, but what's up with *Boyd (Walton Goggins)*? Has he really gone straight? This season, Givens faces the Bennett clan, who're so awful, we wish he could finish them off in 1 episode. On the upside, *Kaitlyn Dever* shines as little Loretta McCready, whose helpless father was fatally poisoned by Ma Bennett (*Margo Martindale*). *SA*

Worth a Look: "Kidnap & Rescue," Sat, 10p, **Discovery**. Talk about odious villains, this series' re-enactments of kidnapping and torture are some of the most upsetting footage we've seen on Discovery. – "Camp Woodward," season IV premiere, Sat, 10am, **Fuel**. You could say it's cruel for Fuel to return to its extreme sport summer camp as most of the country is engulfed in snow. On the other hand, watching skate boarders and BMXers glide through the air is a great escape.

Notable: Big news in the canine world. *Cesar Millan's* moving to **Nat Geo Wild** with eps filmed in Britain. Back home, **CableFAX** favorite "The Puppy Bowl" returns for its 7th special, once again opposing that "other" football game (Sun, 3p, **Animal Planet**). Riding that game, **RLTV** gets into the cheese-head spirit with "Our Pack," a sentimental travelogue about Green Bay (Fri, 8p, Sat, 9p).

Basic Cable Rankings (12/27/10-1/30/11) Mon-Sun Prime			
1	ESPN	2.8	2751
2	USA	2	2034
2	DSNY	2	1948
4	TNT	1.6	1573
5	FOXN	1.4	1432
5	HIST	1.4	1341
7	A&E	1.3	1291
8	NAN	1.2	1230
8	FX	1.2	1187
8	TBSC	1.2	1162
8	MTV	1.2	1154
12	HGTV	1.1	1074
13	DISC	1	986
13	AMC	1	920
13	TRU	1	878
16	FAM	0.9	928
16	SYFY	0.9	927
16	TLC	0.9	906
16	ADSM	0.9	890
16	BRAV	0.9	832
21	FOOD	0.8	843
21	LIFE	0.8	830
21	TVLD	0.8	789
21	BET	0.8	753
21	HALL	0.8	718
21	NKJR	0.8	612
27	SPK	0.7	711
27	CMDY	0.7	694
27	MSNB	0.7	682
27	LMN	0.7	562
27	ID	0.7	484
32	EN	0.6	566
32	HMC	0.6	225
34	CNN	0.5	546
34	APL	0.5	443
34	OXYG	0.5	412
34	NGC	0.5	366
38	ESP2	0.4	446
38	VH1	0.4	438
38	TRAV	0.4	359
38	OWN	0.4	298
38	WE	0.4	278
38	GSN	0.4	268
44	HLN	0.3	328
44	CMT	0.3	309
44	TWC	0.3	257

*Nielsen data supplied by ABC/Disney

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Join us for CableFAX's Digital Awards Breakfast: Honoring The Digital Hot List and Best of Web on April 6 at the Grand Hyatt, NYC. Register at www.cablefax.com