

# CableFAX Daily™

Tuesday — February 8, 2011

What the Industry Reads First

Volume 22 / No. 025

## FCC Enhances Web Focus: Now Wants USF To Spur Broadband Investment

More than a year after NCTA proposed a revamping of USF, the FCC is set to vote Tues on a Notice of Proposed Rulemaking that chmn *Julius Genachowski* said Mon will modernize and streamline USF and importantly reform the Intercarrier Compensation rules. "It's a 20th century program poorly suited for the challenges of a 21st century world," said Genachowski of USF at an ITIF event. The overarching plan, he said, is to have the fund directly support fixed and mobile broadband, plus make it less wasteful and more efficient, accountable and fiscally responsible. Any resultant savings from the latter goals could help spur HSD investment in unserved areas. Genachowski believes a reformation of ICC—in part to reduce disputes that result when companies exploit loopholes in current rules and address the proper treatment of VoIP traffic for compensation—will stimulate broadband investment as well. "If we reform USF and Intercarrier Comp, along with pursuing other key broadband initiatives, broadband can drive our economy and provide broad opportunity, as universal telephone service and rural electrification did in the 20th century," he said. A longer-term reform includes the **Connect America Fund**, to which the expected USF cost savings will go. During a Mon conference call, senior FCC officials said the CAF will dictate coverage, buildout and performance requirements for any company receiving monies, but that contributions to the fund won't be addressed Tues. The FCC's NPRM, said the officials, represents a "progressive ramp to all funding directed to broadband... and VoIP over broadband networks." VoIP may receive classification under the Notice, and traffic compensation could be scrapped altogether, said the officials, as the FCC addresses its legal authority to promote broadband through USF. "While we all await the specifics of new rules, the guiding principles outlined today establish a framework that is appropriately premised on the necessity of enacting current reforms to achieve our future goals," wrote NCTA evp *James Assey* in a Mon blog post, noting that "any new broadband mechanism should support only a single provider and only in those areas where the market is shown to be ineffective." Assey also likes the Commission's plan to implement clear performance goals and metrics for USF, and believes "that any proposal that fails to include meaningful limits on the total size of the program would be a non-starter in the current economic and political climate." **Verizon** and **Free Press** both reacted positively to the FCC's plans. "Today's remarks by the chairman lay out a good roadmap for policymakers and the communications industry to work together to put in place updated policies that ensure all Americans have access to broadband networks and the Internet," said the telco. Said Free Press: "We take the chairman at his word when he says he wants to make the Universal Service Fund less wasteful, and we hope he has the political courage to stand up to the big phone companies and turn that promise into reality."

**Super Bowl Porn Arrest:** The man allegedly responsible for approx 37sec of porn showing up on the TV screens of **Comcast's** Tucson subs during the big game 2 years ago has been arrested on charges of fraud and computer tampering. After the incident, Comcast conducted extensive local system tests and concluded that foul play led to

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the interruption—in hindsight, a correct conclusion. The **AZ Attorney General's Office** says *Frank Tanori Gonzalez*, at the time of the incident a **Cox** employee but no longer, tampered with the MSOs servers to insert the content clip. Comcast offered a \$10 credit to its 80K area subs as a result of the porn interruption.

**In the States:** Comcast rolled out its \$370/month, 100Mbps broadband tier for businesses in CO. The service is available in several other markets as well, including D.C, the Twin Cities, Philadelphia, WA and OR. -- The **Census Bureau** said the increase in Hispanics in VA, LA, MS and NJ was higher than previous Census projections, and that the Hispanic share of the states' populations rose by a respective 7.9%, 4.2%, 2.7% and 17.7%. Hispanics accounted for most of the last decade's population growth in LA and NJ and approx a third of all growth in MI and VA. -- **Suddenlink** launched a VOD service in Cabot, AR, that includes 3D content.

**Advertising:** Comcast's **Xfinity** spot wasn't scored in *USA Today's* Super Bowl Ad Meter because it was featured after the Packers emerged victorious, but **Verizon's iPhone** ad and **Motorola's** spot for its **Xoom** tablet failed to resonate with viewers. Both scored a 5.91 on the Ad Meter, well behind the winning score of 8.35 received by **Bud Light** (dogs working at party) and **Doritos** (pug slams through screen door) and in the results' bottom 15.

**Earnings:** Noting a 2nd consecutive quarter of stabilization in the domestic VOD market on flat rev, **New Frontier Media** reported a 23.4% increase in overall rev to \$14.2mln and an 8% rise in VOD rev to \$5.3mln. PPV rev declined 15% because of a loss of a US DBS contract and lower buy rates on domestic cable and satellite platforms. NOOF shares rose 18.64% last week.

**Ratings:** **Super Bowl XLV** on **Fox** now ranks as the most-watched American TV show of all-time, reaching 162.9mln total viewers and averaging 111mln. The performance helped Fox become the 1st network ever to exceed 100mln viewers for a night in prime. The game also earned a 47.9/71 metered market rating/share Sun night to tie Super Bowl XXI in '87 as the highest-rated big game ever in metered markets, according to **Nielsen's** overnight data. -- Jan marked **E!**'s highest-rated month ever among 18-34s (0.32), women 18-34 (0.50) and women 18-49 (0.37). -- **History Channel's** top historical Jan included averages of 1.8mln total viewers, 884K impressions among 25-54s, 800K among 18-49s and 341K among 18-34s. -- **Golf Channel** carded its best Jan ever with more than 15mln total viewers, more than 1mln greater than last year and a 21% increase over '07. -- **Style Net** notched its best Jan in history in prime with 175K total viewers. -- **Oxygen** notched Sat its most-watched 11am-11pm time period in history thanks to a 12-hour "Glee" marathon.

**Programming:** **Bravo's** set to expand its Housewives franchise with "The Real Housewives of Miami" (Feb 22). -- **OWN** announced new series "Searching For..." (Mon), in which people search for lost loved ones, and "Breaking Down the Bars" (Tues), chronicling the transformation of a group of female prisoners during their time at the Rockville Correctional Facility in IN. -- **Lifetime** picked up procedural dramas "Against the Wall" and "Exit 19" for '11 launches. The former series looks at a cop family's discord when a woman decides to join Internal Affairs, while the latter centers on a divorced mother who juggles her personal and professional lives as an LAPD homicide detective while raising 2 boys with the help of a troubled younger brother. -- **Food Net's** cooking up for Mar "Ice Brigade" (Mar 3), featuring former chef *Randy Finch* and a team of renegade ice artists, and "Chopped All-Stars" (Mar 6), in which 16 chefs compete to win \$50K for charity.

**On the Circuit:** **NCTA** issued a call for presentation proposals as part of the annual **CIO.IT** tracks for CIOs and IT

CableFAX

## Sales Executive of the Year Awards

saluting cable sales leadership

Questions: Mary Lou French at  
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To Sponsor: Debbie Vodenos at  
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## Saluting sales excellence at cable programming networks, cable operators, and ad agencies.

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# BUSINESS & FINANCE

execs at **The Cable Show '11**, June 14-16 in Chicago. The deadline for submissions to 2011.thecableshow.com/Attending/CIOITCompetition is Mar 1.

**People:** Cablevision upped *John Trierweiler* to evp, product management. -- **Mediacom** svp, marketing and consumer services *Mike Rahimi* is leaving the MSO Mar 31 to start his own NYC cable consulting business. A search for his successor is underway. -- *Ivan Barqueiras* was named gm, **Discovery Nets US Hispanic Group**. -- **Rentrak** tapped *Chris Wilson* as pres, national linear TV.

**Business/Finance:** **Sanford Bernstein's** *Craig Moffett* raised his price target on **Cablevision** shares to \$33 from \$28, yet maintained his 'neutral' rating. Following the planned **Rainbow** spinoff, "Cablevision will finally be a pure-play cable operator, and operationally, we think there is no question but that it is best-in-class," said Moffett. "But best-in-class is a double-edged sword. There is more limited room for improvement than with peers, and, more significantly, there is limited room for further growth." -- **AOL** agreed to acquire *The Huffington Post*. Founder *Arianna Huffington* will lead the new **The Huffington Post Media Group**, which will integrate AOL content to reach 117mln Americans and 270mln people globally.

## CableFAX Daily Stockwatch

Company	02/07 Close	1-Day Ch	Company	02/07 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	42.64	(0.17)	AVID TECH:	20.83	1.75
DISH:	22.11	0.27	BIGBAND:	2.70	0.07
DISNEY:	40.94	0.23	BLNDER TONGUE:	2.40	0.01
GE:	20.87	0.31	BROADCOM:	45.41	(0.41)
NEWS CORP:	18.08	(0.29)	CISCO:	22.03	(0.02)
<b>MSOS</b>					
CABLEVISION:	36.07	0.04	CLEARWIRE:	5.65	(0.19)
CHARTER:	41.99	UNCH	CONCURRENT:	5.21	0.13
COMCAST:	23.54	0.27	CONVERGYS:	13.85	0.05
COMCAST SPCL:	22.19	0.24	CSG SYSTEMS:	20.56	0.39
GCI:	12.49	0.16	ECHOSTAR:	29.21	UNCH
KNOLOGY:	15.00	0.19	GOOGLE:	614.29	3.31
LIBERTY CAPITAL:	70.50	0.25	HARMONIC:	9.56	(0.28)
LIBERTY GLOBAL:	41.24	(0.04)	INTEL:	21.69	0.01
LIBERTY INT:	16.39	0.06	JDSU:	22.64	(0.12)
MEDIACOM:	8.81	(0.02)	LEVEL 3:	1.22	UNCH
SHAW COMM:	21.95	0.17	MICROSOFT:	28.20	0.43
TIME WARNER CABLE:	69.50	0.35	RENTRAK:	29.37	0.41
VIRGIN MEDIA:	25.69	(0.24)	SEACHANGE:	9.26	0.49
WASH POST:	431.14	(3.7)	SONY:	34.97	(0.66)
<b>PROGRAMMING</b>					
CBS:	20.83	0.61	SPRINT NEXTEL:	4.40	UNCH
CROWN:	2.47	0.03	THOMAS & BETTS:	53.78	(0.08)
DISCOVERY:	42.27	0.58	TIVO:	10.70	(0.07)
GRUPO TELEVISA:	24.68	0.17	TOLLGRADE:	9.51	(0.01)
HSN:	28.51	0.25	UNIVERSAL ELEC:	26.69	0.08
INTERACTIVE CORP:	30.78	0.36	VONAGE:	3.76	0.13
LIBERTY:	43.27	1.87	YAHOO:	16.80	0.01
LIBERTY STARZ:	68.87	0.21	<b>TELCOS</b>		
LIONSGATE:	6.23	0.07	AT&T:	27.96	(0.01)
LODGENET:	3.50	0.09	QWEST:	7.27	0.08
NEW FRONTIER:	2.14	0.04	VERIZON:	36.02	(0.29)
OUTDOOR:	8.28	0.28	<b>MARKET INDICES</b>		
PLAYBOY:	6.13	UNCH	DOW:	12161.63	69.48
SCRIPPS INT:	48.98	0.43	NASDAQ:	2783.99	14.69
TIME WARNER:	36.11	0.19	S&P 500:	1319.05	8.18
VALUEVISION:	6.58	0.49	<b>TECHNOLOGY</b>		
VIACOM:	50.56	0.39	ADVANTAGE:	3.02	0.02
WWE:	12.24	0.22	ALCATEL LUCENT:	3.46	0.04
<b>TECHNOLOGY</b>					
ADDVANTAGE:	3.02	0.02	AMDOCS:	29.45	0.09
ALCATEL LUCENT:	3.46	0.04	AMPHENOL:	57.58	0.06
AMDOCS:	29.45	0.09	AOL:	21.19	(0.75)
AMPHENOL:	57.58	0.06	APPLE:	351.88	5.38
AOL:	21.19	(0.75)	ARRIS GROUP:	13.04	0.05
APPLE:	351.88	5.38			
ARRIS GROUP:	13.04	0.05			

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# EYE ON ADVERTISING

## Infiniti's Contagious Message

Talk about a full court press. **Infiniti** is spreading its "Inspiration is contagious" branding message through a new corporate sponsorship of the NCAA. The broad-reaching relationship includes "Inspired Performance" advertising across the newly formed **ESPN-CBS-Turner** triumvirate with messaging that shares inspirational stories about the top college coaches and promotes the coaches' charities of choice. Kathleen Roznowski, Infiniti senior manager of media and experiential, takes Cathy Applefeld Olson through the auto manufacturer's play book.

### How do your TV ads tie in with the campaign in the digital and mobile spaces?

KR: We kicked off the first part of it through ESPN.com with the first ESPN Game of the Week on Jan. 22. We started a microsite, tied in with the Infiniti Coaches' Charity Challenge. People are basically driven there from multiple [television] media. They can learn more about the coaches' charities and vote for their favorite coach. [Infiniti will donate \$100,000 to the winner's charity.] From there they are directed to our Facebook tab for Infiniti, which shows who's in the lead for the Charity Challenge. It's a fun app.

### So there are clear bridges between the media?

KR: The first part of it is to have an anchor [on television] that will build excitement for consumers. We're also building mobile applications with ESPN and an integration on their Web site. We'll start to build a digital presence not just with ESPN—though that's a huge portion of it—but move into other places as we move into the first week of March Madness. That will all be tied to our digital presence, and also promote the coaches' tweets around Facebook and Twitter to try to get more excitement.

### Will there be different Infiniti ads running on ESPN than, say, Turner's TruTV, which is also part of this ad mix?

KR: There will be some slight shifting of the messag-

ing from the brand and product standpoint. The main message—that inspiration is contagious—will flow through all of our messaging on all networks. They really all work together, and are all tied to the coaches. It's not just about Infiniti.

### How necessary are social elements like the Coaches' Charity to an ad campaign these days?

KR: It's important to get to share a voice and get the people involved. If we are just advertising a vehicle, that's great. But it's important to be relevant to consumers when they are looking for content. These consumers are passionate about basketball, and we want to make sure we are tied to something that's important to them.



### How long did it take to construct such a multifaceted deal?

KR: We started brainstorming with ESPN last summer because we already had a relationship with them and have had a couple years working with them across cable network buys specifically related to basketball. So we started with them first. The CBS and Turner negotiations did take some time to figure out, in terms of how we they were going to put the package together.

### What's the next step for the campaign?

KR: We will have some robust sponsorships around the brackets and will build another online component with another charity element based around the brackets. You'll see us in a lot of very targeted high-reach digital places at that time as we kick off March Madness.

### High-reach places such as...

KR: Certainly CBSsports.com, but also Yahoo Sports, YouTube. We also have some of our partners helping us target the alumni audiences around the social media spaces.

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

## 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.

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