

# CableFAX Daily™

Thursday — February 28, 2013

What the Industry Reads First

Volume 24 / No. 040

## King Content: Cable Chiefs Talk Netflix, Women, CPMs

As Hollywood entertainment execs gathered in L.A. for a cable-themed HRTS lunch Wed, it wasn't long before someone asked **HBO** programming pres *Michael Lombardo* to assess **Netflix's** recent decision to release the 13 eps of "House of Cards" all at once rather than piecemeal. After all, Netflix CEO *Reed Hastings* has often said he models the online streaming service's growth path on HBO's early days. Lombardo called the decision "ballsy" but said its ultimate success remains unclear. "I'm not sure it's the best way to keep a viewer engaged emotionally," he said, noting however that Netflix may have a different relationship with its subs than a cable net because it's a "library service." But in the end, "it's about content that resonates," he said. "If people don't respond to what you're offering, all of these other conversations are meaningless." **AETN** pres, entertainment and media *Nancy Dubuc* sympathized a bit with Netflix's desire to let consumers binge on content, and she noted the strategy enabled Netflix to create massive buzz, a tactic similar to History launching mini-series "Hatfield & McCoys" as a "TV event" over 3 consecutive nights rather than spaced out over several weeks. Concentrating all marketing power on a 3-night event helped the series break ratings records, which she dutifully noted "was deliberately timed... for upfront negotiations." Meanwhile, Dubuc noted challenges around **Lifetime**, which she said in '12 saw its 1st positive ratings growth in 10 years. "It's a work in progress," she said, adding that she has heard too many pitches about weddings, makeovers and fashion shows. "The number one show for women is 'Walking Dead,'" she said. "We're thinking about where we're going. What's on [the air] now is done." **Turner Entertainment Nets** pres *Steve Koonin* said cable remains the best place for those who value creative freedom more than broadcasters' "syndication pot of gold." Turner owns no bcst nets, so "we don't care if we offend people" when it comes to fighting for bigger CPMs, he said. "The closer we get [to broadcasters], the more money we're going to be able to invest in original programming. We've got to continue to beat the drum." Lombardo agreed that cable's now the place for "serious adult storytelling," largely replacing water cooler buzz once driven by theatrical movies. "It's not about the movie they saw over the weekend," he said. "It's an exciting time to talk about this" That prompted Koonin to address the elephant in the ballroom: "It may be the golden age of television, but it's the Ice Age in here." As Dubuc shivered in her sleeveless dress, moderator and **Electus** chmn *Ben Silverman* took off his sweater and gave it to her. Chivalry, it appears, isn't dead. Perhaps a new series for Lifetime?

**Spat: Cable One** is warning customers that **AMC** is seeking a "520%" increase in the fees it charges, which could result in the MSO dropping the channel and its sibling **WE tv**. More info at its Website: stopprogramminghikes.com. Cable One's contract expires Mar 15. **AMC Nets** has run some messaging to Cable One subs. "While we are committed to negotiating with Cable One and hope to reach an agreement soon, we are informing our loyal viewers that they may soon lose their favorite shows on AMC and WE tv." This isn't the first time the programmer has faced public carriage battles. **Suddenlink** and AMC Nets briefly tussled publicly over price, with the MSO signing a long-term carriage deal ahead of the season finale of "The Walking Dead" last March. AMC ran a campaign late last year warning **Verizon FIOS** subs they could lose

## THURSDAY NIGHTS ON WE tv.

#1 AMONG AFRICAN AMERICAN WOMEN.

Source: Nielsen, Live+30, 2012 (12/26/11-12/30/12).  
TH 9p-10p, WE tv vs ad supp cable nets. AA W18-49/  
W25-54 900s. Subject to qualifications upon request.





affiliate.amcnetworks.com/we

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax:301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Group Publisher, Media Entertainment: Denise O'Connor ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Sales Mgr, Susan, Kim, 301.354.2010, skim@accessintel.com ● Marketing Dir: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Prod: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group ● Subs/Client Svcs: 301.354.2101 ● Group Subs: Amy Russell, 301.354.1599, arussell@accessintel.com

the net, but a new deal was ultimately reached. **DISH** dropped AMC Nets last year for more than a month before returning them. The programmer said the carriage drop centered on the now settled **Voom** lawsuit, while DISH contended the decision was unrelated to the lawsuit. There also was some rumbling at the beginning of the year that **Time Warner Cable** could drop IFC and WE, but the MSO is still offering the channels.

**Retrans:** Will they or won't they go dark? **DirectTV's** retrans consent agreement with **Sinclair** expires at the end of Thurs. There seems to be a differing of opinion. The DBS provider described the 2 as having made "significant progress" and rejected the idea of 70+ stations going dark in 45 cities, including Minneapolis-St Paul and Columbus, OH. "We also anticipate that, even in the most extreme case, Sinclair and DirectTV will agree to a brief extension beyond the initial Feb. 28 deadline to hammer out any final details." Sources at Sinclair, however, said the broadcaster lacks confidence that a deal will be reached and that it would only grant an extension if the 2 can agree on all business points being discussed.

**Still Reverberating:** A day after **Cablevision** fired an antitrust lawsuit against **Viacom** over wholesale bundling of nets, the industry was still talking about it. And again, the statements were all coming from independent nets and MVPDs sympathetic to Cablevision's plight. Guess big media conglomerates will keep silent until they get slapped with a lawsuit of their own... **Mediacom**, which noted it could not comment on Cablevision's specific claims because no one has seen the sealed suit yet, said tying practices hurt consumers by causing cable and satellite prices to rise at a pace that exceed inflation. "Contrary to accusations by industry critics, cable companies are reluctant to raise video subscriber rates because when we do, we lose customers," the MSO said. "Mediacom does not make more money when we raise video prices, since we remit virtually every penny of the increase on to the content owners. Over the last three years, the increase in our programming costs was more than double the increase in video revenues, even after taking our subscriber rate increases and equipment charges into account." Indie net **RLTV** said it hoped Cablevision's lawsuit would prompt an industry discussion. "The process in recent years for startup network brands to gain critical distribution mass has increasingly required playing on a very uneven playing field. Startup independent networks do not have the benefit of other sibling networks to help gain awareness and other benefits," RLTV pres/CEO *Paul FitzPatrick* said.

**Minding Media:** The same day **Senate Judiciary** held a hearing on banning assault rifles, the TV and film industries announced a campaign to help parents better manage media. The campaign will include "television PSAs, educational and informational Websites, in-theater advertising and other media," said the announcement from **NCTA, MPAA, NAB, NATO, ACA** and the member companies of those groups, as well as **DirectTV** and **Verizon FiOS**. In addition to PSAs, the groups announced the redesigned **TVBoss.org**, which offers info on ratings, parental controls and media literacy. For theatricals, there is **FilmRatings.com**. Public service initiative related to mental health also will be developed. Separately, **Senate Commerce** chmn *Jay Rockefeller* (D-WV) released a list of priorities for the cmte this term. Among them is studying the impact of indecent media on children.

**Broadband Stimulus:** The **House Communications** subcmte's broadband stimulus hearing got heated Wed when several GOP members hammered **NTIA** admin *Larry Strickling*, citing allegations of waste, fraud and overbuilding. Billions in funding has been wasted extending broadband to areas served by exiting providers, several Republicans said. Rep *Joe Barton* (TX) even proposed returning the \$2.5mln that hasn't been spent to the Treasury, in light of the sequester cuts. Several stimulus projects that were suspended, including the **Eagle-Net Alliance** in CO, were a focus of CO Republican Rep

100  
CableFAX

Best Advice/Motto Series



**"Don't be afraid to swim upstream."**  
(from *Madman Grandfather when I was 17*)

**Joan Gillman**  
EVP/President  
Time Warner Cable Media

Sponsored By:  **MOTOROLA**

**MOTOROLA MEDIOS+**  
MAKING ANY SCREEN YOUR MAIN SCREEN REALITY

[www.motorola.com/videosolutions](http://www.motorola.com/videosolutions)

Cory Gardner's contentious exchange with Strickling. Critics like the **CO Telecom Association** alleged that Eagle-Net is overbuilding networks in served communities. Since most of the RUS funding to the group's members is through loans, not grants, overbuilding threatens the financial stability of its members and ultimately to **RUS** if the ability to re-pay the loans is compromised, said *Pete Kirchhof*, evp of the CO Telecom Assoc. The group asked subcmte members to "strongly encourage EagleNet to negotiate in good faith with local providers to use existing local facilities" and deploy remaining funds to areas "where it is badly needed." Adding middle-mile networks, which is the goal of NTIA's BTOP program, isn't overbuilding because of growing bandwidth demand, Strickling countered. CO Democrat Rep *Diana DeGette* volunteered to sit down with the parties involved to help "make peace." Under the stimulus rules, funded projects have to generate sufficient revenue to pay for operations and other expenses. "Is EagleNet sustainable financially?" Gardner asked. "That's still to be determined... Ultimately, financing is a concern," Strickling said. He hopes the suspension of the project (due to environmental issues) can be lifted soon. Meanwhile, an audit found a WV project used stimulus funds to buy enterprise-grade routers for small libraries, subcmte chmn *Greg Walden* (OR) noted. Strickling said the project received heavy discounts for the high-end equipment, so it's more cost-efficient to buy them vs lower-end routers. Democrats mostly defended the program. "I don't really understand how any of my colleagues can argue that providing better, faster Internet and more digital literacy training to underserved and unserved areas of this country is something we should criticize," said *Mike Doyle* (PA). The program isn't perfect but "you can't imply that the program is a waste of government money," he said.

**Clearwire:** The **Clearwire-Sprint-DISH** love triangle continues. Clearwire confirmed that it's tapping \$80mln in financing provided by Sprint. The 4G service provider said it hasn't decided whether to take additional financing from the carrier and intends to continue talking with DISH about a potential deal. The Sprint financing is in the form of exchangeable notes that may be converted into Clearwire shares (which would give Sprint a larger ownership stake of Clearwire). It remains unclear what DISH's response to this will be, however Clearwire's share price continues to trade above the \$2.97/share offer price from Sprint, **Stifel Nicolaus** analysts said. DISH's bid for Clearwire is \$3.30 a share.

**Upfronts:** Nick's upfront didn't shy away from the challenges the net has faced, including a ratings dive last year. But it's looking forward—and for funny. Nick group pres *Cyma Zarghami* attributed the challenges to the shifting landscape, characterized by fragmentation and multiscreen viewing. Nick's answer is to develop a strategy to serve its new target demo, which "for the first time in 20 years" isn't Millennials, Zarghami told advertisers Tues evening. For this new kid audience, dubbed post-Millennials, "funny is everything," she said. For this generation, "funny is a badge of honor," said *Jane Gould*, svp, consumer insights. Strategically, Nick has "hit a generational reset button," said **Viacom** pres/CEO *Philippe Dauman*, and is currently "reinventing" the network. Animation is a big part of the plan—with more announcements on that front coming soon. New series include "Sanjay & Craig" (premieres this summer), a 20-ep, animated series about a boy's adventures with his best friend (a snake), "Monsters vs. Aliens," inspired by the **DreamWorks Animation** 2009 film, and "Rabbids," the animated physical comedy about silly, rabbit-like creatures. It has renewed the Animated Shorts Program, which recently produced 12 online shorts, 5 of which were developed into long-form series. The program this year will include a minimum of 10 shorts and feature comedians, artists and directors. Additionally, the net has launched a "sketch lab" for developing new sketch comedy series on both coasts, featuring known comedians like *Nick Cannon* and new talent. Bringing content to new platforms also is top of mind. The net launched its Nick App last week, which Zarghami referred to as a "creative sandbox," an incubator for both short- and long-form content. The app features ad-supported, authenticated content as well. "Nick Studio 10," a live, daily show in which kids are challenged to develop funny content and ideas, will debut this spring on the app and on the network. Also in the works: redefining its preschool audience. More "Dora the Explorer" episodes, a spinoff called "Dora and Friends" (premieres '14) and 3 new shows were announced: the net's first literacy show, "Wallykazam!" ('14), the animated, STEM-themed "Blaze and the Monster Machines" ('14) and the net's version of "Peter Rabbit" (premiered Feb 19). On the live-action front, new programs include show "Sam & Cat," featuring stars of "iCarly" and "Victorious," "Wendell & Vinnie," a comedy about a bachelor and his nephew, and "The Haunted Hathaways," which follows a family coexisting with ghosts.

**Research:** **ESPN** ranked as #1 in terms of the percent of affiliates ranking it as very important for subscriber retention and acquisition (95%). ESPN also had the highest avg perceived value among affiliates at 82 cents, followed by **ESPN2** at 52 cents and **Fox News** at 47 cents. Also ranking high in terms of importance in keeping and acquiring subs was **Disney Channel** (73% called it very important), Fox News (73%) and **Discovery** (71%). The study also looked at which organizations operators with 100K+ subs found helpful in selling HSD, HD and VOD. Disney/ESPN was tops again, with 71% calling it very helpful. Discovery and **NBCU Cable** were a distant 2nd with both at 50%, followed by **NFL Net** (46%). Disney/ESPN also was the most mentioned in terms of providing help with multiplatform services (49%). NBCU and **Turner** were mentioned by 24% of ops.

Entries Deadline: March 1, 2013

Call for  
Entries

# The CableFAXIES awards

The CableFAXIES Awards salute the year's most outstanding communications initiatives and programs in the highly competitive and dynamic Cable arena. The coveted awards set the industry benchmark for excellence across all areas of PR and Marketing. The winners and honorable mentions will be saluted during an awards event in May 2013 in NYC.

Following are the categories in **The CableFAXIES Awards**:

- Advertising Campaign for a Single Program
- Advertising Campaign for a Network
- Corporate Social Responsibility/Green Campaign
- Community Relations
- Direct Response Marketing
- Integrated Marketing Campaign
- Marketing Campaign
- Marketing of a New Series or Show
- Marketing of a Continuing Series
- Marketing of a Special or Documentary/ Documentary Series
- Media Event
- Media Relations Campaign
- Multicultural Marketing
- Press Kit
- Programming Stunt
- PR Stunt
- Public Affairs Campaign
- Social Media During a Program
- Social Media Marketing
- Sweepstakes and Games Marketing
- Technology Vendor Marketing
- Trade Show Marketing and PR
- Tchotchke

## People Awards

(Awards can be given at 5 levels: Programmer, National; Programmer, Regional/Local; Operator, MSO; Operator, Local System; and Vendor)

- Marketer of the Year, VP Level and above
- PR Executive of the Year, VP Level and above
- Marketing Team of the Year
- PR Team of the Year

Visit [www.cablefaxiesawards.com](http://www.cablefaxiesawards.com) for more information on  
The CableFAXIES Awards.

We look forward to seeing your entry and saluting cable's best PR & marketing efforts of 2012!  
For advertising and sponsorship information contact Amy Abbey at: 301-354-1629 or [aabbey@accessintel.com](mailto:aabbey@accessintel.com).

# BUSINESS & FINANCE

**Carriage:** Fox Networks Spanish-language net **Utilisima** will go live Mar 4 on **Comcast Xfinity TV's** Multilatin tier on several FL systems including Miami, Fort Lauderdale, Fort Myers, Jacksonville, Naples, Orlando and West Palm Beach. The channel's already available via most major distributors.

**Programming:** **WE tv** greenlit a 3rd season of "Mary Mary," ahead of Thurs' Season 2 finale. -- **FX** said yes to a 5th season of "Archer." -- **Animal Planet** renewed "Pit Bulls and Parolees" for 5th season with 16 new eps to be aired in fall. -- **Hallmark** launched "Walmart and P&G present Walden Family Theater," a Fri night appointment viewing franchise that will kick off Mar 15 with the world premiere of "Return to Nim's Island," 1 of 6 new original family movies that will headline the franchise.

**On the Circuit:** No Summit, but the Mark Awards live on, honoring excellence in consumer and B2B marketing. **CTAM** is seeking entries for the '13 awards, with Mar 27 the deadline ([www.markawards.com](http://www.markawards.com)). Winners will be announced at a reception during the new "CTAM Think" event in NYC on Sept 10 (an educational event for corporate members).

**People:** *Hilary Smith* was named svp, comm for **USA**. She most recently oversaw communications for the **NBCU** Entertainment & Digital Networks and Integrated Media group.

## CableFAX Daily Stockwatch

Company	02/27 Close	1-Day Ch	Company	02/27 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	48.45	0.29	CSG SYSTEMS:	19.56	0.13
DISH:	34.87	(0.27)	ECHOSTAR:	38.25	0.49
DISNEY:	54.48	0.58	GOOGLE:	799.78	9.65
GE:	23.37	0.32	HARMONIC:	5.62	0.10
NEWS CORP:	29.19	0.50	INTEL:	20.93	0.35
<b>MSOS</b>					
CABLEVISION:	15.47	0.18	JDSU:	14.45	0.21
CHARTER:	87.13	0.39	LEVEL 3:	20.10	(0.24)
COMCAST:	40.15	0.46	MICROSOFT:	27.81	0.44
COMCAST SPCL:	38.38	0.49	RENTRAK:	21.51	0.32
GCI:	8.53	0.03	SEACHANGE:	11.38	0.11
LIBERTY GLOBAL:	67.51	1.16	SONY:	14.34	0.30
LIBERTY INT:	20.55	(0.02)	SPRINT NEXTEL:	5.86	0.08
SHAW COMM:	23.96	0.39	TIVO:	12.41	(0.01)
TIME WARNER CABLE:	88.02	1.56	UNIVERSAL ELEC:	19.18	0.63
VIRGIN MEDIA:	45.79	0.45	VONAGE:	2.58	(0.03)
WASH POST:	402.98	12.01	YAHOO:	21.16	0.40
<b>PROGRAMMING</b>					
AMC NETWORKS:	57.03	1.03	<b>TELCOS</b>		
CBS:	43.80	1.31	AT&T:	35.85	0.36
CROWN:	1.95	(0.02)	VERIZON:	46.35	0.23
DISCOVERY:	73.31	2.35	<b>MARKET INDICES</b>		
GRUPO TELEVISIA:	26.45	0.22	DOW:	14075.37	175.24
HSN:	52.06	1.83	NASDAQ:	3162.26	32.61
INTERACTIVE CORP:	40.86	(0.07)	S&P 500:	1515.99	19.05
LIONSGATE:	21.00	0.40			
OUTDOOR:	7.50	(0.05)			
SCRIPPS INT:	62.55	1.40			
TIME WARNER:	53.31	1.03			
VALUEVISION:	2.70	0.07			
VIACOM:	60.53	0.50			
WWE:	8.52	0.13			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.28	0.16			
ALCATEL LUCENT:	1.39	0.03			
AMDOCS:	36.47	0.46			
AMPHENOL:	70.68	0.59			
AOL:	38.02	0.52			
APPLE:	444.57	(4.4)			
ARRIS GROUP:	17.41	0.26			
AVID TECH:	6.85	(0.05)			
BLNDER TONGUE:	1.27	(0.03)			
BROADCOM:	34.27	0.33			
CISCO:	20.89	0.28			
CLEARWIRE:	3.18	(0.02)			
CONCURRENT:	7.20	0.19			
CONVERGYS:	16.64	0.17			



20<sup>TH</sup> ANNUAL DIVERSITY AWARDS DINNER

For info [www.t-howard.org](http://www.t-howard.org) or call Maria Ducheine at (212) 997-0100 ext.214

Wednesday, March 20, 2013

HONORING

**CORPORATE LEADERSHIP AWARD RECIPIENT**  
**A+E NETWORKS**, Accepted by **ABBE RAVEN**

**EXECUTIVE "TRAILBLAZER" AWARD RECIPIENT**  
**DEBRA L. LEE**, BET NETWORKS

**EXECUTIVE LEADERSHIP AWARD RECIPIENT**  
**MELINDA WITMER**, TIME WARNER CABLE

## Think about that for a minute...

### Briefly

Commentary by Steve Effros

The name of this column urges you to think about the things I'm writing about for just a little while. Well, there's lots to think about these days, and I'll do it in more depth, later, but you can start with these;

**The Cablevision Case.** Kudos, again, to Cablevision for going to Court to see if we can get answers to big issues facing the industry. This time it's wholesale bundling that has gotten way out of control. The owners of



lots of channels are in essence forcing cable operators to buy all of them if they want any of them. It's putting a major strain on our systems and our customers. Yes, I know, the instinct is to immediately equate this with the whole a la carte question at the retail end.

But that's a mistake. The legal issues and tests surrounding wholesale and retail bundling are entirely different. As we all know, at the moment retail bundling is a requirement of the wholesale agreements. So the battle to break this whole thing apart has to start at that level, and Cablevision has apparently filed a pretty substantial case. We'll see.

It won't be easy, since the big problem will be trying to define so-called "must have" channels, which provide incredible negotiating leverage, from the "ancillary" channels, as Cablevision calls them. That's going to be tough. But it's a worthwhile effort, just as their battle to legalize "remote DVRs" was. Just ask Aereo.

**Speaking of Aereo,** lots more hot Aereo, with loads of PR and press, but not very meaningful yet. They say they are expanding, but no numbers. They are starting to do local advertising, but the key question is... can they have a business plan that contemplates not paying for the broadcast programming they are delivering as the core of their service? I don't think so. Either way,

cable wins. If they have found a cute, technical gimmick "around" retransmission consent, then we can use it too. However, if they win in court, my guess is the laws will be clarified to take the "win" away. I just don't see the broadcasters standing out in the political and economic cold any time soon.

**"Cold"** is the only way you could describe the reception the FCC got this week before the Court here in Washington when they tried to defend the absurd application of their rules that required Comcast to treat the Tennis Channel the same way they treat sports channels they own. The Judges made it pretty clear, although there is always a chance for a surprise, that they were going to call a "foul." There are three different theories of why the FCC got this one wrong; procedural, factual and Constitutional. I think they were wrong on all three counts, but the likelihood is that the Court will take the simplest way on this one and just throw the Commission out on procedural grounds, so we won't get to the real issues, particularly the Constitutional ones, which I think will eventually totally disqualify the Commission as a programming referee.

**Finally,** a short-take on the continuing PR around the way Netflix has offered "House of Cards." If I can subscribe for one month, in essence buying a 30-day window to binge and watch a great new series, and then drop the subscription until there is another one, isn't Netflix experimenting with a la carte? They're facing a growing "57 channels and nothing to watch..." problem with their older movies library. This expensive binge-watching "answer" could backfire.

*Steve*

T:202-630-2099  
steve@effros.com

*(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry)*

## CableFAX Webinar

### Social Buzz: Leveraging New Social Media Tools to Drive and Build Loyalty

Join CableFAX for a webinar that will put you in sync with the latest trends in social media consumption.

March 26 | 1:30 - 3:00 p.m. ET

REGISTER ONLINE [www.cablefax.com/webinar](http://www.cablefax.com/webinar)