

CableFAX Daily™

Thursday — March 8, 2012

What the Industry Reads First

Volume 23 / No. 045

Extremely Loud, Incredibly Cable: Execs Talk Demos, Evolving Business

Top cable content execs see no end to the viewers' insatiable thirst for original content, with those gathered at the monthly HRTS luncheon in L.A. telling moderator *Billy Bush* that competition and evolving consumer behavior leaves them no choice. "We need to evolve or die," said **Starz** Managing Dir *Carmi Zlotnik*. **Turner** evp, programming *Michael Wright* said more originals and increasingly less acquired content is inevitable. "To stay competitive, you've got to make more," he said, noting however that acquisitions can be "a marvelous tool to launch a new show" as lead-ins. But now that syndication runs across so many nets, "it's about trying to maintain exclusivity" with originals to foster viewer loyalty, he said. The problem, of course, is that the sheer number of cable nets adds pressure to dice demos into ever smaller slices, making it difficult for producers to pitch ideas that fit each net's audience. "Gone are the days when you could come up with an idea and have a long list of places to sell to," noted *Joel Stillerman*, **AMC's** evp, original programming, production and digital content. "You really have to tailor to that channel." At the same time, he said execs may stress too much about it. "People have brand loyalty, but I don't think there's dogma around it," he said, noting AMC's success with different kinds of shows. "We have 'Mad Men,' and we have 'The Walking Dead.' The main goal is to be in the "consideration set" of channels consumers watch regularly because "people form habits, and they're hard to break." Meanwhile, **ABC Family** evp, programming and development *Kate Juergens* said brands can do "a lot of the heavy lifting" as audiences become familiar and eventually comfortable with their specific styles. ABC Family, for example, is known as a net that parents can watch with their kids—even though its shows often tackle tough subjects. On the other hand, that dynamic can play out in unlikely ways. **MTV** programming head *David Janollari*, for example, said parents also watch shows like "16 and Pregnant" and "Teen Mom" with their kids. Such edgy shows don't always work, as MTV found out with U.K. import "Skins" that pushed the envelope too far for some advertisers, acknowledged Janollari. But execs also said any subject matter or show can work under the right circumstances. "There's always an advertiser for every show," said Juergens, noting the intense competition for eyeballs. "You have to be loud enough in cable... but to be loud, you have to be a little bit edgy."

Cablevision Exodus: Another senior exec departure at **Cablevision**. CVC said Wed that marketing evp *Jonathan Hargis* has informed the company he'll resign later this month to pursue other opportunities. This is where we point out that **Charter** has had an empty CMO spot since *Ted Schremp's* departure in Feb '11. Wonder if new CEO *Tom Rutledge* is looking to fill it? Cablevision described Hargis' departure as amicable, with pres/CEO *Jim Dolan* and marketing head *Kristin Dolan* throwing him a goodbye dinner Mon night. "Jon has been a valued contributor to our company and has played an important role in developing and defining our Optimum products and offers in a competitive marketplace," Dolan said in a statement. Hargis' statement: "The years I spent at Cablevision will always be among the most productive and rewarding of my career. I had the opportunity to work with some great and talented people, and I leave behind many friends and valued colleagues." Earlier this year, **BTIG** analyst *Richard Greenfield* questioned whether 20-year CVC vet *Kristin Dolan* (wife of pres/CEO

100
CableFAX

Best Advice/Motto Series



"Think on behalf of the customer."

Steve Friedman
COO
Wave Broadband

Sponsored By:

**MOTOROLA**

Empowering you to deliver more.

www.motorola.com/videosolutionsCheck out the best advice from our CableFAX 100 honorees at cablefax.com/cablefaxmag

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, 818.945.5309, mgrebb@accessintel.com ● Assoc Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Contributor: Seth Arenstein ● Publisher: Debbie Vodenos, 301.354.1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Barbara Bauer, 301.354.1796, bbauer@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Amy Russell, 301.354.1599, arussell@accessintel.com

Jim Dolan) had taken over as CMO of the cable division and whether there were any differences in opinion between Dolan and Hargis on how to market CVC products. Cablevision said Wed that Kristin Dolan's title is sr evp, product mgmt and marketing and that she has been running the company's product mgmt and marketing groups since Nov. In addition to Rutledge's exit from CVC as COO in Dec, former Cablevision cable and comm pres *John Bickham* departed in Nov.

Getting Chummy: The current level of HBO's clout may very well determine the types of deals, if any, Netflix is able to forge with cable ops. After saying for months the service complements cable, NFLX CEO *Reed Hastings* is busy chatting with cable ops about adding it to their cable offerings, according to **Reuters**. Integration via set-tops or cable bills are apparently options, though either would likely miff HBO and could lead to the marketing of **HBO Go** directly to consumers. At a time when TVE rights issues linger, it doesn't appear a good time to alter, if not upset, the traditional duel rev stream apple cart. It must be noted, however, that some ops are moving in a content-agnostic direction. Take **Charter.net**, which offers a search and discovery feature that integrates content from HBO Go, **Epix**, and even **Netflix**, **Amazon** and **Hulu** into a single directory. Others are apparently bringing the fight to NFLX: **Comcast's Xfinity Streampix** streaming service offers movies and library content as both a free subscription bolt-on and \$4.99 standalone service that undercuts NFLX. Irrespective of what happens with NFLX and cable, the 1 given nowadays is constant change in the digital marketplace. To wit: NFLX is now available directly through **Apple TV**, with bill payment via iTunes an option.

Digital Hollywood Notebook: What kind of TV conference would it be if there was no mention of cord cutting? At the first day of the Digital Hollywood Media Summit in NYC, there was plenty of it and perhaps more than usual in light of the Tues **Reuters** article reporting that **Netflix** has met with cable ops to discuss offering its service to cable subs. *Bruce Eisen*, **DISH** vp, online content development & strategy joked, "to the best of my knowledge it's not DISH, which means it's probably DISH." *Mara Winokur*, svp, digital media, business development and strategy at **Starz Media**, which pulled its content from the streaming service last year, said she would be "very surprised if a **Comcast** or **Time Warner [Cable]** announced they were carrying Netflix as a premium channel" and doubts the industry will see this in the next couple of years, in part because the cost of the service will go way up. And in her experience with CEO *Reed Hastings*, costs are not a small matter. "They've been crying about money, [saying] we don't have enough money," she said. Other execs cited the high cost of original programming as well, including **Music Choice** pres/CEO *David J. Del Beccaro*. "There isn't a interesting program that can make money on the Web in a non-subscription program," he said. "Analysts have been too focused on cord cutting. It's the cord never-getters the industry has to worry about." Winokur said she's more worried about the cord shavers, who've trimmed their packages for economic reasons. "A lot of it is based on the economy, not Netflix or whatever," she said.

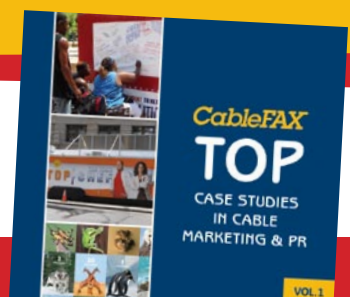
On the Hill: The message from companies Wed at a **House Commerce** cybersecurity hearing: no unneeded regulation. "Flexibility is absolutely necessary in light of the high-velocity changes in technology, business models, service, application vendors, and customer devices employed by each network operator and/or installed by Internet users in their homes or on their devices," said **Comcast** vp, Internet Systems Engineering *Jason Livingood* in prepared testimony. "Indeed, a government-mandated 'one size fits all' approach could actually undermine cybersecurity by allowing criminals and hackers to launch an attack on multiple networks simultaneously if they are able to circumvent uniform or homogeneous detection and deterrence measures, or could constrain the pace of innovation in Internet-related technologies, services, and applications."

In the States: **Google** received approval from the **Missouri PSC** to sell video services in Kansas City. -- **Cox** launched

Ramp Up Your Marketing & PR Skills with the CableFAX Top Case Studies in Cable Marketing & PR Guidebook.

THIS ONE OF A KIND BOOK is filled with strategic initiatives that are driving the dynamic cable industry forward! This Case Study Guidebook exemplifies how cable programmers, operators and vendors cut through the clutter to mount PR and Marketing efforts that worked, gained revenue, ratings points and industry buzz.

18783



Enter promo code 2011VIP and Save \$50. Order Today at www.cablefax.com/store/cfx

BUSINESS & FINANCE

in all markets **Cox Tech Solutions**, a fee-based tech support service providing diagnosis and resolution for problems including PC crashes, viruses, installation/configuration and home networking.

At the Portals: FCC chmn *Julius Genachowski* tapped his senior counselor, *Josh Gottheimer*, to lead a new public-private initiative to drive collaboration among government and private sector entities on broadband-related national priorities. Gottheimer will also continue to serve as strategic adviser to the chmn.

People: **Oxygen** tapped *Sarah Tomassi Lindman* as svp, program strategy. -- **The Hub** upped *Dan Pimentel* to chief finance and operations officer and *Ted Biaselli* to vp, programming. -- **Ed Palluth** was upped to evp, global distribution for **AMC/Sundance Channel Global**.

On the Circuit: Want to feel proud of our country's youth? Check out this year's **C-SPAN StudentCam** documentary competition grand prize winner *Matthew Shimura's* entry (www.c-span.org/studentcam). The 9th grader from Punahou school in HI receives a \$5K for his video "The Constitution and the Camps: Due Process and the Japanese-American Internment." He is one of the 148 students across the country sharing a total of \$50K in prizes for their videos (two 1st prizes, eight 2nd prizes, 16 3rd prizes and 48 honorable mentions).

CableFAX Daily Stockwatch

Company	03/07 Close	1-Day Ch	Company	03/07 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	46.08	0.17	CLEARWIRE:	2.18	0.10
DISH:	31.22	1.68	CONCURRENT:	3.67	(0.01)
DISNEY:	41.75	(0.25)	CONVERGYS:	12.19	(0.03)
GE:	18.77	0.35	CSG SYSTEMS:	15.86	0.04
NEWS CORP:	19.75	0.31	ECHOSTAR:	29.51	0.09
MSOS					
CABLEVISION:	13.93	0.15	GOOGLE:	606.80	1.84
CHARTER:	60.54	(0.36)	HARMONIC:	5.70	0.13
COMCAST:	29.24	0.32	INTEL:	26.91	0.30
COMCAST SPCL:	28.73	0.38	JDSU:	12.80	0.31
GCI:	10.40	0.16	LEVEL 3:	24.10	0.53
KNOWLOGY:	18.06	0.07	MICROSOFT:	31.84	0.28
LIBERTY GLOBAL:	49.76	0.44	MOTOROLA MOBILITY:	39.66	(0.03)
LIBERTY INT:	18.70	0.12	RENTRAK:	20.16	(0.15)
SHAW COMM:	20.34	0.12	SEACHANGE:	6.90	0.05
TIME WARNER CABLE:	78.13	0.35	SONY:	20.42	0.06
VIRGIN MEDIA:	24.77	0.09	SPRINT NEXTEL:	2.43	0.04
WASH POST:	390.37	0.93	THOMAS & BETTS:	72.11	0.09
PROGRAMMING					
AMC NETWORKS:	44.30	0.15	TIVO:	11.01	(0.1)
CBS:	29.79	0.71	UNIVERSAL ELEC:	18.71	(0.03)
CROWN:	1.23	0.06	VONAGE:	2.20	0.05
DISCOVERY:	46.55	(0.02)	YAHOO:	14.62	0.20
GRUPO TELEVISIA:	20.37	(0.08)	TELCOS		
HSN:	37.26	0.71	AT&T:	30.88	0.15
INTERACTIVE CORP:	46.87	0.52	VERIZON:	38.87	0.18
LIONSGATE:	13.34	(0.05)	MARKET INDICES		
LODGENET:	3.30	0.09	DOW:	12837.33	78.18
NEW FRONTIER:	1.13	0.01	NASDAQ:	2935.69	25.37
OUTDOOR:	7.40	1.26	S&P 500:	1352.63	9.27
SCRIPPS INT:	43.90	(0.09)			
TIME WARNER:	36.59	0.08			
VALUEVISION:	1.67	0.08			
VIACOM:	53.26	0.20			
WWE:	8.79	(0.12)			
TECHNOLOGY					
ADVANTAGE:	2.08	(0.11)			
ALCATEL LUCENT:	2.34	0.10			
AMDOCS:	30.30	0.25			
AMPHENOL:	56.01	0.92			
AOL:	17.03	(0.01)			
APPLE:	530.69	0.43			
ARRIS GROUP:	11.12	0.20			
AVID TECH:	10.54	0.24			
BLNDER TONGUE:	1.30	-0.00			
BROADCOM:	35.16	1.00			
CISCO:	19.41	(0.07)			

Attention Public Affairs Executives!

You're invited to get a free trial subscription to *PR News*, the weekly executive level newsletter brought to you by the publishers of CableFAX Daily. From reputation management to crisis communications to media relations, we've got you covered – and then some!

Sign up for your FREE trial at www.prnewsonline.com/freetrial or call 1-800-777-5006.

PRNews Building the Bridge Between PR and the Bottom Line.

10499



Think about that for a minute...

Not Evil, Just Honest

Commentary by Steve Effros

I've been known to take a shot or two at Google now and then, but I've always acknowledged that they do a darn good job at what they do. It's just that most folks don't really understand what they do. Now we have to say thanks to Google, because it has, whether intended or not, started a necessary public discussion about the business realities of the Internet. It's been a long time coming!



Lots can be said about the Web's most ubiquitous search engine. Their oft-repeated motto; "Don't be Evil," has been cited in virtually every context you can think of. But what hasn't been really clear to users is the price paid for that excellent search capability and the reality of Google's business.

Google sells advertising. That's how they make the bulk of their billions. Nothing wrong with that. Most folks actually have a pretty good sense of that reality by now. The search results always come with designated "paid" results at the top of the page or down the side.

So this is the start of user reality: the services offered by Google are good, but they can't be free. There is no such thing as a free lunch. But Google doesn't just blindly sell ads, they sell ads linked to the searches that are being made. We know that too. So if I want to do a search on "cars" I automatically get the ads for dealers that do business around my home.

But that should tip you off to something else; the "link" is not just between a type of ad and the search criteria, something else has been added: my location. And that's not all. Google knows a whole lot about me, so other criteria are also included in providing what they (and the advertiser) think is the most "targeted" ad they can provide.

In one way, that's a really neat service. The better they are at taking all my information and parsing it—my age, ethnicity, sex, income, location, marriage status, etc—and linking it with advertising for information or services I am searching for, the more useful, in theory, that advertising becomes, both to me and the advertiser. That's the added value the advertiser pays for.

What it also means, however, is that the more information Google can accumulate about me the stronger, they claim, their ad service will be, and the more they can charge for it. That's why Google just announced that they are merging all the information they know about me from all their various services; search, mail, maps, etc. in one big file. A little creepy, but very effective.

Google has been very up front about all this. It's the price we pay; some of our privacy, some of our personal information, in exchange for a really effective service. They also give us an obvious choice not to "opt in." Just don't use Google!

The point Google has now made loud and clear is that the services folks get, use and find invaluable on the Web are not free. At some point they have to be paid for, and whether that payment is directly, through a fee, or indirectly such as giving up some of your personal information so it can be used to try to sell you things, it's still a price to be paid. You always have the choice not to partake, but if you do, there is a price.

That reality regarding the Internet is not evil, it's just honest.

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

MONETIZING SOCIAL TV: BOLSTERING RETURNS IN REAL-TIME

Wednesday, March 28, 2012
1:30 - 3:00 p.m. ET

REGISTER TODAY AT
www.cablefax.com/cfp/webinars