

CableFAX Daily™

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What the Industry Reads First

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Cap Chat: Metered Billing Rides Again

Not surprisingly, news over the weekend of **AT&T's** broadband usage cap plans renewed speculation that cable will follow suit soon. During an investor conference last week, **Time Warner Cable** chmn/CEO *Glenn Britt* implied that there would be a shift to consumption based billing over time. Instead of focusing on the so-called "bandwidth hogs," Britt took a less punitive spin. "I think we have a great product, and we want people to use it more," he said. "But I also think people who use it a lot less are going to want to pay a lot less as time goes on than the really heavy users... I think there will always be an unlimited tier." The TWC head quipped that since the conference was being Webcast he was probably being attacked on blogs everywhere. The MSO shelved plans to trial metered broadband pricing plans in '09 after a groundswell of consumer complaints and threats of legislation. Now enter AT&T. Starting May 2, AT&T will cap **U-Verse** subs at 250GB and legacy DSL subs at 150GB. Additional usage will cost \$10 per 50GBs. News of the caps was 1st reported by *BroadbandReports* Sun. **Sanford Bernstein's** *Craig Moffett* identified **Charter, Cox** and **Time Warner Cable** as the cable operators most likely to first follow suit. At the same investor conference last week, **Comcast Cable** pres *Neil Smit* signaled that tiered pricing is not in the MSO's immediate plans, saying only that the infrastructure is in place should that time come. AT&T was quick to point out Mon that the caps would only affect about 2% of its subs. But Moffett believes there is a message there. "At something like ~1 gigabyte per hour for streaming video, and about twice that for HD, the caps are set at a level where watching lots of video is welcomed... but substituting online video for linear video is not," he wrote in a research note. Meanwhile, cord cutting naysaying continues. Just 0.18% of US homes dropped pay TV service between 4Q10 and 1Q11, according to **ESPN's** analysis of **Nielsen** HHs, compared to the 0.28% that did so between the previous 2 quarters. ESPN includes only homes that have a HSD connection and said the recent cord cutting was offset by a group of broadcast-only homes that ordered pay TV and broadband over the same period—resulting in a net loss of zero between the 2 groups. Not surprisingly, people who were heavy or medium sports viewers showed zero cord cutting. The study also showed that the number of multichannel homes adding a broadband connection was more than 4X larger than the cord cutting group. **L.E.K. Consulting** says the bigger issue for operators is "cord trimming"—consumers who reduce their monthly pay TV services. It said 16% of its survey respondents took such actions during the past year, reducing monthly bills by an average of 25%.

Goodbye Joe: **Univision** said pres/CEO *Joe Uva* has chosen not to renew his employment agreement and will seek other opportunities. His departure will take place Apr 2, the end of his contract term. Uva came aboard in '07 and led the Spanish-language broadcaster through its first entrance into retrans fees during his tenure. "Although I will miss working with the many talented professionals at Univision, the team is strong and I have decided the time is right for me to capitalize on other opportunities," Uva said. Univision exec chmn *Haim Saban* will assume additional responsibilities until a new CEO is appointed. Saban said Univision is a better company due to Uva's "efforts in building a strong leadership team"

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and positioning it for long-term success. Former **NBCU** exec *Randy Falco* joined the company in Jan as evp/COO.

NFL: Sure, **NFL** partners such as **ESPN** and **DirecTV** (Sunday Ticket) will suffer financial setbacks if games are lost this fall, but additional firms have stepped up to say the impact will be modest. ESPN's primary exposure stems from the potential costs related to replacement programming, said **Moody's**, adding that DirecTV won't see its financial results affected but may experience negative pressure on sub adds. **Collins Stewart's Thomas Eagan** agrees that DirecTV doesn't face meaningful danger. "Not only is there only minimal impact to DTV valuation if there is no 2011-2012 season, but there's no impact to 2011 revenue and EBITDA as the NFL-related revenue and costs flow through balance sheet, not the P&L," said Eagan in recommending purchases of the DBS op's shares on any pullback. As for the broadcasters, including **Comcast's NBC**, "only the difference in the profit between what could have been earned from football compared with what replaces football will affect the networks directly," said Moody's svp *Neil Begley*.

Retrans: Over the weekend, **DISH** and **LIN TV** reached a retrans deal covering 27 local channels in 17 markets. The channels had been dark on DISH for approx a week. "We sincerely appreciate the patience our customers have shown during this time," said the DBS op in a statement. Terms of the deal weren't disclosed.

Carriage: **U-verse TV** extended its affil agreement with **Starz Ent's** premium nets, HD and VOD services, and expanded it to include the authenticated online rights to Starz Online and Encore Online. U-verse also picked up the rights to deliver **MoviePlex**, associated MoviePlex On Demand, MoviePlex HD On Demand, and MoviePlex Online services in the future.

On the Hill: A couple Dems, Reps *Collin Peterson* (D-MN) and *Dan Boren* (D-OK), have signed onto a House Commerce Dear Colleague letter urging members to cosponsor a resolution disapproving of the **FCC's** open Internet rules. The resolution was passed out of subcmte last week and is slated for a vote before the full committee Tues. The letter cites a letter from **BendBroadband** CEO *Amy Tykeson* to resolution author *Greg Walden* (R-OR), in which she says that FCC chmn *Julius Genachowski* has "picked winners and losers in this recent effort to impose 'net neutrality' regulations. These efforts will cost jobs, stall innovation and dampen investment." **NCTA** has said it supports the FCC's order.

New Voice: As part of an extensive branding and programming initiative, **Si TV** will become **nuvoTV** on July 4 to better embrace America's accelerating bi-cultural Latino population. The result of the 1st 2 letters of nuevo (new) and voice, nuvoTV "symbolizes the critical role Latinos have in our country today and in the future," said net CEO *Michael Schwimmer*, citing as the net's target audience BCLs, or Hispanics born in America or who arrived at a young age. nuvoTV will continue to feature original series, feature a Latino films block on weekends and integrate a new originals slate that includes "Operation: Osmin," in which trainer and Cuban exile Osmin subjects 10 participants to a grueling fitness regimen.

Japan Disaster: All calls placed to Japan by **Time Warner Cable's** digital phone subs will be free through Apr 15. "At Time Warner Cable we are caring members of the communities we serve and we know that in many of those communities right now we have customers worried about family and friends in Japan," said TWC chmn/CEO *Glenn Britt*.

Advertising/Marketing: With **History** sponsoring the May 28 **NASCAR** Nationwide Series race, the event will be called the Top Gear 300 in a nod to the net's US version of UK series "Top Gear" that celebrates the art of driving. Host track Charlotte Motor Speedway will highlight History shows on its HD video screen through race weekend.



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BUSINESS & FINANCE

Ratings: CNN's deep coverage of the earthquake and tsunami in Japan delivered an avg audience of 2.2mln viewers (3am-3am) and a peak total of 3.6mln total viewers during the 11am hour Fri, including 1.5mln 25-54s. At CNN.com, tsunami video set a site record with 60mln worldwide viewers.

People: BBC Worldwide Americas hired ex-Viacom exec Patricia Erickson as svp, HR. -- CNN DC Bureau Chief David Bohrman becomes svp, chief innovation officer for CNN Worldwide on May 1. A search is underway for a replacement. -- Fuse named Brad Schwartz svp, programming and ops. Schwartz was svp, gm of music and youth brands in Canada, including MTV and MuchMusic.

Business/Finance: In ranking 10 media and ent sectors on profitability and growth rate using EBITDA margins and dollars, Ernst & Young said cable ops had the highest avg profitability (38%) and interactive media (15%) had the highest avg growth rate from '06-'10. Following in profitability were interactive media (35%), cable nets (31%), satellite TV (27%) and publishing (20%); and in growth were electronic games (14%), cable nets (10%), cable ops (10%) and satellite (9%). When looking at just estimated '10 profitability, the sectors ranked nearly identical to the 5-year avg: cable ops (39%), interactive media (36%), cable nets (33%); satellite (27%) and publishing (20%). Broadcast TV ranked 7th in profitability (19%) and 9th in growth (-4%).

CableFAX Daily Stockwatch

Company	03/14 Close	1-Day Ch	Company	03/14 Close	1-Day Ch
BROADCASTERS/DBS/MMDs					
DIRECTV:	45.97	0.09	BLNDER TONGUE:	2.00	-0.00
DISH:	23.27	(0.16)	BROADCOM:	40.56	0.41
DISNEY:	42.24	(0.69)	CISCO:	17.85	(0.1)
GE:	19.92	(0.44)	CLEARWIRE:	5.58	(0.18)
NEWS CORP:	17.75	(0.12)	CONCURRENT:	5.85	UNCH
MSOS					
CABLEVISION:	35.06	(0.37)	CONVERGYS:	13.66	(0.22)
CHARTER:	46.52	(1.29)	CSG SYSTEMS:	19.70	0.05
COMCAST:	24.49	(0.46)	ECHOSTAR:	35.47	0.16
COMCAST SPCL:	23.04	(0.49)	GOOGLE:	569.99	(6.72)
GCI:	10.40	(0.52)	HARMONIC:	8.79	(0.05)
KNOWLOGY:	13.19	(0.09)	INTEL:	20.84	(0.03)
LIBERTY CAPITAL:	73.31	0.33	JDSU:	21.48	0.22
LIBERTY GLOBAL:	41.82	(0.87)	LEVEL 3:	1.34	(0.03)
LIBERTY INT:	16.02	(0.32)	MICROSOFT:	25.69	0.01
SHAW COMM:	20.90	0.06	RENTRAK:	23.67	(0.49)
TIME WARNER CABLE:	68.08	(0.71)	SEACHANGE:	9.25	(0.01)
VIRGIN MEDIA:	26.82	(0.36)	SONY:	31.08	(2.37)
WASH POST:	427.43	3.32	SPRINT NEXTEL:	5.02	0.02
PROGRAMMING					
CBS:	23.61	(0.19)	THOMAS & BETTS:	55.61	(1.14)
CROWN:	2.10	(0.18)	TIVO:	8.90	0.12
DISCOVERY:	40.17	(0.76)	TOLLGRADE:	9.99	(0.02)
GRUPO TELEVISIA:	23.51	(0.17)	UNIVERSAL ELEC:	26.55	0.06
HSN:	31.06	0.39	VONAGE:	3.99	(0.37)
INTERACTIVE CORP:	29.96	(0.18)	YAHOO:	17.31	(0.11)
LIBERTY:	41.77	(0.2)	TELCOS		
LIBERTY STARZ:	76.49	(0.13)	AT&T:	28.19	(0.27)
LIONSGATE:	5.99	(0.03)	QWEST:	6.68	UNCH
LODGENET:	2.94	(0.12)	VERIZON:	35.18	(0.67)
NEW FRONTIER:	1.94	0.01	MARKET INDICES		
OUTDOOR:	7.09	(0.22)	DOW:	11993.16	(51.24)
SCRIPPS INT:	48.84	(1.11)	NASDAQ:	2700.97	(14.64)
TIME WARNER:	36.28	(0.05)	S&P 500:	1296.39	(7.89)
VALUEVISION:	7.16	0.57			
VIACOM:	50.65	(0.98)			
WWE:	12.43	(0.24)			
TECHNOLOGY					
ADVANTAGE:	3.02	(0.04)			
ALCATEL LUCENT:	5.31	(0.02)			
AMDOCS:	29.08	(0.2)			
AMPHENOL:	56.32	0.06			
AOL:	19.18	(0.19)			
APPLE:	353.56	1.57			
ARRIS GROUP:	12.32	(0.08)			
AVID TECH:	22.48	0.31			
BIGBAND:	2.48	(0.06)			

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EYE ON INNOVATION

Shaking the System

At its conference last week, the **4As** highlighted various tech-driven ad businesses that it said were helping to transform the industry in the digital age. Top billing went to **Tremor Media**, which received a presentation slot within the conference's 1st official 3 hours and was even cited as innovative by **Quantcast** and **Evidon** execs during a panel on measurement. Moreover, Tremor works exclusively with several cable nets on enhancing the effectiveness of ads surrounding online video. So, what's with all the love?

Before an ad campaign starts running online, Tremor examines every frame of a video, the surrounding page, text and audio file to ensure that the ad message is congruent with particular content. The process ensures brand safety through effective matching and, for example, by preventing any ads from running alongside non-fiction video with tragic storylines. Then Tremor formulates a custom profile for each campaign and integrates it onto the Web by using signals such as time of day, geography and previous ad engagement for effective targeting.

"We make [placement] decisions based on all kinds of factors," said Tremor svp/chief media officer *Jason Krebs*, because the placement "absolutely has to mirror the advertiser's goal."

Here's where it gets really cool. With purchase intent critical to advertisers, Tremor monitors the surrounding behaviors of the consumers who are interacting with particular ads in order to fine-tune campaigns during their run. For instance, said Krebs, take a diet ad targeting women exclusively that's featured next to a video at XYZ.com. Tremor looks at the post-viewing behavior of the interacting consumers to determine relevance, meaning an over-indexing of sports-related views following exposure to the ad likely means the ad and video aren't meshing effectively. Smarter placement decisions are the result.



"It's the perfect situation where we're able to find out what's working," said Krebs, adding that Tremor can guarantee agreed-upon engagement totals.

Based on **comScore** data, Tremor's tech and pitch are working. The company's ad network ranked 2nd in ad views in Jan among US online video properties, its total of approx 504mln trailing only **Hulu's** approx 1.08bln. The network's 300mln in total ad minutes was also good for 2nd among the top 10 properties in ads viewed, and its frequency of 8.7 ads/viewer was tied for 3rd. Its reach of 19.1% of the total US population ranked 2nd.

"We know what ad to serve based on online content," said Krebs, his comment a summation of Tremor's business that bears particular notation as online video continues to rapidly proliferate.

In '11, said Krebs, twice as many videos will be viewed online than searches queried, with online video projected to grow 55% annually through '14. That makes it the fastest-growing ad format worldwide, he said.

Ad agency execs also named other companies as effective and/or innovative during a measurement panel, including **BlueFin Labs**, **AdKeeper** and **AdMeld**. Bluefin's tech aligns social media comments to their televised source in real time and at scale in order to help organizations understand audience response to mass media content. AdKeeper allows users to save and store ads for later viewing and sharing. Admeld connects content publishers with demand side platforms, agency trading desks and ad networks through auctions for ad placements.

All those companies are bent on offering ad industry stakeholders increased efficiency and success—and perhaps even a little steadiness—amid an increasingly interactive and digital ad world that many execs at the 4As characterized as chaotic. Tremor, too, although it also likes to shake it up.

-Chad Heiges

CableFAX's Customer Experience Management Guidebook Lessons and Insights for the Cable Industry

CableFAX and The Cable Center collaborated to publish this 150-page guidebook on customer experience management for the cable industry. The guidebook includes case studies, tips and articles on understanding the foundations of customer experience management and gaining insight to use it to improve your business. You also will learn about the latest measurement strategies, research insights, personnel and compensation strategies, social media tactics and communications techniques for implementing customer experience management in your company.



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