

CableFAX Daily™

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What the Industry Reads First

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Media Summit: Execs Talk Cramer-Stewart, Ad Dollars, Digital Future

We kind of hope America can move on at some point, but the war of words between **Comedy Central's Jon Stewart** and **CNBC's Jim Cramer** has now officially drawn even the suits into its hungry vortex. At 2009 Media Summit in NYC Wed, **NBCU pres/CEO Jeff Zucker** called Stewart's criticisms "incredibly unfair to CNBC and the business media in general... The fact is that the audience has been there in very strong numbers during the last seven days." Later in the day, **Viacom pres/CEO Philippe Dauman** reacted to Zucker's remarks: "I think the reason [the Cramer/Stewart faceoff] got so much attention is Jon spoke to what people were thinking out there." Meanwhile, Zucker also noted that 60% of NBCU's operating profits come from its cable nets. "We are first and foremost a cable network company," he said, predicting a slow-moving '09 upfront. "Some of the broadcast networks may not move as much inventory [as in the past], but I expect the cable upfront to be very strong." And referencing his oft-quoted remark that media is trading analog dollars for digital pennies, Zucker said "I think we're at digital dimes now." While digital may never make it to that dollar milestone, "that's okay, if we fix the cost structure." Dauman said affiliate fees for Viacom's cable nets are growing at a "10%, double-digit clip," adding that these are long-term agreements and start from relative low base." Dauman said he doesn't share some cable ops' concern about free online video viewing. "We know what the sub base is because we receive affiliate fees, and the sub base is growing," he said. In another session, **Hearst-Argyle svp Roger Keating** cited data from **Deloitte** suggesting that 58% of people (and 70% of Millennials) surveyed strongly agreed with the statement, "I'd like to have my TV hooked up to the Internet." **Time Warner Cable COO Landel Hobbs** reported 1.5bln VOD streams in '08. "That's up tremendously from the year before," he said. "We did 60 million Start Over streams... It's off the charts, in terms of consumer acceptance."

DTV Doings: Most broadcasters won't pull their analog signal before June 12, with 927 keeping analog running until the new deadline, the **FCC** said late Tues. 158 stations plan to terminate analog before June 12 (see the complete list at www.fcc.gov). The earliest switches happen Mar 30 and 30, primarily by public broadcasting stations. The FCC allowed some non-commercial stations demonstrating significant hardship to terminate as early as Mar 27, but everyone else must wait until Apr 16. The bulk of those transitioning early—77 stations—will do so on Apr 16.

FiOS Fracas: The NJ Atty Gen'l office has filed suit against **Verizon NJ**, alleging that its marketing, sales, billing and customer service practices for **FiOS TV**, phone and Internet are "deceptive and misleading." The state charges that the telco failed to deliver on promotional gifts, such as flat-screen TVs, and charged higher prices than what was quoted in door-to-door sales pitches and direct mail pieces. Other allegations in the 4-count complaint include: charging consumers for services never ordered or failing to honor a request to cancel service. The AG's office has received 266 consumer complaints to-date related to FiOS marketing and sales. Verizon spokesman **Eric Rabe** said the company was "surprised and disappointed," especially as it has been working with the AG office for months. He said Verizon has

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supplied the office with 50K pages of documents explaining how those complaints have been resolved. As for the TV promo, Verizon has acknowledged delays, but “we don’t know of a single customer who deserved a TV that didn’t get one,” Rabe said. To help with billing issues, VZ has introduced a new, simplified bill. “When there is a billing question, we probably tend to bend over backwards,” he said. Bottom line: Verizon said it will continue to work with the AG office.

Media Summit Notebook: The integration of online marketing and PR messages into the social media landscape has become de rigueur, said ad execs, particularly amid an environment typified by constricting ad budgets, increasing fragmentation and large-scale movement to what’s tried and true, like TV. Marketers “should be developing brand advocates instead of controlling the message,” said **Digitas** evp *Carl Fremont*. “They must be active listeners and add value” to online conversations. As the ad industry struggles to achieve profitability in mixing ads with social media, however, brand managers should concentrate on PR in the space, said **JWT Worldwide** chmn/CEO *Bob Jeffrey*, who counsels the use of advertising only when launching new products, services etc. For general online ad initiatives, **Burston-Marsteller** worldwide pres/CEO *Mark Penn* believes the true growth segment lies among those he calls LASers, or surfers with long attention spans who hungrily search for as much information as possible in deciding about services, shows etc. “Satisfying that thirst for information is critical,” said Penn. **Mediaedge:cia** CEO *Lee Doyle* said the message is most important. “High production value doesn’t necessarily equate, although it does help, to audience engagement,” he said.

On the Hill: It looks like Commerce Sec nominee *Gary Locke* will win approval from the Sen Commerce cmte. During his confirmation hearing Wed, he pledged not to seek additional funding or time for the DTV transition. The committee, and possibly the full senate, is expected to vote Thurs.

Happy B-Day: Thurs marks **C-SPAN’s** 30th birthday. When the net launched, it was available to 3.5mln. Today that number has soared to 97mln, and new research finds that 20% of cable HHs (an estimated 39mln Americans) watch it at least once or twice a week. Other factoids from the **Hart Research** survey: 90% of C-SPAN viewers say they voted in ’08, 40% of respondents (an estimated 78mln Americans) said they watched the net some in the past 6 months, and 43% of viewers are between 18-49. Thurs’ “Washington Journal” will feature a segment with survey researchers talking to viewers about what access to C-SPAN means for them.

Upfronts: **WE** introduced its new tagline, “Simply Fascinating,” and a new content slate at its upfront Wed. The net is dedicating more than 50% of primetime to original content in ’09/’10, including 6 new series, such as “Jilted” (bride wannabes give their boyfriends nuptial ultimatums; debuts 2010) and “Most Popular,” a game show hosted by *Graham Norton* (Aug).

Competition: **CBS** and **FLO TV** inked a deal to let **AT&T Mobile TV** subs access live coverage of March Madness games.

In the States: **Cox Business** has gained membership in the **Institute for the Study of Business Markets**, a marketing think tank housed at Penn State University and seeking to improve member firms’ B2B marketing and sales.

Programming: **Comedy Central’s** “Colbert Report” will soon tape a week of shows in the Persian Gulf, making it the 1st TV show in USO history to produce more than 1 ep in a combat zone. -- **Bravo** expanded its “Real Housewives” franchise yet again, with a special preview of “The Real Housewives of New Jersey,” bowing Apr 7 at 11pm. -- **DIY Net’s** ’09 programming slate offers viewers advice on how to cost-effectively upgrade their homes during the recession, and features new series such as “10 Grand in Your Hand” (Apr 15), showing real homeowners how to cut up to \$10K from their renovation



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projects, and “Garage Mahal” (May 5), featuring transformations of garages into living spaces. -- **GoTV** inked a TV rights deal for the US and Canada for Spain’s **La Liga** through ’12.

Honors: Count **HBO**, **Animal Planet** and **FX** among those to be feted Apr 30 as winners of this year’s “TV Academy Honors,” in which the **Academy of TV Arts and Sciences** recognizes content addressing vital issues. **HBO** is being honored for “Breaking the Huddle: The Integration of College Football,” **Animal Planet** for “Whale Wars” and **FX** for “30 Days.”

On the Circuit: **MSNBC** host Rachel Maddow will host **Cable Positive’s Power Awards ’09**, Apr 2 during The Cable Show. More details on Seth’s Blog at www.cablefax.com.

People: **USA** upped *Jeff Wachtel* to pres, original programming. -- **Life-time Nets** named *Michelle Strong* vp, national accounts. -- **TV Bureau of Advertising** pres *Chris Rohrs* will depart at year’s end.

Business/Finance: Shares of customer interaction specialist **CSG Systems** jumped 7% Wed after **Wedbush Morgan** upgraded the company to “hold” from “sell,” citing increased ’09 business from **Charter** and possibly **Time Warner Cable** even as its relationships with **Comcast** and **DISH** have cooled. -- **Time Warner Cable** will become part of the S&P 500 after the market closes Mar 27, replacing **Developers Diversified Realty**.

CableFAX Daily Stockwatch

Company	03/18 Close	1-Day Ch	Company	03/18 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMDOCS:	17.95	0.62
BRITISH SKY:	26.59	0.58	AMPHENOL:	28.23	0.78
DIRECTV:	22.16	0.43	APPLE:	101.52	1.86
DISH:	10.96	0.19	ARRIS GROUP:	7.70	0.30
DISNEY:	18.11	0.29	AVID TECH:	9.94	0.14
GE:	10.32	0.32	BIGBAND:	6.35	0.25
HEARST-ARGYLE:	1.80	0.21	BLNDER TONGUE:	0.98	0.00
NEWS CORP:	7.33	0.20	BROADCOM:	19.92	0.48
MSOS					
CABLEVISION:	13.10	0.37	CISCO:	16.50	0.36
CHARTER:	0.05	0.03	CLEARWIRE:	4.37	0.07
COMCAST:	13.57	0.30	COMMSCOPE:	9.44	0.64
COMCAST SPCL:	12.66	0.19	CONCURRENT:	3.11	(0.15)
GCI:	6.07	0.91	CONVERGYS:	7.22	0.35
KNOLOGY:	4.04	(0.07)	CSG SYSTEMS:	13.75	0.89
LIBERTY CAPITAL:	6.10	0.51	ECHOSTAR:	14.34	(0.15)
LIBERTY ENT:	18.82	0.39	GOOGLE:	333.10	(2.24)
LIBERTY GLOBAL:	12.79	0.45	HARMONIC:	6.32	0.40
LIBERTY INT:	3.10	0.02	INTEL:	15.24	0.34
MEDIACOM:	4.80	0.15	JDSU:	3.28	0.13
SHAW COMM:	15.82	0.51	LEVEL 3:	0.67	0.01
TIME WARNER CABLE:	27.15	0.08	MICROSOFT:	16.96	0.06
VIRGIN MEDIA:	4.97	0.15	MOTOROLA:	4.15	0.26
WASH POST:	357.08	3.27	OPENTV:	1.43	(0.03)
PROGRAMMING					
CBS:	4.34	0.19	PHILIPS:	16.16	0.03
CROWN:	1.99	(0.01)	RENTRAK:	9.17	(0.11)
DISCOVERY:	17.16	0.39	SEACHANGE:	5.93	0.10
EW SCRIPPS:	1.93	0.43	SONY:	20.87	0.42
GRUPO TELEVISA:	13.34	(0.01)	SPRINT NEXTEL:	3.75	0.13
HSN:	4.78	0.03	THOMAS & BETTS:	24.50	0.95
INTERACTIVE CORP:	14.90	(0.07)	TIVO:	7.22	0.50
LIBERTY:	22.45	0.80	TOLLGRADE:	5.83	0.00
LODGENET:	0.87	0.09	UNIVERSAL ELEC:	17.50	0.35
NEW FRONTIER:	1.51	0.21	VONAGE:	0.44	0.03
OUTDOOR:	6.50	(0.02)	YAHOO:	13.42	(0.57)
PLAYBOY:	1.70	0.12	TELCOS		
RHI:	1.56	(0.06)	AT&T:	25.70	0.33
SCRIPPS INT:	21.62	0.18	QWEST:	3.50	0.12
TIME WARNER:	8.56	0.18	VERIZON:	30.77	0.94
VALUEVISION:	0.42	0.01	MARKET INDICES		
VIACOM:	17.98	0.79	DOW:	7486.58	90.88
WWE:	11.02	0.02	NASDAQ:	1491.22	29.11
TECHNOLOGY					
3COM:	2.69	0.04			
ADC:	3.84	0.18			
ADVANTAGE:	1.69	0.19			
ALCATEL LUCENT:	1.65	0.01			

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Jeff Shell
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Think about that for a minute...

Personalization

A reporter called the other day asking about how the “cable guys” were competing with “FIOS.” The assumption was—and this is common—that the “competition” was between “cable technology” and the newer, pricier, “fiber.”

I had to explain that he was missing the point.

After a bad start with Verizon’s FIOS service that I wrote about several months ago, they made it up to me, after reading the column, and fixed what they admitted was a



Steve Effros

really bad episode of customer service. I got their triple play, not because I thought Cox, which I was using, was in any way bad. They were great. But I wanted to see and use “the competition” to get a real feel for what was going on.

Well, I have to say—just like Cox—Verizon’s FIOS service is very good.

Sure, it’s fiber “to the home.” But just like Cox, when it gets to the house, it goes on coax to the televisions, and twisted pair to the telephones. The “magic” fiber really doesn’t make any difference other than it’s a newer infrastructure, and it allows Verizon to use more bandwidth. The pictures and other services are absolutely comparable. However more bandwidth means more HD channels and a newer navigation guide. That’s what I was mostly interested in.

The question: has anyone figured out a really good way to deal with navigation when there are simply too many channels to “scan the dial?”

The answer is still no, but they have certainly made major strides. Their “search engine” to find programs is very good. The best I have seen to date, but it still relies on you knowing what program name or at least genre you are looking for. And separating the channels by genre re-

ally doesn’t work. Is BBC an “international” channel or a “news” channel? Here’s a message to the programmers: you’ve spent all sorts of money and bothered the heck out of us by putting your little “bugs” on the screen so we know your name. Now negotiate the contracts so cable program guides have to be available in ALPHABETICAL order! Giving me a guide (as both Cox and Verizon do) with a list of channels in numerical or “genre” order is a total waste of time!

To be fair, on Verizon’s web site, they let you print out a list in alphabetical order. Why they won’t print one up like their other guides is beyond me.

The other way to deal with this problem, as I have long said, is with more sophisticated remote controls.

My friends at Universal Remote Control supplied me with their newest, the MX 880, and it solves a lot of problems. The little screen on the remote has the color logos of the channels. I can totally personalize it for what we watch, sort of like the “favorites” lists in the program guides, but much easier to use.

I have the logos in alphabetical order. I still like the form factor of their older units because those buttons are easily identifiable by touch in the dark... the new color “screen” remotes seem to require that you always look at them. Another point of personalization. But the new, “smart” remotes are a giant leap forward, and something I think we should offer, and help configure, as an option for our customers.

The bottom line here is that the “competition” is not ultimately between things like “fiber” or coax. It’s going to be: Who can personalize the services most for the customer? Whoever can do that best will win.

Steve

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