

CableFAX Daily™

Tuesday — March 31, 2009

What the Industry Reads First

Volume 20 / No. 059

Talking Business: Cox CFO Tackles Today's Economy

With **Cox** a private company, it's not too often we get to hear from CFO *Mark Bowser*. So, we were happy to pick his brain over the phone ahead of the **Cable Show**. You can ask your own questions to Bowser Wed during the Cable Show panel, "Creating Value in a Changing Economy," 4:30pm. Of course, everyone is most interested in what the current economy means for cable. Bowser said Cox's research mirrors what we've heard from others. "We found that entertainment inside the home and telecom were some of the very last things a consumer would go after in terms of reducing their expenses," he said. "We found the transactional services (like PPV) were probably a little more susceptible in a recession than the pure subscriber side of the equation." Cox is seeing some phone cord cutting, with customers opting to just keep wireless, Bowser said. However, Cox is still growing phone subs, he said. PPV is seeing some softness, as, of course, is the ad business. "Some of that is cyclical, meaning the economy. And that will come back, maybe not to the full level it was," he said of advertising. "And some of it is structural as some of the ad dollars are moving to maybe more accountable mediums, around the Internet, etc... We've really chartered [**Canoe**] to help us with that." To help customers in these difficult times, Cox is using hotlines that allow reps to walk subs through their invoices to determine what Cox can do to save them money. Bowser has a long list of responsibilities at Cox, with programming reporting up through him. Costs, including retrans and particularly sports, continue to rise. "From an industry perspective, we've got to get a mechanism to work our way through how do we manage the overall environment," he said. **DirectTV** recently re-upped "**NFL Sunday Ticket**" for a reported \$1bn/year. Bowser wouldn't comment on whether he thought cable would have agreed to that amount, but called it a "huge price tag" considering the number of games included. Bowser used to head **Cox Business Services**, which the industry sees as a way to bring in significant more revenue. "The small business side is made for cable. We do exceptionally well in that space," he said, adding that cable can also play strongly in the wholesale space. Enterprise business, however, is a bit harder. "Cable doesn't have an interexchange carrier to make it easy to service the large Fortune 500 types of accounts. I think we will get there over some period of time," Bowser said. "You look at where **Verizon** or **AT&T** is... the business side of the equation is actually slightly larger than the residential side. There's no reason why over time, cable couldn't see that same kind of a balance in their revenue streams."

HDNet-TWC: HDNet may have finally inked a carriage deal with **Comcast (Cfax, 9/5)**, but now it is in danger of losing 2nd-largest MSO **Time Warner Cable**. The contract is set to expire Mar 31, with a TWC rep saying negotiations are continuing. The MSO has notified subs that it may lose the net, which it says is standard procedure. According to its notice, Time Warner Cable plans to launch **Smithsonian HD** and **MAV TV HD** in place of HDNet and **HDNet Movies**, respectively, if it loses the *Mark Cuban*-backed channel. Messages to HDNet weren't returned by deadline.

Retrans Problem: Late last week, **Univision** began running spots informing **DISH's** Hispanic subs that they may lose

The Turner Networks Salute the 2009 NAMIC Next Generation Leaders Award Recipients



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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, 301/354-1790, mgrebb@accessintel.com ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301/354-1695, dvodenos@accessintel.com ● Advertising Mgr: Erica Gottlieb, 212/621-4612 ● Marketer: Patrick Benko, 301/354-1789, pbenko@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, 301/354-1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Paul Maxwell/Columnist ● Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs: Carol Bray, 301/354-1763, cbray@accessintel.com

access to Univision, **TeleFutura** and **Galavisión** after Apr 1. "After months of negotiations, DISH Networks is making unreasonable demands from Univision that it does not make from English-language broadcasters," a spokeswoman for the Spanish-language programmer said. "It is unfortunate for DISH customers that their television provider is refusing to accept terms that have now been embraced by the marketplace, as evidenced by the more than 50 distributors that have executed deals with Univision in the last three months, including the largest cable and satellite companies." DISH declined to comment. Meanwhile, as we've previously reported (*Cfax*, 1/7), Univision and **Time Warner Cable** appear to be on track to reaching an agreement soon without any fireworks. Univision said the 2 have reached a "deal in principal."

Advertising: Interactive ads took a step toward becoming mainstream Mon with **CableLabs** and **Canoe** releasing a draft reference spec called "Advanced Advertising 1.0," created to further the development of cable ad products. The spec allows cable companies to provide advanced ads, such as VOD advertising and interactive ads, across a national footprint.

CableFAXIES '09: Among the many tidbits learned by cable marketing/PR players Mon at the Natl Press Club: the **Big Ten's** not only about athletics and academics, *CableFAX* founder *Paul Maxwell* is more efficient than a '70s automobile, and AK became America's 49th state the same year that our own *Seth Arenstein* was born. As **Big Ten Net** and **A&E** became standouts at this year's awards by blazing worn pathways to the dais for acceptance speeches, feted individuals included **A&E/BIO** svp, marketing *Guy Slattery* as Marketer of the Year, and **Nat Geo** svp, comm *Russell Howard* and **Planet Green** svp, comm and public affairs *Annie Howell* as PR Execs of the Year. Groups at **Showtime Nets** and **NBCU** were respectively honored as PR Team of the Year and Marketing Team of the Year. Maxwell, meanwhile, earned plaudits for a cable-focused career that has featured "more successful start-ups than my 1978 Ford Pinto," said former **NCTA** exec *Dan Brenner*, now of Hogan & Hartson, who was honored for his tireless community service. *Ann Carlsen* of **Carlsen Resources** echoed the sentiments of myriad others when noting the erudition and innovation exuded by Maxwell throughout his colorful career. Also, the current **CableFAX** crew bestowed on The Cowboy Hatted One a Quick Draw Award for repeatedly displaying decisive and effective reaction. As it turned out, Mon's event also served as a quasi birthday party for Arenstein, who was celebrating his 35 (+15) years of life, many of them spent working with **CableFAX**. And since we all deserve a little cake amid these trying times, it bears noting that plugged-in **CNBCer** *John Harwood* believes sunny economic skies could emerge over the next 2 years.

In the States: **Comcast** is negotiating to purchase **Hearst's** half-interest in **NECN**, according to the *Boston Globe*. The MSO owns the other half of the New England news net.

Programming: **ESPN** is looking for more distribution for **ESPNU**, **ESPN Deportes** and **ESPN360.com**. It's offering to allow distributors to swap **ESPN Classic** for college net, ESPNU, reports *Sports Business Journal*. As part of the offer, it's looking to add distribution for the other 2 services. Under the proposal, ESPN would allow ESPN Classic to be moved to a sports tier.

Positive Youth: Even before trucks delivered booths to DC's Convention Center for the **Cable Show**, late last week a cable group monopolized a DC hotel. Under the auspices of Cable Positive, nearly 20 students (ages 17-23) were honing new-media skills at the inaugural **Youth AIDS Media Institute University** (YAMI-U) as they prepared to

In our world,
when a ball rolls,
people watch.



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spread AIDS education messages to peers via multiple platforms. Although in DC on Thurs, the students discussed their campaign weeks earlier during conference calls, online and texting, said *Matt Hawkins*, a 20-year-old video student from MA. Their message—take AIDS seriously. “With the new [AIDS] medicines, kids forget that,” he said. Indeed, 45% of new AIDS cases worldwide are in the 17-23 demo. It was essential for the students to move fast—besides hearing lectures on film, marketing, editing and post-production from YAMI-U’s 10 faculty (including Emmy winning film makers), the kids’ products had to be ready for display Wed at **Cable Positive’s** booth (#2903). YAMI-U’s AIDS campaign also will be available free to cable systems and local AIDS groups. “The kids are here at 7:30 in the morning and don’t leave until 9:30 at night,” said Cable Positive COO *Thomas Henning*. “The campus” is 2 ballrooms in a DC hotel, complete with an editing suite to create PSAs and online materials, Henning said. YAMI-U sponsor **Motorola** donated equipment; other pieces were trucked in from NY by Cable Positive staff and supporters, CP’s *Max Johnson* said. “We couldn’t ask for a better execution,” said Motorola sr manager *Zenita Henderson*. “This is a perfect storm of philanthropy and youthful creativity.” Motorola sponsored YAMI-U with a \$250K gift.

CableFAX Daily Stockwatch

Company	03/30 Close	1-Day Ch	Company	03/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	23.81	(0.34)	AMDOCS:	18.16	0.10
DIRECTV:	22.40	(0.48)	AMPHENOL:	28.24	(1.33)
DISH:	11.01	(0.56)	APPLE:	104.49	(2.36)
DISNEY:	17.85	(0.74)	ARRIS GROUP:	7.49	(0.2)
GE:	9.93	(0.85)	AVID TECH:	9.27	(0.36)
HEARST-ARGYLE:	4.12	(0.08)	BIGBAND:	6.27	(0.11)
NEWS CORP:	7.52	(0.43)	BLNDER TONGUE:	0.90	0.00
MSOS					
CABLEVISION:	12.67	(1.07)	BROADCOM:	20.05	(0.61)
CHARTER:	0.03	0.00	CISCO:	16.31	(0.64)
COMCAST:	13.65	(0.89)	CLEARWIRE:	4.98	(0.02)
COMCAST SPCL:	12.75	(0.86)	COMMSCOPE:	10.91	(1)
GCI:	6.53	(0.22)	CONCURRENT:	3.57	0.06
KNOLOGY:	4.00	0.03	CONVERGYS:	7.82	(0.39)
LIBERTY CAPITAL:	6.98	(0.39)	CSG SYSTEMS:	13.73	0.16
LIBERTY ENT:	19.56	(0.49)	ECHOSTAR:	14.88	(0.86)
LIBERTY GLOBAL:	14.29	(0.97)	GOOGLE:	342.69	(5.01)
LIBERTY INT:	3.03	(0.34)	HARMONIC:	6.42	(0.21)
MEDIACOM:	4.06	(0.48)	INTEL:	14.72	(0.7)
SHAW COMM:	15.23	(1.14)	JDSU:	3.63	(0.32)
TIME WARNER CABLE:	25.25	(1.07)	LEVEL 3:	0.88	(0.07)
VIRGIN MEDIA:	4.76	(0.18)	MICROSOFT:	17.48	(0.65)
WASH POST:	353.26	(15.68)	MOTOROLA:	4.20	(0.17)
PROGRAMMING					
CBS:	3.79	(0.82)	OPENTV:	1.44	0.00
CROWN:	2.00	(0.01)	PHILIPS:	14.58	(0.91)
DISCOVERY:	15.99	(0.13)	RENTRAK:	9.01	0.23
EW SCRIPPS:	1.19	(0.48)	SEACHANGE:	5.52	0.02
GRUPO TELEVISA:	13.44	(0.47)	SONY:	20.75	(1.52)
HSN:	4.91	(0.23)	SPRINT NEXTEL:	3.57	(0.39)
INTERACTIVE CORP:	15.24	(0.14)	THOMAS & BETTS:	24.41	(1.73)
LIBERTY:	21.54	(0.8)	TIVO:	6.79	(0.32)
LODGENET:	1.44	(0.21)	TOLLGRADE:	5.78	(0.26)
NEW FRONTIER:	1.55	0.14	UNIVERSAL ELEC:	17.78	(0.94)
OUTDOOR:	6.51	(0.12)	VONAGE:	0.38	(0.01)
PLAYBOY:	1.82	(0.07)	YAHOO:	12.70	(0.48)
RHI:	1.50	0.35	TELCOS		
SCRIPPS INT:	21.84	(1.31)	AT&T:	25.16	(0.84)
TIME WARNER:	18.23	(0.45)	QWEST:	3.51	(0.35)
VALUEVISION:	0.64	(0.1)	VERIZON:	30.22	(0.4)
VIACOM:	18.60	(0.36)	MARKET INDICES		
WWE:	11.46	(0.28)	DOW:	7522.02	(254.16)
TECHNOLOGY					
3COM:	2.99	(0.19)	NASDAQ:	1501.80	(43.4)
ADC:	4.25	(0.14)			
ADDVANTAGE:	1.50	(0.1)			
ALCATEL LUCENT:	1.78	(0.06)			

Beta Research says:

Scripps Networks has the #1 and #2 favorite channels!

Female viewers are passionate about Scripps Networks, ranking HGTV and Food Network as their best-loved channels.

Passionate Viewers Live Here

Source: 2008 Beta Brand Identity Study, Women 18+

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Not Dead Yet: TV Nation Lives On

Worried about **Hulu** and **YouTube** robbing market share from living room cable watching? Fearful that a generation of youngsters is more accustomed to leaning back from their PC LCDs and handhelds to catch that latest episode of "Girls Next Door" or "Mad Men?" Don't sweat it yet. According to what purports to be the most comprehensive study yet of cross-platform media habits, live TV viewing continues to dwarf all other sources of video consumption... by a long shot. A joint project by the **Council of Research Excellence**, **Nielsen** and Ball State's Center for Media Design found that adults (18+) view 309.1 minutes of live TV a day, compared to 22.9 minutes of DVD/VCR viewing. Considering all of the hype surrounding Web-based video, the real shocker in this report is the mere 2.4 minutes a day the sample spent with streaming video on the desktop. Even the famously wired 18-24-year-old segment only spent 5.5 minutes a day with online video, compared to 209.9 minutes with live TV. Not surprisingly, the game console garners 25.9 minutes a day of the college-age viewer's use of TV, but that share almost halves as they age into the 25-34-year-old segment (down to 13.9 minutes a day). Even mighty gaming bows to live video. Indeed, one of the most surprising results from the study indicates that the 45-54-year-old age group consumes the most video across platforms (about 9½ hours a day). Video is not a youth phenomenon by any means.

In fact, what is most interesting about the VCM study is how it dispenses with a number of myths surrounding the supposed "flight from TV." The 3 partners in the study call this the most comprehensive and accurate tracking of minute-by-minute media use ever attempted. Using media collector programs developed at Ball State and handheld devices, observers of the study subjects recorded media use in ten-second increments covering every variable of TV use, computer use, mobile phone use and out-

of-home exposures to video. The study lasted a year and cost \$3.5mln to deploy. And the results suggest that rumors of TV's demise are greatly exaggerated. Running counter to conventional wisdom regarding DVR fast-forwarding and ad-skipping behaviors, the VCM study found that TV viewers are exposed to 72 minutes of advertising a day on their living room screens.

Even TV's nearest competitor for user eyeballs accounts for less than half of the television's share. With total time spent in front of the computer at 142.5 minutes a day (vs. 353.1 minutes with TV), the PC is the TV's biggest competitor now, moving radio and print to the third and fourth positions respectively, the "Video Consumer Mapping Study" concludes. And yet only a couple of minutes a day of PC time is spent with video, while 48.8 minutes are spent on the Web, 37.4 minutes with email, and 46.1 minutes with desktop software.

The remarkable results of this intense, observational study of video viewing habits across platforms may give some advertisers pause as they contemplate moving their own budgets to an online world that still attracts a fraction of the viewing time as TV. The good news for cable providers is that Web-based video has a long, long way to go before seriously challenging the big screen. Arguably, by the time PC-based video consumption challenges the TV in any serious way, set-top box technology will already have matched the Internet in its ability to measure and target interactive advertising. At last week's OMMA Hollywood conference for digital advertising, **Canoe** CEO *David Verklin* promised his first product "in five weeks." TV will absorb the lessons of the Internet sooner than later, he said. "We get it. We're not Luddites, we're not asleep at the switch. We have 18-year-olds. We get it."

(Steve Smith is a lapsed academic turned media critic and consultant. He is the Digital Media Editor for Min, conference programmer for Mediapost, and longtime columnist for eContent Magazine).



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