

CableFAX Daily™

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What the Industry Reads First

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Postmortem: Cable Show Adopts Techie Themes, DC Feel

With more than 12K attendees, the Cable Show exceeded expectations and laid the groundwork for putting DC into permanent rotation after next year's show in L.A. This year's convention—occurring as part of the first Spring Connection Week designed to consolidate events—was admittedly different. While debate raged over myriad tech, marketing and policy topics, the “TV Everywhere” concept stole much of the limelight. “Clearly the elephant in the room was online video and the evolving model,” NCTA pres/CEO *Kyle McSarrow* told *Cfax* Mon. But in panel after panel (and in our private conversations with industry players), consensus on what exactly to do was nonexistent. One exec told us it might be time for an industry summit of some sort, but another noted that antitrust rules would prevent it—thus, moguls are floating trial balloons through the media. McSarrow admitted that's “a little messier,” but he predicted that one or 2 big companies will eventually “hit that sweet spot” with a model that works, after which the rest of the industry could quickly follow. Let's hope so. Meanwhile, the DC location brought out hundreds of policymakers who reveled in the circus-like atmosphere of the Broadband Nation exhibit and other show-floor attractions. “We were really trying to punch through to policymakers that we were broadband before broadband was cool,” said McSarrow, adding that nearly 500 policymakers spent “real quality time” at the show—many through word of mouth. “Universally, just about every single [NCTA] board member said they want to see DC in the rotation,” he said. “They definitely want to come back.” But did DC's East Coast convenience to big MSO hubs help boost their attendance? “I didn't see a difference,” said McSarrow. *Cfax* heard anecdotally that at least a few high-profile execs made quickie day trips rather than stay for 2 or 3 days—or just skipped it altogether. That's too bad because NCTA's *Barbara York* and the gang put together one of the best programs in recent memory (we found real news this year!). Remember what they say: Half of success in life is showing up.

In the States: Many Comcast customers could not access for hours Sat the MSO's **SmartZone** system, which provides email and address book functionality. “Some servers... experienced technical problems, which have been resolved. The issue impacted some customers' ability to access their emails and address books, but did not affect their ability to access the Internet,” read an apologetic statement from Comcast. Trouble began at 7:30am ET; service was fully restored at approx 5pm, said a spokesperson, noting that no customer data was lost but that some may still be without email messages stored during that period. Comcast used **Twitter** and several Internet forums at sites such as **ComcastVoices.com** and **BroadbandReports.com** to update affected customers. -- **Cox** plans to launch later this year a multi-room viewing option for DVR customers through a device featuring greater storage capacity and a content guide including new personalization and search options. -- **Comcast** has rolled out DOCSIS 3.0 services in New Haven, Hamden and West Haven, CT.

Carriage: Comcast SportsNet CA has reached a distribution deal with **DirectTV** ending the pair's lingering disagreement (*Cfax*, 2/12). The deal includes carriage of CSN CA within the DBS op's Choice package and was forged ahead of

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the net's coverage of the Oakland A's Mon night season opener. -- **Comcast** launched **The Africa Channel** in Chicago.

Competition: **DirecTV** is set to again tee off the Masters Experience, offering interactive, multichannel coverage of the golf tourney (Apr 9-12). The service combines live **ESPN** and **CBS** broadcasts, with leaderboard info and VOD content.

CTAM: The **CTAM Research Conference** got off to a provocative start Sun evening in DC as *President Obama's* senior strategist and lead pollster *Joel Benenson* urged attendees to challenge their assumptions. "Don't use tools simply because they're safe, and you've always used them," he said. "Every situation must be treated as unique." He noted that with the unpredictability of cable and media generally, research should not be a "mechanistic process." If you use the same applications all the time, you'll miss something, Benenson said. During the recent election, the Obama polling team that Benenson led was constantly "experimenting," he said. -- **NBCU/Knowledge Networks** took the gold in CTAM's research case study competition (*Cfax*, 4/3), with 2nd place going to **Logo** and 3rd place going to **Comedy Central**.

Advertising: Web users miss 63% of Internet banner ads and stop on just one-third of the ads that are noticed, according to a study conducted by **McPheters & Co** in cooperation with **Conde Nast** and **CBS Vision**. Data show that the typical Internet banner ad has 16% of the value of a 30-sec TV spot. Video ads, meanwhile, are twice as likely to be seen as banner ads while skewing heavily toward young men. According to a recent report from the **Interactive Advertising Bureau**, banner ads were 21% of US Internet ad rev in '08, growing 9% YOY, while video was for 3% with 127% growth.

Online: **MTVN** inked a deal with **Netflix** for online and TV streaming of Comedy Central's "South Park," myriad Nickelodeon shows including "iCarly" and "SpongeBob SquarePants," and The N's "Degrassi." -- **Bresnan** adopted **Synacor's** customizable portal and toolbar, and plans to add its premium family, educational and games content. -- **Playboy** launched a reengineered **Playboy.com** seeking to offer more than just pictures and video of women. New features include entertainment news, city guides and user forums.

Programming: **Cartoon Net** will feature 22 eps of "Star Wars: The Clone Wars: Decoded" beginning May 1. The CG-animated series follows "Star Wars: The Clone Wars" and will launch this fall a 2nd season on the net.

On the Circuit: A new novel from **NBCU** consultant *Gary Morgenstein* is now available exclusively at **Amazon.com**. "Loving Rabbi Thalia Kleinman" looks at modern love, sex and romance from a man's perspective, and follows other books from Morgenstein such as "Jesse's Girl," which Amazon will begin offering later this month.

Battle of the Bands: We came. We saw. We almost conquered. While TV Rejects couldn't topple **Cox's** Xpanded Bandwidth juggernaut Fri night at the **NCTA's** big Battle of the Bands fundraiser for Cable Cares, we took 2nd place. **Juniper Networks' Full Mesh** took the bronze. Thanks to all who voted for us and came out to support us (you know who you are!). And a special shout-out to *Mark Manlove*, *Barbara York* and the whole NCTA crew. We had a blast! [Got some good audio and/or video of the event from the audience? Please email Michael Grebb at mgrebb@accessintel.com].

Honors: **HBO** led cable with 5 '08 **Peabody Awards**, including honors for series "Entourage," mini-series "John Adams" and 3 docs. Other industry winners: **CNN** ('08 campaign coverage), **ESPN** ("Black Magic"), **AMC** ("Breaking Bad"), **Turner Classic Movies** and **Nickelodeon** ("Avatar: The Last Airbender").

People: **Comcast Spotlight's** corp marketing team is now headed by vp, marketing *Kellie Grutko*, part of Spot-



Awards Breakfast

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BUSINESS & FINANCE

light's integration of its sales and marketing teams. -- **Bloomberg** appointed *Kevin Krim* head of **Bloomberg.com**.

Business/Finance: Time Warner is seeking to amend the covenant in each of the indentures governing its \$12.3bln outstanding principal amount of debt securities "that imposes certain restrictions on the conveyance of transfer by **AOL LLC** of its properties and assets." Wall St views the move as an additional sign of TWX's desire to spin off all or part of AOL, following the Internet firm's recent hire of **Google** exec *Tim Armstrong* as chmn/CEO. In connection to the consent solicitation for amendment, TWC has registered a guarantee by **HBO**, which according to an **SEC** filing recorded \$3.7bln in '08 rev and \$1.17bln of operating income. -- **Collins Stewart** upgraded **Time Warner Cable** to 'buy' all the way from 'sell,' citing ebbing pressure on the shares related to the MSO's separation from **Time Warner** and a significant upshot in '09 operating cash flow that may be used to pay down debt incurred from the separation. -- According to several reports, **Motorola** co-CEO *Sanjay Jha* led all US execs in total '08 direct compensation with \$105mln. Other notables: **Disney's Bob Iger**, \$51mln; **News Corp's Rupert Murdoch**, \$30mln; **Comcast's Brian Roberts**, \$25mln; and **Verizon's Ivan Seidenberg**, \$20mln.

CableFAX Daily Stockwatch

Company	04/06 Close	1-Day Ch	Company	04/06 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	25.36	0.32	AMDOCS:	18.80	(0.38)
DIRECTV:	24.49	0.13	AMPHENOL:	31.19	(0.07)
DISH:	12.66	0.23	APPLE:	118.45	2.46
DISNEY:	19.62	(0.38)	ARRIS GROUP:	8.00	(0.1)
GE:	11.19	0.25	AVID TECH:	9.99	(0.05)
HEARST-ARGYLE:	4.33	(0.12)	BIGBAND:	6.94	(0.24)
NEWS CORP:	8.55	(0.24)	BLNDER TONGUE:	0.86	(0.04)
MSOS					
CABLEVISION:	14.96	0.25	BROADCOM:	21.61	(0.45)
CHARTER:	0.02	(0.01)	CISCO:	17.53	(0.63)
COMCAST:	14.36	(0.07)	CLEARWIRE:	5.23	0.16
COMCAST SPCL:	13.63	(0.1)	COMMSCOPE:	14.73	(0.11)
GCI:	7.05	(0.2)	CONCURRENT:	3.50	(0.14)
KNOLOGY:	4.99	(0.01)	CONVERGYS:	9.13	0.03
LIBERTY CAPITAL:	7.33	0.14	CSG SYSTEMS:	14.94	(0.47)
LIBERTY ENT:	22.02	0.53	ECHOSTAR:	16.04	(0.22)
LIBERTY GLOBAL:	17.03	0.13	GOOGLE:	368.24	(1.54)
LIBERTY INT:	3.41	(0.06)	HARMONIC:	6.84	(0.1)
MEDIACOM:	4.38	(0.38)	INTEL:	15.86	(0.09)
SHAW COMM:	15.81	(0.02)	JDSU:	3.89	(0.18)
TIME WARNER CABLE:	26.73	0.43	LEVEL 3:	1.04	0.00
VIRGIN MEDIA:	5.83	0.27	MICROSOFT:	18.76	0.01
WASH POST:	391.80	5.80	MOTOROLA:	4.69	0.13
PROGRAMMING					
CBS:	4.89	0.04	OPENTV:	1.65	(0.01)
CROWN:	2.23	(0.05)	PHILIPS:	16.25	(0.79)
DISCOVERY:	17.84	(0.19)	RENTRAK:	9.60	0.21
EW SCRIPPS:	1.76	0.01	SEACHANGE:	6.04	(0.16)
GRUPO TELEVISIA:	15.24	(0.3)	SONY:	23.83	(0.4)
HSN:	5.21	(0.14)	SPRINT NEXTEL:	4.41	0.22
INTERACTIVE CORP:	16.14	0.23	THOMAS & BETTS:	26.78	(0.44)
LIBERTY:	22.90	(0.59)	TIVO:	7.33	(0.11)
LODGENET:	1.68	(0.02)	TOLLGRADE:	5.36	(0.48)
NEW FRONTIER:	1.71	0.10	UNIVERSAL ELEC:	18.98	(0.14)
OUTDOOR:	7.02	(0.47)	VONAGE:	0.43	0.02
PLAYBOY:	2.07	(0.01)	YAHOO:	13.23	(0.11)
RHI:	3.27	0.67	TELCOS		
SCRIPPS INT:	24.96	(0.39)	AT&T:	26.59	(0.24)
TIME WARNER:	21.56	(0.66)	QWEST:	3.95	0.04
VALUEVISION:	0.67	0.02	VERIZON:	33.03	0.24
VIACOM:	20.06	(1.06)	MARKET INDICES		
WWE:	12.06	(0.9)	DOW:	7975.85	(41.74)
TECHNOLOGY					
3COM:	3.56	0.01	NASDAQ:	1606.71	(15.16)
ADC:	4.90	0.01			
ADVANTAGE:	1.41	(0.03)			
ALCATEL LUCENT:	2.19	0.02			

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EYE ON ADVERTISING

DVR: Friend or Foe?

Few devices elicit more fear and loathing than the DVR. But Todd Juenger, TiVo's vp/gm of audience research and measurement, tells Cathy Applefeld Olson about why he thinks the DVR is actually a friend to cable.

Let's get right down to it. Name three reasons we should not fear the DVR?

TJ: Both the distribution and consumption of video are becoming more fragmented, and much viewing does not take place on the television any more. One great thing for the cable operators is the DVR keeps the most persuasive form of advertising—ads being delivered on the big screen, with Surround Sound and all the impact the TV brings—on the television. People with DVRs are consuming more television than before they had DVRs. Also, when you think about the movement toward interactive and measurable advertising, one thing that's terrific about a DVR is consumers can interact with those forms of advertising but not miss any of the program they're watching. When you go into a telescoping ad without a DVR you may miss five minutes of the show, but with a DVR you can automatically pause. And one more reason... Our research shows people with TiVos are much stickier subs. So DVRs are a great churn reducer.

The question is whether or not the traditional advertising spot can thrive in a DVR environment.

TJ: The real question is how many ads are fast-forwarded, and there are really two drivers needed to answer that question: How much of the program viewing is happening live vs. time shifted—which is obviously important because if you're watching live, it's impossible to fast-forward ads—and how much fast-forwarding is happening in a time-shifted environment.

Let's start with the time-shifting question...

TJ: In prime time, it tends to be about 50-50, live vs time shifted. If you spread that across a 24-hour day, it

skews more toward live, so broadly, it's probably between 60%-65% live viewing across a whole day. Then there's a correlation between the popularity of the program and how much it is time shifted. The top shows are being time-shifted the most, up to 75% for the top scripted dramas and comedies. "Grey's Anatomy," "Lost," "24," "House"—those shows consistently get time shifted 70%-75% in our universe.

And of course cable has some of the best scripted shows on TV these days.



TJ: True. And what's really interesting is that during the summer when some of the cable nets debut their new series to take advantage of the [broadcast] networks' hiatus, the data we collect shows some of the more successful cable shows start to make our top 10 list in terms of viewership and take on the characteristics of those top shows in terms of the amount of time-shifting and fast-forwarding that occurs.

How much fast-forwarding do TiVo users engage in?

TJ: About 60%-62% are fast-forwarding, and it's hitting the most expensive advertising the hardest, so there's a disproportionate effect in that regard. And people who have DVRs tend to be the most valuable households for advertisers. There is the belief that with fast-forwarding an advertiser doesn't have a chance to make an impression. But we know that when someone is fast-forwarding, their eyes are on the screen and they are attentive, and research shows that if eyes are focused on the center of screen it actually heightens awareness. So there actually is a chance to make some sort of branded impression.

On a related note, TiVo is scaling up your Stopwatch rating service sample from 100,000 to 300,000 by the fall television season. How does this help cable?

TJ: This is particularly important in the cable space because there are a whole bunch of networks who are too small to get a Nielsen rating or are lucky to get a 0.1 rating. With 300,000 households in our sample, if you get a 0.03 rating you can still be measured.

From The CableFAX 100: Greatest Hits of 2008

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