

CableFAX Daily™

Friday — April 18, 2008

What the Industry Reads First

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Break It Up: CTAM Event Studies Art of Viewer Engagement When Ads Intrude

How does cable keep viewers glued to their wares when their favorite shows take that dreaded commercial break? One idea: networks and cable ops must master the new art of "break architecture" to gauge the best ad presentation, the right number of ads in a commercial pod, how you lead into a break, etc. That was one takeaway from CTAM's "Rules of Engagement" event in NY Thurs. Master the commercial break, and "you're now as good as the creative advertisers come up with," said **WE.tv** svp, ad sales *Scott Collins*. That involves creating ad-content partnerships that engage viewers in multiple media, incorporating VOD, online (**MySpace**, **Facebook** and other social sites) and mobile, said **Piazza Advertising** CEO *Hope Fulgham*. "People are driving where your brands are and the next level you will get to," she said. However, several panelists said operators and programmers shouldn't feel pushed into micromanaging ads, with advertisers and agencies shouldering responsibility for keeping viewers engaged. "You want a better environment? Make better commercials," one attendee remarked. A few consensus predictions: C3 will be sacked in a year or 2 for a better ratings process involving set-top box data; new ad formats will be required for VOD to maintain and build viewership, and more use of user-generated messages and limited-interruption content will be needed. -- *Simon Applebaum*

Scrimmage: **NFL Net** said it served **Comcast** Thurs with the required 10-day notice that it will file a formal FCC complaint against the company, alleging discriminatory and anti-competitive treatment. "Comcast has taken NFL Network away from millions of fans and placed it on a costly sports tier," said NFL Net pres/CEO *Steve Bornstein*. "We don't believe that Comcast should charge consumers extra for our Network while making sports channels it owns available to all viewers on a less costly basis. After months of trying to get Comcast to negotiate fair treatment, we have been forced to turn to the FCC." Comcast said it makes the channel available on a tier that the NFL agreed to by contract. "The NFL has immense power in the marketplace, yet it keeps running to the federal and state governments to try to force changes in the deal it freely accepted in negotiations with Comcast," a Comcast rep said. NFL Net also claims that Comcast is retaliating against it because the NFL decided not to sell its 8 regular season games to Comcast. The NFL claims Comcast "wanted an unacceptable condition in the deal that would have violated the NFL's longstanding policy of free television coverage of games in the cities of the two competing teams." NFL has a legal challenge pending against Comcast's decision to move the net to a \$5/month sports tier.

At the Portals: The FCC Media Bureau granted set-top integration ban waivers to **Bresnan** for its Gillette, WY, system and to select **Mediacom** systems (including Santa Cruz, AZ) where the operators have pledged to go all-digital by Feb 17, '09. The waivers exempt the 2 from a rule that took effect July 1 preventing ops from deploying set-tops with integrated security (ie, no CableCARD).

Net Neutrality: The FCC's hearing on broadband network management still had a long way to go at our deadline. While

MLS returns to Fox Soccer Channel

Fox Soccer Channel has the most extensive live coverage of Major League Soccer every Saturday, including 30-minute pre-game and post-game shows.



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attendees debated the need for net neutrality mandates at Stanford, comments by **Pando Networks** drew criticism from one net neutrality proponent. Pando announced plans this week to create a P2P Bill of Rights with **Comcast**. "Robert Levitan, chief executive of Pando Networks, a content distribution service, said to the *New York Times* Bits blog that 'he hoped Comcast might program its network to give preference to applications like the one his company makes.' The Pando vision is dangerous and unfortunate," said **Open Internet** exec dir *Markham Erickson*. FCC comr *Robert McDowell*, who favors market forces over regulation, expressed disappointment that major network providers weren't at the hearing.

Competition: **Verizon** launched HD VOD service for **FiOS** in NY. It already offers the service in CA, DE, FL, IN, MD, MA, NJ, PA, RI, TX and VA.

DTV Doings: **MSTV** and **Centris**' game of he said/she said over a Centris study concerning DTV receptivity gaps continues. Centris said Thurs that it stands by its prediction that one-quarter of US consumers residing in difficult reception areas will need to upgrade antennas to get any signals post-transition, noting that it believes its estimates are "conservative." Last week, MSTV questioned the study's methodology and said it exaggerates coverage problems (*Cfax*, 4/14).

In the Courts: The **NBA's Golden State Warriors** filed against **Comcast SportsNet Bay Area** a lawsuit seeking greater transparency in the net's ownership structure and media contracts to determine potential contract breaches, according to regional reports. One issue appears to be the **San Francisco Giants**' ownership stake in the channel. "We feel this suit is misguided and we are confident the outcome will reflect our position," said a **Comcast** spokesperson.

Launch Pad: Former NY Giants exec *Tony Ceglie* is launching **The Italian American Network**, debuting a broadband offering Thurs (www.ItalianAmericanNetwork.com). IAN also plans to launch an HD linear net, VOD offering and mobile content. Wonder if **Mediacom** will be the first MSO to launch it?

Online: Citing **Nielsen** data, **Veoh.com** said its avg viewer now consumes more than 97min/month of content, more than any video site and twice the time amount spent at **YouTube.com**. The site garnered more than 28mln uniques in 1Q, and counts content partners such as **MTVN** and **CBS**. -- The spring launch of **TidalTV.com** will feature **Nat Geo** content such as full-length eps of "Taboo" and "Critical Situation."

VOD: **Comcast** has launched in NJ **AnyRoom On Demand**, which allows customers to watch VOD titles on 2 or more **Motorola** set top-equipped TVs simultaneously.

Research: Media agency **Starcom USA** has signed on to **DirectView**, an audience measurement service launched by **TNS** and **DirectTV**, that processes viewership data from the satcaster's set tops.

Editor's Note: Fri, Apr 18 is the deadline to chime in about the state of digital PR and marketing in cable. As a survey participant, you will receive the full results. **CableFAX** and survey partner **ACC** invite you to participate now at: <http://www.cable360.net/cfax/accsurvey.html>. Your feedback will help inform a special report to appear in **CableFAX**.

Ratings: **Discovery Channel's** "Deadliest Catch" garnered respective HH ratings of 2.5 and 2.9 for its pair of season-opening eps. **Pali** analyst *Richard Greenfield* said the results should help assuage **DISCA** investors concerned about the net's weaker 1Q ratings numbers, which had to be compared to '07 standouts "Planet Earth" and "The Lost Tomb of Jesus." -- The season finale of **Bravo's** "The Real Housewives of New York City" set seasonal ratings records across

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BUSINESS & FINANCE

all demos, including 1.43mIn total viewers. -- The **CMT Music Awards** averaged 2.8mIn total viewers Mon; it was the most-watched telecast since the '07 premiere of "Dale."

Programming: **NBCU** launched a Digital Studio unit to develop multi-platform content, inking **Omnicom Media Group** as its 1st strategic partner. The Studio's 1st project, live action and animated sci-fi series "Gemini Division," will bow this summer.

Honors: **HBO** topped its cable brethren by earning 3 **NAMIC** Vision Awards, including a pair for "Bury My Heart at Wounded Knee." **CNN** and **Disney Channel** each notched a pair, while the following picked up 1 each: **Bravo**, **BET J**, **ESPN**, **Si TV**, **Style**, **The Africa Channel**, and **History**.

Cable Cares: **Cable Positive** is looking for volunteers during the Cable Show to help with revitalization efforts for Project Lazarus, a home for AIDS patients still feeling the aftershocks of Katrina. Contact **Jennifer Medina** at 212.459.1504 or jennifer@cablepositive.org.

People: **ESPNU** promoted **Rosalyn Durant** to vp/GM, succeeding **Burke Magnus**, who was just upped to svp, college sports programming, **ESPN**.

Business/Finance: Independent proxy advisory firm **RiskMetrics** has recommended that **Gemstar-TV Guide** shareholders vote for the proposed merger with **Macrovision** at Gemstar's special meeting Apr 29.

CableFAX Daily Stockwatch

Company	04/17 Close	1-Day Ch	Company	04/17 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
AMDOCS:	28.19	0.14	AMPHENOL:	44.27	1.82
BRITISH SKY:	43.44	(0.01)	APPLE:	154.49	0.79
DIRECTV:	25.45	(0.29)	ARRIS GROUP:	6.23	(0.12)
DISNEY:	30.78	0.46	AVID TECH:	23.50	(0.94)
ECHOSTAR:	31.84	0.28	BIGBAND:	7.11	0.25
GE:	32.01	(0.22)	BROADCOM:	21.65	(0.09)
HEARST-ARGYLE:	20.59	0.12	CISCO:	23.89	0.06
ION MEDIA:	1.45	0.00	COMMSCOPE:	38.30	0.47
NEWS CORP:	18.58	0.26	CONCURRENT:	0.70	(0.01)
MSOS					
CABLEVISION:	22.66	0.15	CONVERGYS:	15.86	0.01
CHARTER:	0.90	(0.02)	CSG SYSTEMS:	11.45	0.08
COMCAST:	20.16	0.23	ECHOSTAR HOLDING:	29.25	0.70
COMCAST SPCL:	19.95	0.30	GEMSTAR TVG:	4.77	0.03
GCI:	6.16	(0.08)	GOOGLE:	449.54	(5.49)
KNOLOGY:	13.67	(0.12)	HARMONIC:	7.98	(0.15)
LIBERTY CAPITAL:	15.88	0.05	JDSU:	13.75	(0.11)
LIBERTY ENTERTAINMENT:	24.70	(0.13)	LEVEL 3:	2.24	0.11
LIBERTY GLOBAL:	34.53	0.02	MICROSOFT:	29.22	0.27
LIBERTY INTERACTIVE:	15.62	0.02	MOTOROLA:	9.05	(0.15)
MEDIACOM:	4.16	(0.11)	NDS:	47.34	(0.37)
ROGERS COMM:	42.97	0.00	NORTEL:	7.01	(0.05)
SHAW COMM:	19.82	(0.53)	OPENTV:	1.11	0.00
TIME WARNER CABLE:	26.80	0.50	PHILIPS:	37.76	(0.38)
VIRGIN MEDIA:	12.54	0.36	RENTRAK:	13.30	0.25
WASH POST:	699.38	6.09	SEACHANGE:	7.00	(0.25)
PROGRAMMING					
CBS:	21.69	0.45	SONY:	42.39	0.55
CROWN:	4.60	(0.07)	SPRINT NEXTEL:	6.41	(0.02)
DISCOVERY:	21.90	0.20	THOMAS & BETTS:	39.69	0.49
EW SCRIPPS:	42.74	0.32	TIVO:	8.69	(0.21)
GRUPO TELEVISA:	24.95	0.26	TOLLGRADE:	5.07	0.05
INTERACTIVE CORP:	20.65	0.35	UNIVERSAL ELEC:	27.45	(0.32)
LIBERTY:	1.00	0.00	VONAGE:	1.80	(0.03)
LODGENET:	6.33	0.78	WEBB SYS:	0.05	0.01
NEW FRONTIER:	5.24	0.07	YAHOO:	28.03	(0.28)
OUTDOOR:	7.45	0.02	TELCOS		
PLAYBOY:	8.49	(0.03)	AT&T:	37.58	(0.03)
TIME WARNER:	14.59	0.24	QWEST:	4.54	(0.11)
UNIVISION:	36.23	0.00	VERIZON:	35.85	0.00
VALUEVISION:	5.02	0.02	MARKET INDICES		
VIACOM:	40.05	0.65	DOW:	12620.49	1.22
WWE:	18.78	(0.22)	NASDAQ:	2341.83	(8.28)
TECHNOLOGY					
3COM:	2.30	(0.08)			
ADC:	12.56	(0.1)			
ADVANTAGE:	3.76	0.11			
ALCATEL LUCENT:	6.08	0.04			



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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Sofa Stats

Here's some advice: don't call your parents/grandparents during **ABC's** "Dancing with the Stars;" be wary of disparaging *Bill O'Reilly* at any assisted living facility; and refrain from selling power tools on **Lifetime**. Why? According to last week's **Nielsen** data covering 18-49s, the lion's share of Dancing's viewers are 50+, 81% of **Fox News'** prime audience inhabits that same older demo and 4 out of 5 Lifetime viewers in prime are women. The first 2 points presuppose that high schoolers aren't tuning in to Fox News or watching *Shannon Elizabeth* samba (OK, maybe some boys), but I'm confident in the avowals. And while the Lifetime data certainly lacks shock value, some other numbers are quite interesting. **Turner** research chief *Jack Wakshlag* has asserted that the median age of major broadcasters' viewership is climbing away from the critical 18-49 demo—the key inference being lost touch with mainstream America, which negatively affects show success and advertising—and the numbers seem to agree. Just under half of **Fox's** prime viewership is comprised of 18-49s, with the percentages decreasing for **NBC** (42%), **ABC** (39%) and **CBS** (38%). By contrast, some respective cable examples include **VH1** (84%), **Comedy Central** (83%), **Spike** (79%) and **MTV** (78%). Of course, 2 critical phenomena mute the data's advertising importance: top broadcast shows still draw many more viewers than cable, including 18-49s, and the recent proliferation of targeted spots render wide demos less meaningful. Still, market segmentation greatly aids niche-centric cable. If you've got product to peddle, know that 72% of **ESPN's** 18-49 prime audience is male; 67% of **VH1's** is female; and **TBS** skews toward women in the demo while **TNT** leans male. So, tampon spots to VH1, not ESPN, and just the opposite for motor oil ads. And if your high school-aged child regularly watches Fox News, he/she is likely supremely bright and engaged, albeit quite an oddball. *CH*

Worth a Look: "The Sarah Jane Adventures," Fri, 8pm, **SciFi**. This **BBC** acquisition spins off Dr Who's erstwhile companion in a fast, action-loaded two-part story, with a good tongue-in-cheek plot (the bad guy is the headmaster, of course). -- "The Block," season II premiere, Sun, 5:30pm, **G4**. Reality series about pot-laden snowboarders who staff a hotel. Problem is the young recruits are put through a boot camp by foul-mouthed drill sergeants, who are more loathsome than the slackers. SA

Notable: **The Weather Channel's** "Earth Week" (Sat-Fri). Seems everyone's green now, but The Weather Channel's been on the climatic kick for awhile, announcing a climate initiative several years ago. Weather starts celebrating special environmental coverage beginning Sat. On Tues, its iconic blue logo will turn green, and Weather will have live shots of Earth Day celebrations. Special focus will be on eco-conscious weather challenges like erosion, tornadoes, fire, heat waves and drought. -- "Handy Manny," Tues, 6am, **Disney Channel**. Gotta love our favorite handyman going green for Earth Day, and the monkeys Ooh and Aah providing eco tips for kids during interstitials. -- "Your Mama Don't Dance," season finale, Fri, 9pm, **Lifetime**. The live finale of an excellent rookie season for the child-parent dance contest show. SA

Basic Cable Rankings (4/07/08-4/13/08) Mon-Sun Prime			
1	USA	2	1941
2	DSNY	1.9	1761
3	LIFE	1.6	1526
3	TNT	1.6	1522
3	SPK	1.6	1521
6	ESPN	1.5	1444
7	TBSC	1.4	1408
7	NAN	1.4	1330
9	FOXN	1.3	1221
10	HALL	1.1	911
11	HGTV	1	942
11	A&E	1	924
13	DISC	0.9	913
13	TOON	0.9	898
13	VH1	0.9	877
13	TRU	0.9	848
13	CMDY	0.9	828
13	HIST	0.9	818
13	AMC	0.9	811
13	FX	0.9	807
21	SCIF	0.8	774
21	FAM	0.8	765
21	TLC	0.8	737
21	CNN	0.8	735
25	FOOD	0.7	686
25	MTV	0.7	673
25	LMN	0.7	387
28	BRAV	0.6	498
28	BET	0.6	489
30	TVLD	0.5	482
30	ESP2	0.5	478
30	MSNB	0.5	465
30	EN	0.5	448
34	APL	0.4	362
34	HLN	0.4	339
34	TTC	0.4	335
34	WGNC	0.4	313
34	OXYG	0.4	298
34	NOGG	0.4	292
34	NGC	0.4	277
34	SOAP	0.4	264
42	VS	0.3	211
42	GSN	0.3	198
42	SPD	0.3	196
42	TDSN	0.3	180
42	WE	0.3	176

*Nielsen data supplied by ABC/Disney

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UPFRONT

The Evolving Ad Market

Media service firm **Magna Global** makes a business of understanding the key factors at play in the upfront negotiations. *Steve Sternberg*, evp, audience analysis, and *Brian Weiser*, svp, director of inventory analysis, gave us some perspective on the evolving advertising market.

New Magna research predicts DVR penetration at 36% of TV homes by 2012, up from today's 22%.

What does the continued rising trend mean for the TV advertising market? (Sternberg) The growth and expected rise of DVR penetration led directly to the transition from program ratings to C3 as marketplace currency. According to Nielsen, roughly 40% of primetime broadcast viewing in DVR homes is time-shifted, compared to less than 20% of primetime cable viewing. With the transition to delayed commercial ratings, the amount of live commercial viewing lost to channel switching on broadcast, is more than made up by DVR viewing. So going forward, C3 will be higher than live program ratings. This is not the case for cable, where the live commercial losses are largely not compensated by delayed viewing. But there are some first-run series, like "The Closer," that do get heavy DVR playback and will start to look even better than other shows by comparison.

Cable ops have fewer DVR subs than their satellite competitors, with Comcast coming in at 15.8% DVR penetration compared to DirecTV's 30.9%, according to your latest stats. Why is that? (Sternberg)

Cable operators have generally not pushed DVRs to the same degree as satellite, preferring to focus more on VOD. That is starting to change a bit. **Advertisers want addressable advertising. How far off are we from VOD becoming a significant ad platform, and how is that affecting this year's deal-making?** (Weiser) The short answer is that although advertisers are conceptually interested in addressable advertising, the volume of inventory available remains small and will continue to be de minimus for the foreseeable future. As a result, it

doesn't impact current deal-making in a material way. VOD extensions may be included as part of a national VOD buy, but incremental dollars are not likely to be included. Local VOD inventory still needs to overcome the difficulties in buying that inventory, which may be a few years away. **What's Magna's take on all the talk about precision metrics?** (Sternberg) There is more of a need than ever for more precise metrics. We've worked with a number of cable networks in experimenting with various commercial pod structures, engagement-type metrics, and are continuing to discuss potential measurement based on commercial pods. For the first time, the networks have a stake in keeping viewers tuned in to commercial pods, and are more willing than ever to partner with us on new and innovative research to help make this happen. This is one of the most positive developments in switching over to average commercial minute ratings.

UPFRONT EVENTS

April 22	Scripps	LA	Lunch
April 22	MTV	San Fran	Cocktails
April 23	Oxygen	NYC	Breakfast
April 23	Discovery Networks	NYC	Evening
April 24	NFL Network	NYC	Evening
April 27	National Geographic	NYC	12-3:30pm
April 28	A&E Networks	NYC	Evening
April 29	Discovery Networks	Atlanta	Evening
April 29	VH1 Development Meeting	LA	Cocktails
April 30	VH1 Development Meeting	San Fran	Cocktails
April 30	A&E Networks	Dallas	Cocktails
May 1	ION Networks	NYC	Cocktails
May 12	NBC	NYC	Afternoon
May 13	ESPN	NYC	Morning
May 13	ABC	NYC	Afternoon
May 13	Fox Sports En Espanol	NYC	Lunch
May 13	Telemundo	NYC	Evening
May 14	Turner Entertainment	NYC	Breakfast
May 14	GoTV	NYC	Breakfast
May 14	Univision/TeleFutura/Galavision	NYC	Lunch
May 14	ESPN Deportes	NYC	Evening
May 14	Adult Swim	NYC	Evening

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