

CableFAX Daily™

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What the Industry Reads First

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Growing Target: Univision, Others Going Deeper to Serve US Hispanics

Hispanics represented 56% of America's net population growth from '00-'10 and are projected to contribute 100% of 18-49 growth, according to **Nielsen**. Add the fact that more than 50mln Hispanics now live in the US and media companies' major moves toward the demo look more and more like an imperative. The latest in a flurry of recent news on the subject comes from **Univision**, which plans to beef up its cable net portfolio with individual channels focused on telenovelas and sports, mainly Mexican soccer. **Univision Cable Nets** svp *Jessica Rodriguez* declined to discuss launch timing for the channels, which will join **Galavisión** and **TuTv Nets** on cable, but said initial reaction to the plans has been very positive. "Distributors recognize the importance of the growing Hispanic consumer segment," said Rodriguez. "We are at a tipping point that is driving marketers and distributors to invest in developing and enhancing their strategies to win with this consumer." The new offerings will be Spanish-language, she said, noting strong demand for such content and the fact that 75% of all US Hispanics speak some Spanish at home. A Dec deal with **Grupo Televisa** that gives Univision access to all Televisa content will help create "more value for our distribution partners through [the] new offerings," said Rodriguez. Plenty of competition exists for the new nets, including Spanish-language offerings from established brands such as **ESPN**, **Discovery** and **Fox**. Unphased, Rodriguez said "Univision is the #1 brand for Hispanic Americans, with a connection to our audiences unlike any other company in media today," and that the brand will be leveraged further on cable. Many cable companies are racing to make their own connection with the demo. In the last 2 months alone: **Fox Nets** and **Nat Geo Nets** announced plans to launch **Nat Geo Mundo** on July 1, and said the Spanish-language non-fiction net owns commitments to launch in more than 4mln homes this year through **U-verse**, **Cox**, **DISH**, and **FiOS**; **NBCU** bowed a company-wide initiative meant to increase ad dollars targeting Hispanics; **Comcast** said it intends to launch an English-language Latino net as part of its Comcast-NBCU minority commitments, and the MSO bowed **Xfinity TV** in Spanish; and **Cablevision** added **News 12 El Bronx En Espanol** and **News 12 New Jersey En Espanol** to its iO TV lineup. Expect all this to represent much more of a beginning than an end, what with the Hispanic population increase expected to continue and Nielsen saying that if US Hispanics were a country, they would rank as the 12th-largest global economy with more than \$1tn in purchasing power. And viewership across virtually every Hispanic-focused cable net continues to rise. **[See Cablefaxdaily.com for more info about US Hispanics' media use. And join us for a Apr 27 Webinar, "Capitalizing on Cable's Growing Latino Market." More info: http://www.cablefax.com/cfp/webinars/2011_april27.html].**

Competition: Existing **AT&T** wireless subs that add a qualifying **U-verse TV** and Internet bundle will receive a \$45 monthly discount for 6 months. -- **Verizon** announced 2 new Internet service price tiers: stand-alone HSI for \$14.99/month (up to 1Mbps) and \$29.99/month (various higher speeds), and dry-loop HSI (without voice service) for \$24.99/month and \$39.99/month, respectively. The pricing covers online ordering (\$5 monthly surcharge if not), includes a free wireless router, and no contracts are required. The telco also said triple-play bundles featuring

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Source: The Nielsen Company, Live+SD, 4/12/11. WE tv - Braxton Family Values (9-01p-10-01p) vs ad-supp cable TCs 8p-11p. W18-49 & W25-54 (000s). Women's nels incl: Lif, Oxy, Brav, El, TLC. Subj to quals upon request.

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DirectTV start at \$85/month for 12 months after rebate, provided a 2-yr contract. -- **Mobile Content Venture** plans to launch in an additional 12 markets by yr-end its national mobile service delivering live and on demand TV content on behalf of 12 major broadcast groups. New markets including Seattle (**Belo**), Denver (**Gannett**) and Tulsa (**Scripps**) will bring the total to 32 and coverage to half of the US population. -- **DISH** launched Hindi-language nets **Aastha TV** and **Aastha Bhajan**, and is the exclusive US provider of both channels for at least 2 years.

Advertising/Marketing: **MagnaGlobal's** revised US media ad rev forecast features 1.8% growth powered by cable nets. Noting that large advertisers with reach and frequency goals are increasingly turning to network cable over broadcast, Magna foresees 10.8% ad rev growth for network cable and 2.4% for broadcast. A more robust national advertiser base and increased adoption will benefit national digital to the tune of 18.7% growth. -- **Cablevision** launched a TV ad campaign to promote the use of **Optimum Business'** new savings calculator that allows small businesses to determine how much they could save on phone and Internet services from Optimum.

OTT: There's no indication of current consumer trending toward cord cutting or cord shaving (canceling premium nets or ordering cheaper packages), said **In-Stat**, but 30% of existing pay TV homes remain at risk of future cord cutting. Adoption of online viewing is escalating, yet In-Stat asserts that besides **Netflix**, the frequency of online viewing isn't growing as well. Frequency won't expand until "must see" original online programming ramps, said the firm, which argues more sports content won't protect against cord cutting.

Going Up?: Heading into another earnings season, **Sanford Bernstein's Craig Moffett** touted **Time Warner Cable** (\$83 target) and **Comcast** (\$31) in the cable/satellite space and **AT&T** (\$34) among telecoms. Moffett looked at the trio plus **Cablevision**, **DISH**, **DirectTV**, **Verizon**, **Sprint** and **MetroPCS** through the lenses of growth-adjusted EBITDA multiples, P/E ratios and FCF multiples, and said TWC appears cheap based on the latter 2 valuation methods. TWC and **MetroPCS** were the only companies to appear cheap in 2 of the 3 methods. Separately, Moffett said **Comcast's** recently-released pro-forma financial statements for **NBCU** shows its new acquisition would have been \$0.14 accretive to its '10 EPS, so he's sticking with his estimate of \$0.15 accretion to '11 earnings.

Technology: Ten industry suppliers including **Sony** and **Samsung** recently participated in a **CableLabs tru2way Home Networking** interoperability event to demo secure sharing of premium cable content over home networks. It featured program guides integrating tru2way tech with multi-room DVR capability from **Comcast**, **Cox** and **Time Warner Cable**.

Earnings: **Gannett** reported \$158.3mln in 1Q TV rev, marking a 1.8% decline on additional Olympics, Super Bowl and political ad rev vs a yr ago. Retrans rev totaled \$19.5mln, up a hefty 25.7%. Digital segment rev grew by 12.1% to \$157.6mln.

Online: **Tennis Channel** and **USA Today Sports** teamed to provide a special video feature every Mon at **Tennis.usatoday.com**. Hosted by Tennis talent, "Court Report" will recap tourneys that have just concluded and feature news, player interviews and previews of coming events.

Programming: **3net** announced "The Civil War 3D" (wt) as the world's 1st native 3D war doc. The 4-hr miniseries debuts this fall. -- **HBO** picked up comedy series "Veep" ('12), starring **Julia Louis-Dreyfus** as a former senator who becomes vp. -- **Logo** original "Sex Rx" (fall) features sex addiction specialist **Christopher Donaghue** offering guidance to a sex treatment group. The net also expanded its "A-List" franchise into NY. -- **BET** renewed ratings winner "The Game."

CableFAX WEBINAR

Capitalizing on Cable's Growing Latino Market

Wednesday, April 27 ● 1:30 – 3:00pm

The U.S. Census couldn't be more clear: The fastest growing demographic both in numbers and economic power is the Latino population. Join CableFAX as we dissect this trend and what it means for cable in a special Webinar designed to give you the tools you need to reach this growing demographic.

Register at: www.cablefax.com/webinars



BUSINESS & FINANCE

Public Affairs: As part of “Comcast Cares Day,” more than 2,500 local Comcast employees, their families and friends will assist nonprofits around the state of MI on Apr 30. -- **Nickelodeon’s** Big Help Earth Day block (Fri), features net stars on location in LA where they helped refurbish the St. Bernard Parish wetlands outside New Orleans, plus special eps of “Victorious” and “Big Time Rush.” **Nick Jr** will air 24 hours of green-themed programming Fri, and **Nicktoons** will present a week-long “Dib Saves the Earth” marathon (Apr 18-22, 5pm).

Editor’s Note: As we gear up for the **Faxies/Sales Exec of the Year** Breakfast on May 12, we ran across a doc of sorts by a former Faxies honoree. You can follow her travels from Atlanta to NYC at http://www.youtube.com/watch?v=06d_qIMBWRy. It put a smile on our faces...

People: Charter tapped former **OWN** exec *Allan Singer* as svp, programming. -- **Rentrak** pres, advanced media and info div *Cathy Hetzel* added the responsibilities of corp pres. Also, the company upped *Ron Giambra* to pres, theatrical worldwide.

Business/Finance: **Radio One** expects **TV One** to redeem the ownership interests held by **DirecTV** on or about Apr 30, which would increase Radio One’s stake in the net to approx 50.8%. **Comcast** also owns a piece of the net. -- **NewWave Comm** completed its purchase of **Avenue Broadband Holdings** from **MCG Holdings**.

CableFAX Daily Stockwatch

Company	04/18 Close	1-Day Ch	Company	04/18 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	45.85	(1.04)	BLNDER TONGUE:	2.20	(0.03)
DISH:	23.10	(0.1)	BROADCOM:	37.56	(0.67)
DISNEY:	41.20	(0.32)	CISCO:	16.73	(0.3)
GE:	19.98	(0.06)	CLEARWIRE:	5.78	(0.17)
NEWS CORP:	18.14	(0.32)	CONCURRENT:	5.81	(0.05)
MSOS					
CABLEVISION:	32.97	(0.66)	CONVERGYS:	13.76	(0.26)
CHARTER:	54.74	(0.56)	CSG SYSTEMS:	20.11	(0.21)
COMCAST:	23.96	(0.53)	ECHOSTAR:	35.35	(1.16)
COMCAST SPCL:	22.59	(0.48)	GOOGLE:	526.84	(3.86)
GCI:	11.01	(0.24)	HARMONIC:	8.67	(0.32)
KNOLGY:	14.09	(0.05)	INTEL:	19.62	(0.13)
LIBERTY CAPITAL:	75.44	(0.87)	JDSU:	18.04	(0.46)
LIBERTY GLOBAL:	43.36	0.08	LEVEL 3:	1.63	(0.1)
LIBERTY INT:	16.17	(0.53)	MICROSOFT:	25.08	(0.29)
SHAW COMM:	20.39	0.42	RENTRAK:	23.45	(0.46)
TIME WARNER CABLE:	72.35	(0.46)	SEACHANGE:	10.13	(0.26)
VIRGIN MEDIA:	27.41	(0.5)	SONY:	29.25	(0.44)
WASH POST:	432.50	(3.58)	SPRINT NEXTEL:	4.70	(0.11)
PROGRAMMING					
CBS:	24.06	(0.28)	THOMAS & BETTS:	57.99	(1.11)
CROWN:	2.10	(0.07)	TIVO:	8.63	(0.01)
DISCOVERY:	40.01	(0.06)	TOLLGRADE:	10.07	0.01
GRUPO TELEVISA:	22.40	(0.07)	UNIVERSAL ELEC:	27.60	(1.08)
HSN:	31.90	(0.29)	VONAGE:	4.79	(0.21)
INTERACTIVE CORP:	31.75	0.51	YAHOO:	16.34	(0.28)
LIBERTY:	42.11	(0.37)	TELCOS		
LIBERTY STARZ:	75.90	(1.63)	AT&T:	30.31	(0.34)
LIONSGATE:	6.43	(0.02)	VERIZON:	37.31	(0.54)
LODGENET:	3.20	(0.12)	MARKET INDICES		
NEW FRONTIER:	1.77	0.01	DOW:	12201.59	(140.24)
OUTDOOR:	6.96	(0.09)	NASDAQ:	2735.38	(29.27)
SCRIPPS INT:	49.44	(0.5)	S&P 500:	1305.14	(14.54)
TIME WARNER:	35.56	(0.49)			
VALUEVISION:	5.29	(0.44)			
VIACOM:	52.93	(0.12)			
WWE:	11.31	0.05			
TECHNOLOGY					
ADVANTAGE:	3.05	(0.1)			
ALCATEL LUCENT:	5.70	(0.26)			
AMDOCS:	29.43	0.08			
AMPHENOL:	51.78	(1.25)			
AOL:	19.72	(0.06)			
APPLE:	331.85	4.39			
ARRIS GROUP:	12.43	(0.19)			
AVID TECH:	20.68	(0.71)			
BIGBAND:	2.49	(0.05)			

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EYE ON ADVERTISING

Fueling Online TV Growth

Viewers of U.S. online television programming catapulted the business to \$1.6bln in 2010, a 34.2% jump over the prior year, according to **IHS Screen Digest**. The primary catalyst? Advertising revenue, says Screen Digest senior analyst Dan Cryan, who noted a nearly 65% rise in online ad revenue to reach \$719 mln last year, up from \$436.8mln in 2009. Cryan told Cathy Applefeld Olson why although subscription-based services are continuing to contribute to the online TV business' bottom line, the market is primed for advertising.

Screen Digest research notes Hulu doubled its ad revenue to \$200 million in 2010. Why is advertising having such a significant impact now?

DC: Advertising has definitely been the main grower. I think partially because the online TV market is making sense to [advertisers] now, and it's partly a question of growth of available inventory from certain players like Hulu and the CW. And then there are other contributors, such as the fact that we had a terrible ad recession and that has only recently begun to shake itself out so there's been more money available to start going into online advertising.

Based on your research, do customers like the online ad model as it stands today?

DC: Consumers will always tell you that they hate the ads. But we've never run into a service provider, ever, that's noticed any appreciable negative impact from increasing the number of adverts. But, of course, there's possibly a limit to that we haven't reached yet.

Right, it's a common complaint. Consumers don't want ads, but they also don't want to want to pay for the service either.

DC: There's only one scenario where no ads and no pay works—when you have an illegal free distribution

service... Outside of that, consumers can vote with their eyeballs and go somewhere else if they don't like the ads. I'm not sure you want to get [online advertising] as high as the levels we see on U.S. broadcast television. And, people do seem to love watching shows on Netflix, which doesn't have any ads at all.

Any sense of what that limit might be? The CW now has 23 different advertisers hawking products and services online, similar to a traditional TV load.

DC: The online inventory is still considerably lower than the traditional broadcast—so we definitely have not hit that limit yet. The ones who have been the most aggressive in the U.S.

are definitely the CW, which is serving an awful lot of ads. So if they keep things up the way they're going, they are the ones who will start noticing and feeling the consumer response first. They have been the most practiced at filling their shoes with ads.

Are there discernible trends in the brands that are advertising online?

DC: Right now we're mainly looking at sell-out rates and logging who the advertisers are. There does not seem to be a lot of difference from the sense of trying to reach certain audiences who are watching certain channels and certain pieces of content.

Crystal ball question... Any guess as to when advertisers may shift a larger portion of their budget online vs. on the television set?

DC: We are quite a long way from that in terms of total revenues. Which is not to say you're not going to get a company or two that's doing that, and if they had particularly strong results they might continue on that path.

(Longtime entertainment industry reporter Cathy Applefeld Olson is delighted to be documenting media's wild ride into the 21st century)



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