

# CableFAX Daily™

Tuesday — July 12, 2011

What the Industry Reads First

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## Grand Slam: FCC Enforcement Bureau Sides with Tennis in Comcast Complaint

**Tennis Channel** is hoping the FCC's Administrative Law Judge will take the Enforcement Bureau's recommendations in its program carriage complaint against **Comcast** to heart. Saying that Tennis met its burden that Comcast had discriminated against it, the Bureau recommends the ALJ mandate Tennis Channel carriage across a broadly distributed tier within 30 calendar days at a price and terms that are commensurate with similarly-situated sports channels in which it has a financial interest (ie, **Golf** and **Versus**). What's more, the Bureau recommended a \$375K fine "given the gravity of Comcast's deliberate anticompetitive behavior." That's the maximum forfeiture amount for this type of violation. It's all just a recommendation though, as the ALJ will release his own decision, which the full Commission has to approve. While the Bureau sided with the programmer unlike in past program carriage complaints involving Comcast with **MASN** and **Wealth TV**, it didn't agree with everything Tennis argued. The Bureau said Tennis' request to be put on the most widely viewed tier (analog) was excessive and would result in the elimination of other programming channels to accommodate it. The Bureau does believe Comcast favored its own networks over Tennis in deciding terms and conditions of carriage, which was the crux of Tennis' argument. The case comes as the FCC is reportedly close to revamping its program carriage rules, including a standstill requirement and allowing for complaints to be filed against providers who carry any nets affiliated with another MVPD. Both of those are additions that do not sit well with MVPDs. The rules are meant to keep MVPDs from favoring their own programming, but distributors think the standstill and MVPD affiliation rules go too far. Sources say 3 Commissioners have already approved the new rules, but distributors are hoping the standstill requirement might be deleted from the final order.

**Be CALM:** ACA reiterated its call for the FCC to implement the **CALM Act** (which tackles loud volume for commercials) by minimizing the burden to indie cable operators. Saying that these commercial annoyances have largely gone away with the industry's adoption of new technology and practices, ACA complained that obligations to deploy, utilize, and maintain equipment, as well as the structure of the complaint process, could place costly compliance burdens on independent cable operators—even ones not directly involved in the insertion of advertisements. In comments filed at the FCC Fri, ACA asked for flexibility in complying with the statute and noted that most of its members aren't responsible for inserting commercials. That job goes to broadcasters and national cable networks. Most members who do insert commercials rely on a 3rd-party vendor, a problem since the Commission said CALM requirements must be met by the pay TV provider and not a 3rd party. Others ACA asks include a 1-year, financial hardship waiver for small ops that certify the need to install, utilize and maintain any equipment to ensure compliance with the ATSC A/85 standard.

**At the Portals:** The FCC launched "Learning-On-The-Go," a program for 20 schools and libraries in 14 states that give K-12 students off-site connections to the Internet to increase access to digital textbooks, cutting-edge interac-

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tive learning tools and other innovative wireless technologies. The pilot project will provide up to \$9mln for the 20 institutions selected for the '11-'12 funding year. It falls under the FCC's plan to modernize the E-rate program.

**In the States:** Time Warner Cable's heavy NC investment includes the planned hiring of 225 additional employees by '14 at its Charlotte Corporate Campus, which is also set to expand. A new 178K-square-foot national data center, just the 2nd in the US for TWC, will offer a virtual cloud environment and is expected to be completed by Dec '12. The center's part of a \$101mln investment to also include a 2nd building of 103,500 square feet ('13).

**Branding:** All in the name of stressing its family friendliness, Crown Media changed the umbrella name of the unit housing Hallmark Channel and Hallmark Movie Channel to Crown Media Family Networks from Crown Media Networks.

**Synergistic Sports:** The NHL is looking for additional assists from NBCU, tapping the company to handle media sales after striking a 10-year multiplatform rights deal in Apr. The NBC Sports Group Sales Dept will absorb the league's media sales employees and for the next 5 years handle all NHL media sales across NBC, Versus, NBCSports.com, NHL Net, NHL mobile and all official league digital sites including NHL.com. Further, all traffic to the sites will now be attributed to NBC Sports Digital. "Sports marketers will benefit because of the unprecedented single voice that allows them to purchase national network television, cable television and digital media for one major sports property in only one place," said NBC Sports Group Sales & Marketing svp Seth Winter in a release. -- Out of the bag is a complete redesign of GolfChannel.com, which will become fully integrated into NBCSports.com as the site's golf destination by the end of the summer while featuring an improved user interface, enhanced editorial coverage, exclusive online video and live social media updates. Tom Stathakes, who oversees Golf's TV programming, will spearhead the site's content strategy to provide consistency across both platforms, and the site will also integrate real-time booking service GolfNow.com.

**Ratings:** Derek Jeter's 3,000th hit helped YES' Yankees-Rays coverage average a 6.6 HH rating (634K viewers) and become the net's highest-rated and most-viewed game of the year. The post-game feature of special "Jeter 3,000" averaged a 3.3 rating (320K). -- TNT's prime coverage of NASCAR's Quaker State 400 averaged a 2.7 metered market rating, +17% over last year. Total RaceBuddy streams tallied 928K, the 3rd highest total in history. -- "Torchwood: Miracle Day" delivered a combined Fri night audience (2 airings) of 1.51mln total viewers for its premiere on Starz. The show notched 2mln in aggregate weekend viewership. -- With fast nationals estimating 1.2mln viewers tuning in for the premiere of "The Indestructibles" on Nat Geo Sun, Fox Broadcast will air a sneak preview Sat of upcoming eps of the series, which investigates real-life disasters to explain how someone could survive.

**Programming:** BET has joined with the United Negro College Fund to showcase "UNCF An Evening of Stars" this fall. Spotlighting musical talent for more than 30 years, the show will receive from BET a platform for touting the importance of education. Target is the presenting sponsor, McDonald's and AT&T national sponsors. -- A&E original series "American Hoggers" (Aug 16) follows a family that helps TX residents and ranches by hunting meddlesome and harmful wild boars. -- OWN and TLC acquired from CBS TV the off-network rights to "Undercover Boss." Each net will have access to the show's library for feature beginning fall '12. -- ESPN Classic is set to air the entire run of "Friday Night Lights" beginning Tues night with eps 1 and 2. Longhorn Net will also feature the series' 5 seasons. -- C-SPAN takes viewers behind the scenes at the world's largest library with the premiere of 90-min feature doc, "The Library of Congress," July 18, 8pm and

## CableFAX Webinar

# What Connected TV Means for your Cable Business

Wednesday, July 20 ● 1:30-3:00 pm ET

Register at [www.cablefax.com/webinars](http://www.cablefax.com/webinars)

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### At this information-packed Webinar you'll learn:

- › How you can exploit Connected TV's consumer-reach capabilities to augment customer experience, your brand and profits?
- › Will Connected TV influence consumers to shift their viewing habits and how does it fit with multi-screen strategies?
- › What are the new apps and what do they mean for your business?
- › What are Connected TV's technical hurdles and when will they be overcome?
- › Can programmers enhance the viewer experience and make profits with Connected TV apps?
- › Plus more...

# BUSINESS & FINANCE

11pm ET. Recorded in HD, C-SPAN's doc explores one of our favorite Hill buildings as well as its 211 year history. -- **ABC Family** said yes to a 2nd season of "Melissa & Joey."

**On the Circuit:** Up for induction into the '11 **CTAM Hall of Fame** are the following marketing efforts: **Comcast's** The Slowskys campaign, **Disney Channel's** surrounding "High School Musical," **FX's** for "Nip/Tuck," **Showtime's** for "Dexter" and **USA's** Characters Welcome brand. 26 marketing leaders will vote for a winner to be announced during The CTAM in NY (Oct 5-7).


**People:** After nearly 22 years at **CableLabs**, *Mike Schwartz* is leaving his post as svp, comm. He'll consult for CableLabs through July and will go into comm strategies consulting.

**Public Affairs:** Visitors to **Time Warner Cable's** STEM-focused **ConnectaMillionMinds.com** can win a prize package each day through Aug 4. The "It Ain't Rocket Science" sweeps includes a prize package with a T-shirt, 1-year subscription to *Scientific American* magazine and an autographed copy of *Neal Bascomb's* "The New Cool."


**Business/Finance:** **Brean Murray** initiated **Comcast** with a 'buy' rating and **Time Warner Cable** and **Cablevision** with 'hold' ratings. The firm believes Comcast's core cable business will outperform in the coming quarters.

## CableFAX Daily Stockwatch

Company	07/11 Close	1-Day Ch	Company	07/11 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	52.81	(0.27)	CISCO:	15.43	(0.31)
DISH:	31.23	(0.55)	CLEARWIRE:	3.61	(0.19)
DISNEY:	39.22	(0.69)	CONCURRENT:	5.95	(0.15)
GE:	18.63	(0.36)	CONVERGYS:	13.49	(0.29)
NEWS CORP:	16.10	(1.23)	CSG SYSTEMS:	18.80	(0.11)
<b>MSOS</b>					
CABLEVISION:	26.56	(0.66)	ECHOSTAR:	37.68	(0.68)
CHARTER:	56.51	(1.29)	GOOGLE:	527.28	(4.71)
COMCAST:	25.03	(0.48)	HARMONIC:	6.86	(0.24)
COMCAST SPCL:	24.13	(0.35)	INTEL:	22.85	(0.24)
GCI:	12.37	(0.15)	JDSU:	15.42	(0.52)
KNOLGY:	14.63	(0.44)	LEVEL 3:	2.49	(0.1)
LIBERTY CAPITAL:	85.64	(1.49)	MICROSOFT:	26.63	(0.29)
LIBERTY GLOBAL:	44.54	(0.94)	MOTOROLA MOBILITY:	21.04	(0.6)
LIBERTY INT:	17.49	(0.25)	RENTRAK:	18.34	(0.28)
SHAW COMM:	22.39	(0.33)	SEACHANGE:	10.56	(0.15)
TIME WARNER CABLE:	77.83	(1.41)	SONY:	26.86	(0.24)
VIRGIN MEDIA:	27.91	(1.09)	SPRINT NEXTEL:	5.42	(0.07)
<b>PROGRAMMING</b>					
CBS:	27.94	(0.73)	THOMAS & BETTS:	53.60	(1.65)
CROWN:	1.87	(0.02)	TIVO:	10.31	(0.47)
DISCOVERY:	41.58	(0.35)	UNIVERSAL ELEC:	25.44	(0.09)
GRUPO TELEVISA:	22.86	(0.72)	VONAGE:	4.74	(0.04)
HSN:	33.95	(0.62)	YAHOO:	15.05	(0.56)
INTERACTIVE CORP:	37.77	(0.78)	<b>TELCOS</b>		
LIBERTY:	41.26	(1.1)	AT&T:	30.80	(0.34)
LIBERTY STARZ:	73.12	(1.39)	VERIZON:	37.12	(0.36)
LIONSGATE:	6.55	(0.14)	<b>MARKET INDICES</b>		
LODGENET:	3.07	(0.05)	DOW:	12505.76	(151.44)
NEW FRONTIER:	1.43	(0.06)	NASDAQ:	2802.62	(57.19)
OUTDOOR:	7.01	(0.09)	S&P 500:	1319.49	(24.31)
SCRIPPS INT:	47.22	(0.17)	<b>TECHNOLOGY</b>		
TIME WARNER:	35.93	(0.71)	ADDVANTAGE:	2.55	(0.02)
VALUEVISION:	8.14	(0.11)	ALCATEL LUCENT:	5.58	(0.3)
WWE:	9.77	(0.07)	AMDOCS:	30.42	(0.35)
<b>TECHNOLOGY</b>					
AMPHENOL:	52.68	(1.52)	AOL:	19.81	(0.72)
AOL:	19.81	(0.72)	APPLE:	354.00	(5.71)
APPLE:	354.00	(5.71)	ARRIS GROUP:	11.62	(0.19)
ARRIS GROUP:	11.62	(0.19)	AVID TECH:	19.04	(0.65)
AVID TECH:	19.04	(0.65)	BIGBAND:	2.11	(0.03)
BIGBAND:	2.11	(0.03)	BLNDER TONGUE:	1.65	(0.04)
BLNDER TONGUE:	1.65	(0.04)	BROADCOM:	33.94	(0.68)
BROADCOM:	33.94	(0.68)			






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# EYE ON ADVERTISING

## IFC's Commercial Kings: Entertain First, Advertise Second

Commercial connoisseurs Rhett McLaughlin and Link Neal have, indeed, figured out how to get ahead in advertising. The two entrepreneurs amassed a YouTube following most ad men only dream about with their down-home, ridiculously effective spots for local businesses and now offer an inside look at the method to their madness in their new IFC series "Rhett & Link: Commercial Kings." McLaughlin tells Cathy Applefeld Olson why the key to an effective ad is focusing on concept over cash. Most of the ads they do have a budget of zero.



### You specialize in working with mom-and-pops, but you've been approached by some heavy hitters.

RM: As far back as 2007, we were working with major brands for different campaigns. The first major one was a road trip sponsored by Alka-Seltzer. They were interested because the Internet has such a broad and international reach. Actually, going back to local mom and pop businesses was a change for us. We'd done commercials for McDonalds and Coke and other major brands on the Internet and some for TV.

### Do you prefer to work with smaller indie companies?

RM: We have ideas that major brands might be uncomfortable with. One of our most famous was [the 2009 spot] for Red House Furniture, where black and white people buy furniture. It's not the kind of thing a big corporation is likely to embrace, but it is the kind of thing you can do with a furniture store in High Point, N.C.

### Are the larger, more traditional shops loosening up?

RM: Some brands are loosening up. With us, it's always the concept. When we go into a situation, we go in knowing that we are going to work with the resources available. For instance, we went to Ojai, Calif., to make a little commercial for a taxidermist. He's got a huge black bear, a rhino, all these elk. We came up with the idea to

put the bear into bed with his wife while he's out at a local bar with the rhino. The concept is always key. I think now people—big and small businesses—are beginning to see that. It's not about investing a lot of money. The budgets for most of our commercials is zero, maybe a couple hundred dollars, but that's it.

### What would you like cable execs looking to bring ads to their network to know?

RM: I would say, entertain first and advertise second. We are always trying to start a conversation. We want to ads where if you see it, you are compelled to talk about it. We aren't even necessarily first and foremost about people taking a specific action after they view it. We want to first create buzz, to get a conversation going around the business.

### What's a good example of a recent conversation?

RM: In Sacramento, we made a commercial for a hot yoga studio that's going to be on "Rhett and Link Commercial Kings" later in the season. A 70-year-old retired couple is running this yoga studio full time, and we met with them and they're a totally Zen-like couple, totally centered. We come to find out Bill is a Vietnam vet, a weapons specialist so we turned he and his wife Sandy into soldiers of yoga. We dressed them up as Rambo, greased them up like Sly Stallone. That's going to start a conversation. And, for the person interested in hot yoga, they learn there's a place in Sacramento where they can do that.

### Have you had to change your style for television?

RM: We wanted to preserve the process of how we work with a client; we're not trying to manufacture something for a television show. Basically, we work with companies we have little or no idea about, learn everything we can and turn it around into a local commercial that entertains and leads to legitimate marketing. That process is pretty interesting. Our commercials are just the same as they've always been. Just now you get to see that in-depth process.

-Cathy Applefeld Olson

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