

# CableFAX Daily™

Tuesday — July 26, 2011

What the Industry Reads First

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## Wearing Them Down: Indie Show Stresses Patience, Persistence

When it comes to educating Washington about the challenges faced by independent operators, nothing beats good ole' fashioned relationship building and perseverance, insiders told **NCTC** and **ACA** members gathered at the **Independent Show** in San Fran on Mon. "Sometimes when it's a big issue, it's a long slog to get through it," said lawyer *Tom Cohen* of **Kelly, Drye and Warren**. "You have to be opportunistic. At some point, there's a break—and you want to be there." As discussion ranged from retrans to net neutrality to the well-intended but potentially expensive CALM Act to ban loud TV commercials, **ACA** pres/CEO *Matt Polka* urged indie ops to "understand that it's all connected" when members are asked to visit with lawmakers or **FCC** officials. **Cinnamon Mueller** senior counsel *Barbara Eskin* said Washington's slow pace can be frustrating but that action sometimes hinges on personal stories and persistent visits. "Until they see enough bloody shirts through the door, they tend not to act," she said, noting that on something controversial like retrans reform it's important to show "that this is a life-and-death problem for some operators." A personal relationship and real-life stories from the trenches "helps to get them engaged in the issues," said **Alpine Group** vp *Ansley Erdel*. Meanwhile, indie ops also discussed the world outside D.C. on Mon, touching on hot topics like over-the-top online competition and fast evolving consumer behavior. In one panel comprised of reps from several family-owned cable businesses, execs acknowledged the need to fix clunky set-top navigation, perfect TV Everywhere platforms and improve integration with hot CE devices. "We need to seamlessly look at how cable TV will take the next step and merge with IPTV," said **Full Channel** vp *Levi Maaia*. Holding up an iPad, he said the cable set-top "really needs to get up to date with what we have today." *John Andrews*, co-founder/pres/CEO of **US Sonet** and **Lightspeed Telecom**, said he plans to "really start pushing hard on set-top boxes" while **Service Electric Cablevision** svp *Mark Walter* championed authentication. "I think the industry is really heading in the right direction with TV Everywhere," he said. One interesting talk came during the lunch session as motivational speaker and youth culture expert *Josh Shipp* told attendees that "you can delay but not avoid the inevitable" shift in viewing habits (He said he recently asked his **Twitter** followers to name their favorite cable channel—and they said "Hulu"). "Don't be afraid to cannibalize your star business," he said, noting that a company may be able to put its core product out of business—but that's better than a competitor doing it.

**Ready for Some Football?** Networks and advertisers certainly are. Mon's vote to end the lockout also means **DirectTV** can start collecting on **NFL** Sunday Ticket subscriptions. The DBS provider held off on taking payments for auto renewals until it was confirmed that the '11 NFL season would begin. Now, it's free to start collecting on the 1st installment of those 6 payments of \$53.99. "We do not expect significant reaction from most media stocks given that the end of this lockout was expected for some time now," said **Wells Fargo's** *Marci Ryvicker*. The one exception could be **DirectTV**, which she said may outperform in the next day or so.



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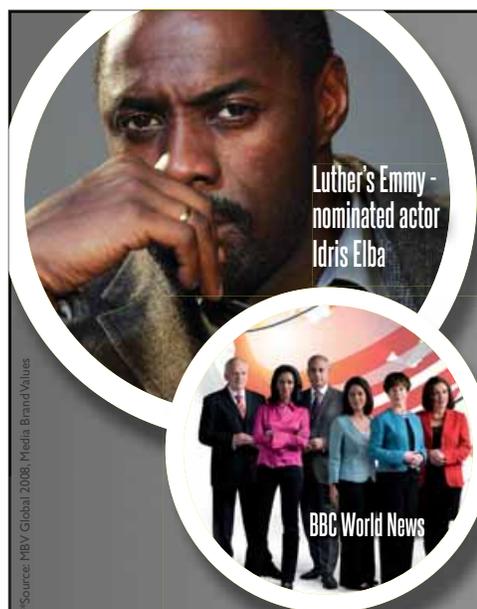
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**Indy Show Notebook:** **WOW!**'s Colleen Abdoulah was appointed chair of the independent operator group. Former **ACA** chmn Steve Friedman of **Wave Broadband** will continue to serve on ACA's board. Bob Gessner of **Massillon** was named as the new vice chair, and 4 new board members were appointed: **Bevcomm**'s James Beattie, **Armstrong Holdings**' Bryan Cipoletti, **Shentel**'s Earle MacKenzie and **CoBridge**'s Scott Widham.

**Spectrum Wars:** With lawmakers prepping spectrum auction bills, **NAB** went after the **FCC**'s National Broadband Plan Mon, saying 40% of full-power local TV stations could have to vacate their current TV channel assignment and at least 210 of those stations could go off the air permanently. While the broadcast group supports truly voluntary spectrum auctions, it continues to fret that the FCC's plan will morph into involuntary auctions. NAB's analysis, released at a press briefing Mon, found that 672 of the nation's 1735 full-power stations would need to be cleared from channels 31-51 for the FCC to reach its goal of reclaiming an additional 120 MHz of spectrum from broadcasters. "If the FCC's National Broadband Plan to recapture 20 more TV channels is implemented, service disruption, confusion and inconvenience for local television viewers will make the 2009 DTV transition seem like child's play," said NAB pres Gordon Smith, who called on the FCC to make public its analyses of the plan's potential negative impact on broadcast TV.

**Research:** 8% of US HHs get broadband, but don't subscribe to a multichannel video service, reports **Leichtman Research Group**. It sounds like this is a group cable should better target with HSD-only offers as 77% of them rely on a telco broadband service. As for cord cutting, forget it. Only 5% of the group said they don't subscribe to an MVPD because they can watch what they want on the Internet or in other ways (2% specifically mentioned **Netflix**). Instead, 28% cited cost, 26% said they don't watch much TV and 18% said they have no need for a service. Nor does the group watch online video more frequently, with 19% reporting watching online video daily and 55% weekly compared to 17% daily and 48% weekly among those with broadband and MVPD service. Meanwhile, **TDG** has examined Netflix's new pricing structure and found that 34% of dual-service subs are likely to cancel their streaming service but keep DVD by-mail. It projects that 44% of subs are to varying degrees likely to cancel DVD by-mail but keep their streaming service.

**At the Portals:** **NCTA** threw up a caution flag on **TiVo**'s petition to waive the analog tuning provisions in the FCC's plug and play order adopted in '03 (**Cfax**, 6/24). While the trade group supports TiVo's request, it notes that some precautions are necessary because the digital-only device it seeks to introduce would not have full plug-and-play functionality nor would it work across all cable systems (ie, it's intended for use in all digital systems or digital simul-cast systems). Specifically, NCTA wants the FCC to make it clear that a waiver wouldn't create any expectation that cable ops that carry analog services to change their networks, services or prices to meet the digital-only receiver



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constraints of TiVo's Premiere Elite CableCARD-enabled DVR. "Clarity today can help avoid misunderstandings tomorrow," NCTA told the Commission. TiVo's waiver proposes using marketing, training and some limited return polices to help with customers understand that the device doesn't support any analog channels. NCTA likes that and recommends educational messages be made conditions of the waiver and include an explanation that the device would no longer tune all 1-way channels if a consumer moves to an analog system.

**Carriage:** Time Warner Cable is moving **Big Ten Net** to the standard tier in NE beginning Aug 23. That means every Husker regular season football game will be live on TWC during the team's inaugural season in the Big Ten. Similarly, **DISH** announced Mon that customers in NE who subscribe to the America's Top 120 Plus programming package or greater will be able to watch Husker regular season games on BTN.

**People:** NBCU's *Megan Canavan* was appointed to the newly created position of CFO, **Style**. -- **Discovery Comm** named **Turner's Guhan Selvaretnam** as svp, product, content and ops, **Discovery Digital Media**. -- **NDS** appointed **Sonic Solutions' Dave Habiger** as CEO. After 16 years at the helm of NDS as chmn/CEO, *Abe Peled* will assume the position of exec chmn.

## CableFAX Daily Stockwatch

| Company                 | 07/25 Close | 1-Day Ch | Company                       | 07/25 Close | 1-Day Ch |
|-------------------------|-------------|----------|-------------------------------|-------------|----------|
| BROADCASTERS/DBS/MMDS   |             |          | BIGBAND:..... 2.21 ..... UNCH |             |          |
| DIRECTV:.....           | 51.66       | (0.69)   | BLNDER TONGUE:.....           | 1.78        | 0.03     |
| DISH:.....              | 31.69       | (0.32)   | BROADCOM:.....                | 34.91       | (0.56)   |
| DISNEY:.....            | 40.56       | (0.09)   | CISCO:.....                   | 16.28       | (0.18)   |
| GE:.....                | 18.96       | (0.08)   | CLEARWIRE:.....               | 2.94        | (0.09)   |
| NEWS CORP:.....         | 16.68       | (0.17)   | CONCURRENT:.....              | 6.41        | 0.01     |
| MSOS                    |             |          | CONVERGYS:.....               | 13.18       | UNCH     |
| CABLEVISION:.....       | 25.55       | (0.45)   | CSG SYSTEMS:.....             | 18.54       | (0.03)   |
| CHARTER:.....           | 59.12       | (0.63)   | ECHOSTAR:.....                | 36.19       | (0.45)   |
| COMCAST:.....           | 25.03       | 0.18     | GOOGLE:.....                  | 618.98      | 0.75     |
| COMCAST SPCL:.....      | 24.18       | 0.11     | HARMONIC:.....                | 6.03        | (0.17)   |
| GCI:.....               | 12.00       | (0.1)    | INTEL:.....                   | 23.03       | (0.1)    |
| KNOLOGY:.....           | 14.08       | (0.47)   | JDSU:.....                    | 14.74       | (0.6)    |
| LIBERTY CAPITAL:.....   | 84.82       | (1.26)   | LEVEL 3:.....                 | 2.35        | (0.08)   |
| LIBERTY GLOBAL:.....    | 43.49       | (0.48)   | MICROSOFT:.....               | 27.91       | 0.38     |
| LIBERTY INT:.....       | 16.84       | (0.13)   | MOTOROLA MOBILITY:.....       | 24.54       | (0.07)   |
| SHAW COMM:.....         | 22.85       | (0.1)    | RENTRAK:.....                 | 18.39       | (0.27)   |
| TIME WARNER CABLE:..... | 78.45       | (0.33)   | SEACHANGE:.....               | 10.23       | (0.12)   |
| VIRGIN MEDIA:.....      | 28.11       | (0.09)   | SONY:.....                    | 26.31       | (0.52)   |
| WASH POST:.....         | 426.51      | 2.97     | SPRINT NEXTEL:.....           | 5.15        | (0.01)   |
| PROGRAMMING             |             |          | THOMAS & BETTS:.....          | 54.26       | (0.14)   |
| AMC NETWORKS:.....      | 37.63       | 0.12     | TIVO:.....                    | 10.01       | (0.28)   |
| CBS:.....               | 29.14       | (0.4)    | UNIVERSAL ELEC:.....          | 24.00       | (0.13)   |
| CROWN:.....             | 1.83        | (0.02)   | VONAGE:.....                  | 4.14        | (0.05)   |
| DISCOVERY:.....         | 40.05       | (0.99)   | YAHOO:.....                   | 13.69       | (0.29)   |
| GRUPO TELEVISA:.....    | 22.28       | (0.3)    | TELCOS                        |             |          |
| HSN:.....               | 34.35       | UNCH     | AT&T:.....                    | 29.91       | (0.41)   |
| INTERACTIVE CORP:.....  | 38.09       | (0.02)   | VERIZON:.....                 | 36.22       | (0.52)   |
| LIBERTY:.....           | 40.62       | (0.28)   | MARKET INDICES                |             |          |
| LIBERTY STARZ:.....     | 77.93       | 0.08     | DOW:.....                     | 12592.80    | (88.36)  |
| LIONSGATE:.....         | 7.17        | 0.11     | NASDAQ:.....                  | 2842.80     | (16.03)  |
| LODGENET:.....          | 3.03        | 0.01     | S&P 500:.....                 | 1337.43     | (7.59)   |
| NEW FRONTIER:.....      | 1.42        | (0.03)   |                               |             |          |
| OUTDOOR:.....           | 6.80        | (0.12)   |                               |             |          |
| SCRIPPS INT:.....       | 47.98       | (0.31)   |                               |             |          |
| TIME WARNER:.....       | 36.70       | UNCH     |                               |             |          |
| VALUEVISION:.....       | 7.79        | (0.13)   |                               |             |          |
| VIACOM:.....            | 57.11       | (0.38)   |                               |             |          |
| WWE:.....               | 10.09       | (0.17)   |                               |             |          |
| TECHNOLOGY              |             |          |                               |             |          |
| ADVANTAGE:.....         | 2.58        | (0.01)   |                               |             |          |
| ALCATEL LUCENT:.....    | 5.14        | (0.05)   |                               |             |          |
| AMDOCS:.....            | 31.53       | (0.14)   |                               |             |          |
| AMPHENOL:.....          | 50.81       | (0.22)   |                               |             |          |
| AOL:.....               | 18.91       | (0.52)   |                               |             |          |
| APPLE:.....             | 398.50      | 5.20     |                               |             |          |
| ARRIS GROUP:.....       | 11.39       | (0.15)   |                               |             |          |
| AVID TECH:.....         | 13.47       | (0.27)   |                               |             |          |

## Most Powerful Women 2011 in Cable

### Who are cable's most powerful women executives?

Help us decide by nominating the executives you think should be included in our annual list of the Most Powerful Women in Cable. We will rank the top 50 most powerful women, and run a list of the second 50, in the November 2011 issue of CableFAX: The Magazine. Nominations are open to all cable operators, programmers, vendors and trade associations.

Nominations Due: July 29, 2011  
 Nominate Now at: [www.cablefax.com/2011powerfulwomen](http://www.cablefax.com/2011powerfulwomen)

**Questions:** Mary Lou French at [mfrench@accessintel.com](mailto:mfrench@accessintel.com) or 301.354.1851  
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# EYE ON ADVERTISING

## Grey's Ad Anatomy

What do the top creative minds in advertising want from cable? A clearly defined programming lineup, and specifics on how they can expand their dialog with targeted consumers. Cathy Applefeld Olson takes a meeting with Grey Advertising's co-chief creative officer, Jeff Odiome.

### How can cable help maximize the advertising potential of your clients?

JO: The Internet has opened our eyes to what we can create in terms of a dialogue with the consumer, and now you can watch movies and TV on the computer and we're not far off from being able to really interact with the TV. Cable is more of the early adopter vs. broadcast to this idea that the lines are blurring. The advantage to the broadcast networks is they have the best system in place to have a general conversation with the audience. The advantage to cable is they prequalify the likes and dislikes of the consumer. Viewers are choosing a certain cable channel for a specific reason, so you're already one level closer to an honest dialog with the consumer.

### What do networks' execs need to keep top of mind?

JO: Figure out who you are, and program that way. If you aren't defining yourself crystal clearly as to who you are and what you stand for, you won't be the first choice for the people you want to attract. Even five years ago when many cable networks were operating like mini broadcast nets in terms of having more general programming formats, it was harder to distinguish one cable channel from another. As an advertiser, you only went for the show. Now, a cable network has a real advantage to attract customers by really standing for something. And you have to put a fine point on that. Take USA. It used to be just another network but has defined itself with "Characters Welcome." If that's what you like, there's no better network out there. You'll get 90% of the people looking for that kind of entertainment, and the ad money will follow.

### Can you take us through a case study of a client adver-

### tising on cable?

JO: 3M is a good example of proving cable to be the preferred medium, and there are a couple reasons why: There's cost efficiency, and there's the ability to narrowly target within a mass reach vehicle and have an honest dialog around a subject. The sell points get wrapped in a conversation where they have a common interest. The third thing is contextual relevancy. 3M is an exceptionally innovative company, from simple things like the Post-It note to very complex things that only high-end businesses will be interested in. If you want to talk to high-end people in a business environment, for example, there are specific networks to go to like CNBC or Fox Business.

### So it's more about advertising on a network vs. a specific show?

JO: It's about ways to broaden the conversation the [broadcast] networks can't really do. With cable there are opportunities to do things beyond the traditional interstitial. You can have those one-minute pieces where actors in the show come into your home and speak to you. And you want to hear from them because it's not this detached sponsorship. It's a much more perfected celebrity sponsorship.

### What can cable do better?

JO: Cable networks have been early adopters of this new relationship with the consumer. It would be nice if they could also be early adopters to new relationships with the agencies, especially the creatives. Cable has an opportunity to provide us with innovative new tools and can be much more nimble than broadcast. Have regular conversations with us about a specific formatting thing you're doing, or a specific relationship between your TV property and online property and how you're bridging that content. It's not just about relationship-building. Bring me as much innovative thinking as you put into your programming.

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





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