

CableFAX Daily™

Wednesday — August 3, 2011

What the Industry Reads First

Volume 22 / No. 148

Customer Caring: Charter Going After Subs As Video Losses Mount

Charter's 2Q video sub metrics joined with Time Warner Cable's (*Cfax*, 7/29) in leading Miller Tabak's David Joyce to wonder whether the Apr-June period might mark another net loss for the residential multichannel video market. Charter shed nearly 80K video customers (-11% YOY) and 55K residential PSUs, additionally hampered by growth declines in HSD (18,800, -16%) and phone (6,600, -81%). Yet despite noting an economy-induced prevalence of "package right-sizing" by customers, particularly on the video side, Charter pres/CEO Mike Lovett remains confident in the MSO's strategic direction. "When it comes to overall customer relationships we are making significant strides, even in a soft economy," he said, citing a 74%+ YOY improvement in overall relationship losses during the year's 1st half. As AT&T has significantly ramped its media spend and along with DBS ops rolled out "very aggressive video offers," Lovett said Charter will look to a pair of new initiatives for sub acquisition help while waiting on its impending TiVo relationship to lead a positive '12 shift in the video arena. The "Charter Starter" package will launch this Q to target riskier customers with a light triple-play offering and represents Charter's move away from a strict recent focus on higher-end subs. Still, "we want to make sure that [Starter] limits the ability for customers to tap into higher cost elements until they establish a credit-worthy relationship with us," said Lovett. 70% of the riskier homes that Charter previously targeted were gone within 9 months, he said, but opportunity remains within the other 30%. On the non-video side, Charter's running tests of sales of HSD and phone services into DISH homes while also sharing branding within direct mail. "Both parties are extremely pleased with the results and we're expanding that relationship," said Lovett. Commercial PSUs, meanwhile, rose 8.2% as related rev jumped 17.5%—certainly a positive. Lovett sought to remove any debate about the implications of a 1% dip in HSD ARPU, saying 2 recent free speed increases have slowed customer movement into more expensive tiers. And those speed bumps, he said, help build loyalty and underscore Charter's superior product. 95% of the MSO's subs receive speeds of 12Mbps+ while exposed to competitive offerings averaging approx 6Mbps. Lovett said Charter counts an approximate 50% HSD market share throughout its footprint. Miller Tabak's Joyce reiterated his 'buy' rating and \$65 price target on CHTR shares, which fell 4.3% amid an ugly day on Wall St.

Need For Speed: The long-awaited FCC's broadband speed tests are in and the results nullify the National Broadband

CableFAX's Most Powerful Women in Cable 2011

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: **August 5, 2011**
Nominate Now at: www.cablefax.com/2011powerfulwomen

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Publication Date: November 2011

19105

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Plan's suggestion that there could be a significant gap between advertised speeds and actual speeds. Not only do most providers deliver the speeds they advertise, many outdeliver those speeds. "I think this report pretty much dispels the myth that many of my colleagues in the public interest community have been peddling for awhile—that there's a huge gap between advertised and actual speeds," said *Richard Bennett*, a Research Fellow at the **Information Technology and Information Foundation**, who attended Tues' FCC news conference at a DC **Best Buy**. "I think this study is really significant because it corrects an earlier study that was issued a year ago that was based on a methodology that worked really well in the UK but it turns out it had some technological shortcomings when it was applied to the US." **Consumers Union's Parul Desai** said it was "good" that "some" consumers appear to be getting advertised speeds, but called on ISPs to do a better job explaining those speeds. **The Nitty Gritty:** During peak periods (7-11pm), cable-based services delivered 93% of advertised download speeds and 108% of advertised upload speeds. DSL averaged 82% of advertised download speeds and 95% of upload speeds, while FTTH performed the best, delivering 114% download and 112% upload. When off-peak performance is included, many ISPs surpassed 100% of the advertised download speed. Data in the National Broadband Plan indicated consumers were only getting about half the advertised speed, with the FCC announcing last year that it wanted to better qualify phrases such as "blazing fast." **Jules Says:** Armed with the knowledge now that ISPs generally are as fast as they say they are, the FCC is now focusing its message on better informing customers about their broadband service. It unveiled a step-by-step guide to help Americans select a service, including a speed guide that tells consumers the minimum download speeds needed for various Web activities, ie, email (0.5Mbps), HD streaming or university lecture (4Mbps), game console connecting to the Internet (1). FCC chmn *Julius Genachowski* stressed that consumers need to understand their broadband offerings and decide what's right for them. "It's informed consumers that make the market work. The more consumers know about broadband speeds and the more they know about the speeds they receive, the more able they are to let providers know what they want," he said.

Speed Breakdown: An exception in the FCC speed test was **Cablevision**, with the survey pegging its sustained peak performance download speed at 50% of its advertised 15Mbps rate—the biggest gap in the study. The FCC found its 30Mbps service delivered at a 69% rate. "Cablevision delivers some of the fastest Internet connections in the country, on our basic tier, 2 higher levels of service and our WiFi network and this report simply does not reflect the experience of our nearly 3mln broadband customers. Our high-speed Internet product leads the nation in consumer adoption and has consistently won top ratings in much broader and more extensive consumer surveys conducted by **J.D. Power & Associates, PC Magazine** and others," the MSO said. Rival **FIOS** was quick to tout that its peak download speeds exceed its advertised rate. In a blog post, **NCTA** evp *James Assey* saluted cable's results, but noted the test involved only a small fraction of ISPs (none wireless) and that further analysis of the data is needed to ensure that the 1-month testing process fairly and accurately measured the performance of each ISP.

At Our Deadline: A federal jury Tues ordered **Verizon** to pay \$115mln to **ActiveVideo**, finding that the telco infringed on its patents, reports the *Virginian-Pilot*. ActiveVideo filed a lawsuit in May '10 against Verizon, claiming it was infringing upon 5 of its patents.

Carriage: **AT&T U-verse TV** declined to renew with **ESPN 3D** after adding the net before last summer's World Cup. "The price tag for ESPN 3D was too high, especially considering the low demand we've seen from customers," said the telco in a statement. U-verse had been offering the net as part of a \$10/month "3D Technology Package" that also featured 3D films from **IMAX**. ESPN said the net's still available in more than 60mln homes through **DirecTV, Comcast, Time Warner Cable, Bright House** and **FIOS TV**. -- **U-Verse** launched **Utilisima**, a lifestyle channel from **Fox Global** that targets US Hispanic women. Available on U-Verse's U200 Latino and Paquete Espanol packages, the net reaches nearly 5mln HHs.

In the Courts: A federal judge granted a preliminary injunction against **Zediva** Mon after **MPAA** member studios sued the video rental service for copyright infringement in Apr. Zediva has maintained the lawfulness of its service, which it deems a rental service while MPAA calls it a VOD service. Zediva buys film DVDs upon release and uses a "tech center" full of DVD players to play them and ultimately stream the content to computers. **Cablevision** filed an amicus brief last month in support of the MPAA (*Cfax*, 7/20).

At the Portals: Small cable ops need to comply with the Commercial Advertisement Loudness Mitigation Act, said the bill's sponsor. Rep *Anna Eshoo* (D-CA) wrote the FCC Mon to say that she believes the legislation includes a grace pe-

riod that allows ample time to implement the law. **ACA** has argued that the CALM Act should apply only to commercials that members insert themselves, not programming they simply retransmit. Eshoo said the legislation's intent is that the standard apply not just to broadcast stations, but cable, satellite and other multichannel video distributors.

Encore/Starz at TCA: **Starz** pres/CEO *Chris Albrecht* told critics that the net will continue to push hard into original programming as some of the shows he has helped develop just now start populating the schedule. Sibling premium movie net **Encore** will also go the original route, with its 1st original mini-series "Moby Dick" having premiered this week. But Albrecht said Encore will focus more on acquisitions than show development. "We will be more actively involved in developing programs specifically for Starz because we see that as a kind of cohesive brand where we see Encore as a little bit more expansive, serving a lot of different constituencies," he said. Another difference, he said: Less sex and violence. That's obviously not a restriction for Starz, which has pushed boundaries with original series like "Spartacus" and "Camelot." But Albrecht said the net isn't trying to one-up other premium nets. "We're not in competition with **HBO**," he said. "We're not in competition with **Showtime**." However, he said he wished he had those budgets, recalling his days as HBO's chief. "I will say I've done this job spending \$600mln a year and I've done this job now spending \$100mln a year, and it's a little bit easier doing it one way," he said. Otherwise, Starz looks to have some pretty impressive fare in the cue, including highly anticipated "Boss" (premieres Oct) in which *Kelsey Grammer* plays a hard-charging Chicago mayor with a secret he keeps from his wife and staff. It's an intensely dramatic turn for an actor mostly known for comedy. "I've never done anything like this before, he said. "And so the discovery of this man as I work through him has been a discovery of things I've never done or said before. And it's been probably the greatest time of my life, creatively." On the Encore front, even critics were star struck by *Jerry Lewis*, who took the stage to talk about Encore's tribute to his career "The Method to the Madness of Jerry Lewis" (premieres fall) and railed against reality TV, corporate influence over art and a number of other subjects, including social media. "If you want to load up your life with all of that stuff, it's there for you," he said. "And use it to your own best interest. But we're not going to have human beings in 20 years. That's all." He also lamented the state of TV, which he says includes too much reality fare. "Nobody wants to run home now and see anything," he said. "They run home and hope there's something. And we got to fix that."

NBCU at TCA: **MSNBC** brought out its left-leaning talent to argue that the net isn't the liberal mirror image of **Fox News**. "It's easy to characterize us as the opposite of Fox," said on-air host *Rachel Maddow*. "It's not just us against them." And while MSNBC pres *Phil Griffin* told critics that "I don't see the same equivalency" with FNC, he made sure to note that MSNBC views itself as hot on the leading news net's tail after consistently beating **CNN** over the last few quarters and occasionally beating FNC shows in the last 2 months. "For the first time, we're beginning to chip away at Fox News Channel," Griffin said, noting ratings growth and a 27% increase in ad sales. Of course, FNC still does still consistently beat both MSNBC and CNN in the ratings. To that point, Griffin said he just signed Maddow to a multi-year contract last week. He also confirmed that the net is looking at *Al Sharpton* to possibly fill the 6pm slot. As for whether the White House gives any of the MSNBC hosts talking points, they bristled with host *Chris Matthews* asking whether one of the critics was crazy. "I don't think they've given us any catering, I can tell you that," he said. And will President Obama get re-elected? Maddow and *Lawrence O'Donnell* said yes. *Chris Matthews* wasn't so sure but advised Dems not to "insult" people by telling them they don't have a choice because the other party "is no good... The Democrats need to wake up as a political party." -- **Oxygen** brought out the kids of "The Glee Project," a reality show in which the winner gets a 7-ep guest spot on **Fox's** hit show "Glee," and the judges said deciding who to boot off each week is the toughest part of the show. "We agonize every week," said casting dir/mentor *Robert Ulrich*. Of course, the final decision goes to Glee creator *Ryan Murphy*, and critics wondered why they put the contestants through so many trials on the show when ultimately it's up to one person. "That's how the entertainment business is," said Ulrich, noting that a producer usually makes the final call on casting. Exec prod *Michael Davies* noted that some 40K kids tried out to be on the show, which picked only 12. Five contestants remain. "Talks have begun" on a 2nd season, said Davies, noting more than 100% ratings growth and online/social media activity bodes well for renewal. "I feel incredibly confident that we're coming back, and this is in my plans for next year," he said. -- **Telemundo** brought out former **Univision** star *Cristina*, a woman often compared to *Oprah Winfrey* in the world of Spanish-language TV. Her Univision show was canceled last year after more than 2 decades. "The experience with Univision was awesome," she said, noting that she still has many friends there. "They put up with me for 21 years... I'm not resentful. I'm grateful." She said she'll push boundaries with Telemundo and attract more English-speaking audiences and guests (Unlike on Univision, her show will have English subtitles). "My hope is to see *Tom Cruise* jumping on my couch," she said. And then there's the all-important press feeding trough where **Bravo** treated critics to lunch, Texas style (waiters wearing cowboy hats

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served up plenty of sort ribs, corn bread and baked beans for everyone) to promote reality series “Most Eligible Dallas” (Aug 15) about Dallas singles looking for love. Bravo’s pitch: Everything’s bigger in Texas, including the drama. Looks like good, guilty, Southern-fried fun to us...

Programming: USA acquired the network TV rights to more than 30 films, including “Bridesmaids,” “Fast Five,” “Little Fockers” and “The Adjustment Bureau” from **Universal Pictures**. Select titles will premiere on USA but the films will also have the opportunity to run across other **NBCUniversal** platforms. -- *Mark Halperin* rides again, returning to **MSNBC** this week after his suspension for saying President Obama was “kind of a dick” during a June 30 ep of “Morning Joe.”

People: Jason Feneque was elevated to sr dir, affil sales and marketing at **YES**, reporting to COO *Ray Hopkins*. -- Former **UKTV Ent Nets** gm *Christian Drobnyk* was named svp, scheduling and acquisitions of **Lifetime Nets**. -- *John Korpics* was tapped as vp/creative dir, print and digital media, **ESPN.com** and **ESPN Magazine**.

Earnings: **CBS** cable nets posted a 12% rise in 2Q rev to \$413mln on rate increases and growth in subs at **Showtime Nets** (6mln to 70mln) and **CBS Sports Net** (8mln to 44mln). The broadcaster’s ent segment reported rev of \$1.84bln (+10%) owing in part to digital streaming fees and growth in retrans rev and CBS prime advertising.

CableFAX Daily Stockwatch

Company	08/02 Close	1-Day Ch	Company	08/02 Close	1-Day Ch
BROADCASTERS/DBS/MMDS			BLNDER TONGUE: 1.67 0.02		
DIRECTV:	49.04	(1.41)	BROADCOM:	35.34	(1.77)
DISH:	28.57	(1.31)	CISCO:	15.46	(0.37)
DISNEY:	36.97	(1.47)	CLEARWIRE:	2.24	0.13
GE:	17.21	(0.76)	CONCURRENT:	6.15	(0.11)
NEWS CORP:	15.86	(0.73)	CONVERGYS:	13.18	1.03
MSOS			CSG SYSTEMS:	17.07	(0.61)
CABLEVISION:	23.03	(1.01)	ECHOSTAR:	31.88	(1.69)
CHARTER:	50.99	(2.29)	GOOGLE:	592.40	(14.37)
COMCAST:	22.73	(1.12)	HARMONIC:	5.55	(0.01)
COMCAST SPCL:	22.08	(1.06)	INTEL:	21.72	(0.52)
GCI:	11.37	(0.06)	JDSU:	12.47	(0.67)
KNOLGY:	13.11	(0.44)	LEVEL 3:	2.14	(0.03)
LIBERTY CAPITAL:	78.70	(2.02)	MICROSOFT:	26.80	(0.47)
LIBERTY GLOBAL:	40.19	(1.33)	MOTOROLA MOBILITY:	21.34	(0.62)
LIBERTY INT:	15.09	(1.18)	RENTRAK:	15.80	(0.36)
SHAW COMM:	22.32	(0.17)	SEACHANGE:	9.33	(0.27)
TIME WARNER CABLE:	69.86	(3.07)	SONY:	25.13	0.06
VIRGIN MEDIA:	25.28	(0.83)	SPRINT NEXTEL:	4.00	(0.29)
WASH POST:	399.75	0.59	THOMAS & BETTS:	46.29	(1.29)
PROGRAMMING			TIVO:	8.84	(0.53)
AMC NETWORKS:	37.01	(0.29)	UNIVERSAL ELEC:	23.36	(0.47)
CBS:	26.28	(1)	VONAGE:	3.71	(0.02)
CROWN:	1.65	(0.05)	YAHOO:	12.76	(0.34)
DISCOVERY:	38.14	(1.08)	TELCOS		
GRUPO TELEVISA:	21.50	(0.7)	AT&T:	29.18	(0.34)
HSN:	30.97	(1.74)	VERIZON:	35.49	(0.38)
INTERACTIVE CORP:	40.28	(1.21)	MARKET INDICES		
LIBERTY STARZ:	76.20	(0.33)	DOW:	11866.62	(265.87)
LIONSGATE:	6.93	(0.18)	NASDAQ:	2669.24	(75.37)
LODGENET:	2.65	(0.06)	S&P 500:	1254.05	(32.89)
NEW FRONTIER:	1.37	(0.01)			
OUTDOOR:	6.96	0.03			
SCRIPPS INT:	43.62	(2.65)			
TIME WARNER:	34.00	(1.08)			
VALUEVISION:	6.44	(0.89)			
VIACOM:	51.71	(2.68)			
WWE:	9.66	(0.16)			
TECHNOLOGY					
ADVANTAGE:	2.56	(0.03)			
ALCATEL LUCENT:	3.53	(0.25)			
AMDOCS:	30.34	(0.66)			
AMPHENOL:	46.51	(1.87)			
AOL:	16.35	(0.58)			
APPLE:	388.91	(7.84)			
ARRIS GROUP:	11.20	(0.55)			
AVID TECH:	12.72	(0.33)			
BIGBAND:	1.89	(0.01)			

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