

# CableFAX Daily™

Tuesday — August 14, 2012

What the Industry Reads First

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## Closing Ceremony: NBC Coverage Draws Criticism, Big Ratings

Remember how **Comcast-NBCU** successfully pushed “The Voice” through Comcast VOD and online properties, helping ratings and earning analyst praise? Not all marketing stunts are created the same, it seems. Despite record viewership and ratings throughout the London Olympics, **NBC’s** decision to edit out parts of the Closing Ceremony in favor of a commercial-free preview of new series “Animal Practice” surprised viewers, many of whom took to social media to voice their frustrations. Performances at the tape-delayed closing ceremony by *Muse*, *Ray Davies*, and the 2nd song by *George Michael* were cut and the net started to show the 1st episode of the comedy series around 11pm ET Sun, before airing British band *The Who’s* grand finale around midnight. NBC had previously announced that a commercial free preview of “Animal Practice” was scheduled towards the end of the broadcast, a spokeswoman said. Prior to the break, viewers were informed that the final act and wrap up of the closing ceremony would follow later that evening, she said. NBC Olympics host *Bob Costas* did announce the scheduling on air during breaks, and the net’s **Twitter** feed also appeared to warn viewers the ceremony was about to end before the actual close. The net live streamed the entire closing ceremony online earlier Sun. Cue viewer outrage. Twitter handle #nbcfail got one last major workout. Viewers were also merciless at #closingceremonies. Viewers in the L.A. area subscribing to **DirectTV** have another reason to be upset. Due to a technical issue, DirecTV went dark during the closing ceremony at around 9:35 PT for about 30 min. The problem at the provider’s broadcast center caused the disruption of its West Coast **KNBC** HD signal, a spokesman said. The company’s looking into the cause and what it can do for subs who missed part of the ceremony, he said. KNBC LA sent out a tweet to let its subs know the problem’s being addressed. The outage promoted **AMC’s** “The Walking Dead” producer *Glen Mazzarra* to tweet “Cool, we can rock out to the awesome DirecTV customer service music.” Despite the hiccups, NBC concluded its Olympics coverage on a high note. The closing ceremonies averaged 26.9mln viewers and scored a 9.1 rating among 18-49s, a 32% increase over ratings in the same demo during the Beijing games. The previous 16 days of competition averaged 31.3mln for the primetime coverage, surpassing Beijing and ’04’s Athens games. Other reasons to cheer: **NBC Sports Net** had its most-watched event ever (Team USA Women’s Gold Medal soccer match: 4.35mln viewers) and its 6 most-watched days ever, and the cable nets

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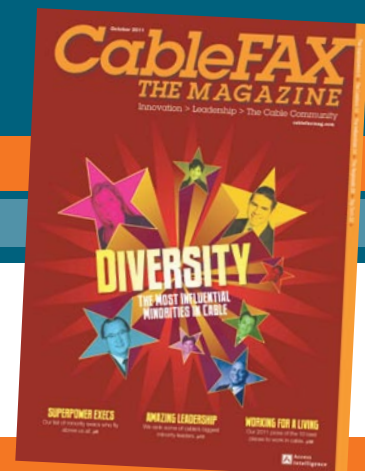
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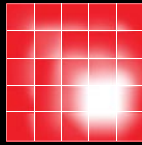
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(**Bravo, CNBC, MSNBC** and **NBC Sports**) reached more than 82.4mln viewers—160% more than the 31.7mln the nets reached during comparable time periods a year ago. Olympics coverage of NBCU's cable nets averaged 718K, up 2% from Beijing through the same period (+34% from Athens). On the digital front, NBCOlympics.com or the NBC Olympics app authenticated 9.9mln devices. The Games' 159.3mln total video streams is more than double that of the Beijing Olympics. Live video streams hit 64.4mln (+353% from Beijing). In the end, the sizable audience is something worth celebrating for NBC, which has been feeling the heat throughout the game coverage. The net hasn't issued a final accounting, but **NBC Sports Group** chmn *Mark Lazarus* had said the net expects to break even.

**In the Courts: Bloomberg**, which went to battle with **Comcast** over neighborhooding, has filed a brief in support of the **FCC's** program carriage order released in Aug '11. **NCTA** and **Time Warner Cable** are appealing the order, which allows a programmer filing a carriage complaint to also file a petition requesting a temporary standstill of price, terms and other conditions of the existing contract. "Bloomberg is keenly aware of the incentives that cable MVPDs have to harm and discriminate against independent programmers in favor of affiliated programming, and the absolutely essential need for a fair and effective process for hearing and deciding program carriage complaints," said Bloomberg's amicus filing, which agrees with the FCC that the rules are constitutional. As for Bloomberg's neighborhooding challenge, the FCC Media Bureau said **Bloomberg TV** is covered by the Comcast-NBCU neighborhooding condition requiring the MSO to carry all independent news and business news channels in a neighborhood if it places any such programming in a neighborhood of similar content. Comcast has asked the full Commission to review the issue. -- **Fox** is suing another streaming service, **BarryDriller.com**, apparently named after *Barry Diller*, whose **Aereo** is also in a legal battle with Fox and other broadcasters over the rights to retransmit their signals over the Internet. The site is run by **FilmOn.com** founder *Alki David*, who has been sued by broadcasters (*Cfax*, 4/11).

**Moto Cuts:** As part of **Google's** plan to turn around **Motorola's** mobile devices unit, Google will cut 4K jobs out of a total of 20K employees. Two-thirds of the reduction will occur outside of the US, Google said in an SEC filing Mon. Motorola also plans to close or consolidate about 1/3 of its 90 facilities, as well as simplify its mobile product portfolio—shifting the emphasis from feature phones to more innovative and profitable devices. Google's seeking sustainable profitability after Moto has posted losses in 14 of the last 16 quarters. "Motorola understands how hard these changes will be for the employees concerned and is committed to helping them through this difficult transition," the **SEC** filing said. There will be "generous severance packages" and outplacement services to help employees find new jobs. A severance-related charge of no greater than \$275mln is expected in 3Q, with remaining severance costs incurred by the end of the year. Other restructuring charges "could be significant," Google reported. The reduction represents about 7% of Google's overall workforce and comes nearly 3 months after Google finalized its purchase of the mobile and set-top device maker for \$12.5bln.

**2Q Recap:** As companies wrapped up their earnings, both major cable and telco ops saw their video sub activities slow in 2Q, traditionally the most volatile period. A weakening economy didn't help either. The 13 largest multichannel ops, representing about 94% of the market, lost about 325K subs during the period, about 1,500 more than the same period last year, according to **Leichtman Research**. Cable shed some 600K video subs, the biggest decline among all US pay-TV segments, said research firm **IHS**. Among the major cable ops, **Comcast** saw its video sub losses widen vs 1Q while **Time Warner Cable's** net basic sub loss of 169K was worse than the 128K loss a year ago. Satellite also suffered, though the sub losses were far fewer than cable. **DirecTV's** loss of 52K subs, its 1st-ever decline, largely contributed to the overall satellite loss of 62K. Net video adds of 312K from telco ops softened the blow, though both **AT&T** and **Verizon** net adds were down sharply YOY. The quarter might not be as bad as it sounds. Industrywide losses in the traditionally weak quarter were nearly identical to losses in the year-ago quarter, said **Leichtman Research** pres *Bruce Leichtman*. Meanwhile, despite retrans disputes that have resulted in blackouts, programmers like **AMC** fared the quarter well. It reported a 53% YOY rise in earnings, though a **DISH** termination reduced AMC Nets' total sub base by approx 13%. **Viacom**, having weathered its own a carriage spat, posted 14% YOY revenue decline. Programmers like **Time Warner** and **Crown Media** saw revenue growth in the quarter, thanks to higher licensing fees and channel sub growth.

**Advertising: Dr Pepper** will continue to sponsor the '12 and '13 Pac-12 Football Championship Games, which will mean high-profile advertising on the **Pac-12 Nets** that launch Wed.

**Programming: CNN** chief political correspondent and anchor *Candy Crowley* will moderate the 2nd general election

# BUSINESS & FINANCE

debate (Oct 16), making her the first woman in 2 decades to be chosen for this role. "PBS NewsHour's" *Jim Lehrer* will moderate the 1st debate (Oct 3) and **CBS News' Bob Schieffer** will moderate the 3rd. -- **TruTV** picked up a 5th season of *Thom Beers' "Black Gold,"* which follows roughneck crews in the TX oil fields. -- **VH1** said it's pulling reality series "Ev & Ocho" from its schedule and has no current plans of airing it. The show was set to debut Sept 3, but the net yanked it following the arrest of **NFL's Chad "Ochocinco" Johnson** over the weekend on suspicion of domestic violence. The Miami Dolphins announced on Sun that Johnson was being released from the team. -- **NuvoTV** debuts "We Decide: Latinos and the 2012 Election" on Aug 19, 8pm, with NBC News' *Natalie Morales* moderating a panel that includes former NM gov *Bill Richardson* (D) and comedian *Paul Rodriguez*.

**Social Circle: Sportsman Channel** is feeling pretty good about its social media efforts, reporting that its **Facebook** engagement rates are up 300% and that its users have grown by nearly 200% since Jan. Sportsman has surpassed 200K users on Facebook.

**People: Matt Hanna** has joined **G4** as head of original programming. He comes from **True Entertainment**, where he was svp, dev and guided shows like **Bravo's "Real Housewives of Atlanta"** and **Animal Planet's "Too Cute."**

## CableFAX Daily Stockwatch

Company	08/13 Close	1-Day Ch	Company	08/13 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	52.10	UNCH	CONCURRENT:	4.49	0.10
DISH:	31.01	0.10	CONVERGYS:	15.69	0.28
DISNEY:	49.86	0.21	CSG SYSTEMS:	19.60	0.03
GE:	20.99	(0.11)	ECHOSTAR:	28.66	(0.2)
NEWS CORP:	23.43	(0.17)	GOOGLE:	660.01	18.01
<b>MSOS</b>					
CABLEVISION:	15.48	(0.02)	HARMONIC:	4.47	0.01
CHARTER:	78.91	0.98	INTEL:	26.69	(0.19)
COMCAST:	34.55	(0.18)	JDSU:	11.06	0.16
COMCAST SPCL:	33.84	(0.13)	LEVEL 3:	21.74	(0.2)
GCI:	9.50	(0.2)	MICROSOFT:	30.39	(0.03)
LIBERTY GLOBAL:	55.86	0.49	RENTRAK:	17.57	0.22
LIBERTY INT:	17.51	(0.01)	SEACHANGE:	7.34	(0.2)
SHAW COMM:	19.96	0.01	SONY:	12.21	(0.13)
TIME WARNER CABLE:	89.75	0.32	SPRINT NEXTEL:	5.05	0.13
VIRGIN MEDIA:	27.01	0.01	TIVO:	9.01	(0.03)
WASH POST:	347.10	(1.78)	UNIVERSAL ELEC:	15.01	(0.32)
<b>PROGRAMMING</b>					
AMC NETWORKS:	43.11	(0.38)	VONAGE:	2.10	(0.01)
CBS:	35.72	0.03	YAHOO:	15.02	(0.13)
CROWN:	1.73	(0.02)	<b>TELCOS</b>		
DISCOVERY:	54.12	(0.46)	AT&T:	37.39	(0.1)
GRUPO TELEVISIA:	23.64	(0.14)	VERIZON:	44.27	(0.33)
HSN:	43.55	(0.18)	<b>MARKET INDICES</b>		
INTERACTIVE CORP:	51.90	(0.2)	DOW:	13169.43	(38.52)
LIONSGATE:	13.87	0.41	NASDAQ:	3022.52	1.66
LODGENET:	0.55	(0.09)	S&P 500:	1404.11	(1.76)
NEW FRONTIER:	1.55	(0.01)	<b>TECHNOLOGY</b>		
OUTDOOR:	6.83	0.05	ADVANTAGE:	2.06	UNCH
SCRIPPS INT:	60.87	0.93	ALCATEL LUCENT:	1.18	(0.03)
TIME WARNER:	42.67	(0.23)	AMDOCS:	31.92	(0.12)
VALUEVISION:	1.75	(0.07)	AMPHENOL:	61.81	0.77
VIACOM:	50.52	(0.76)	AOL:	33.32	(0.44)
WWE:	8.46	0.10	APPLE:	630.00	8.30
<b>MARKET INDICES</b>					
			ARRIS GROUP:	13.79	0.04
			AVID TECH:	8.64	0.02
			BLNDER TONGUE:	1.00	(0.02)
			BROADCOM:	35.11	(0.24)
			CISCO:	17.34	(0.2)
			CLEARWIRE:	1.75	0.13



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# EYE ON ADVERTISING

## Fashion Sense

Sure, 2 designers may have unceremoniously called it quits already. But the big “Project Runway” advertising headlines belong to **Lord & Taylor**, which scored exclusive retailer sponsorship for the 10th anniversary of the show. That means L&T gets to stock the vaunted Accessory Wall each week and host a challenge at its flagship Fifth Avenue Store for the episode airing Aug. 30. The winner of this season’s competition will get the opportunity to sell his/her design at the store. Lance Still, evp, integrated marketing promotions for “Project Runway” producer **The Weinstein Co**, has been with the show since season 6 and tells Cathy Applefeld Olson why integrations are so in fashion.



### Was the Accessory Wall initially envisioned with sponsorships in mind?

LS: With “Project Runway,” there are some realities of production. If you’re having designers make clothing, they can’t make jewelry, handbags and other accessories too. But in order to have fully dressed and accessorized models, they are going to need those products. And the reality is, if the production had to buy accessories each episode, I can’t imagine what that bottom line would look like. So here’s a way we can meet a need of the production and provide an opportunity for a sponsor. Brands are used in films and television all the time to tell something about the character. If you have a wall stocked with items from a fashion-forward retailer, it says something about the show. So it became the best type of integration because it was so organic. Some things can really be painfully shoehorned in, and you can tell. We are really fortunate with “Project Runway.”

### What sealed the deal for Lord & Taylor?

LS: For Season 10, we were really looking to elevate our partnerships. Lord & Taylor has such an amazing heritage. They’ve always been in New York, and they’ve worked hard to revitalize their store and their inventory, so it seemed like the right time.

### What does having an exclusive retail partner mean for the show, Lifetime and Lord & Taylor?

LS: We’ve never done a mixed wall of multiple retail partners. There are complications across the board if we try to do that. Having an exclusive partner is identifiable. If they’ve done a good job of making it an interactive consumer experience, then you can pick up the same accessories you see on the show when you go to the store. There’s a built-in desirability factor. You see the products in the best possible light. It’s not overtly a sales tactic; the models are wearing amazing designs and accessories, and it’s such an authentic way to highlight the merchandise. Integrations work much better in a lot of ways than straight advertising for something like fashion. You don’t see fashion messaging in traditional advertising—they’re selling a concept. And Lord & Taylor is helping us with the marketing, too.

### Is there a place for traditional advertising in fashion-oriented programs?

LS: I do think traditional advertising still is an important piece of it. Integration, if it’s organic and done properly, creates enormous benefits and buzz for the brand because consumers will be talking about it in an editorial way. We all can be a little precious with our creative, but if the integration isn’t hitting you over the head and is additive to what’s happening with the program, then there’s all kinds of room in both unscripted and scripted programming. But then there’s still the need to close that gap and finish the story, to make the connection with a traditional campaign that wraps around it.

### How would you rate the cable networks in general in their willingness to embrace integrations?

LS: I definitely see a trend for brands that don’t do traditional TV advertising that can benefit from having an integration that highlights their brand. Some networks are stepping into it more [eagerly] than others. For the ones who aren’t doing these kinds of deals, they’re leaving money on the table.

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