

CableFAX Daily™

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What the Industry Reads First

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Tech Trouble: Many Programmers Find DVR Usage Vexing

For viewers, there's not much to dislike about DVRs; for programmers, however, time-shifted viewing is a thorny issue showing no signs of abatement. As the digitization of pay TV homes continues to increase DVR penetration, more and more consumers are using the tech to watch programs outside the 3-day post-premiere window (C3) on which ad dollars are based. In turn, many cable nets are experiencing notable ad rev shortfalls. **FX** pres/gm *John Landgraf*, for example, said the net loses approx 25% of its sellable 18-49 audience because of time-shifted viewing, and as a result the economics of producing scripted programming are "getting worse and worse." Consider: on avg, only approx 30% of the total audience (DVRs, encores, VOD etc) watched eps of the net's "Justified" within the 1-hour premiere window during its recent freshman season, while 14% viewed eps from 2-7 days afterward. Over the past 2 weeks at **USA**, meanwhile, viewership outside the premiere window of shows including "Burn Notice," "Royal Pains," "Covert Affairs" and "White Collar" averaged approx 38%, according to Nielsen data. And, the net's scheduling change meant to promote more live tune-ins—featuring shows over a greater number of weekdays—hasn't delivered materially. "It's really tough to make a real change," in time-shifted viewing, said **USA** vp, program research *Ted Linhart*. "There's no magic bullet... we have no choice but to deal with it." Although Linhart said approx 85% of viewership occurs within the ad-friendly live+3 window (Landgraf estimates 80%), there's still plenty with which to cope. Given that percentage estimate and Nielsen ratings over the past fortnight, approx 2.94mln viewers weren't directly monetized by **USA**—and that covers only the 4 aforementioned shows. Still, DVRs, while pesky, haven't completely occluded the sun shining over programmers. "There are benefits to time-shifted viewing even if it's not tangible on the bottom line," said Linhart, citing buzz and viewership loyalty. Smaller cable nets are typically more apt to accept viewership whenever it occurs, the better to demonstrate interest in their programming to advertisers and pay TV ops. "The truth of the matter is that we often fall in the second consideration set among our prime viewers, typically unable to compete for ratings with the larger networks on a consistent basis," said **Science Channel** vp, programming *Dexter Cole*. "So, our programming strategy recognizes the value of viewership other than live and the opportunity it brings to develop loyalty, particularly to our new series." For larger nets, though, the benefit of overall viewership applies mainly to sub fees, said Landgraf.

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"We can deal with erosion of ad margins if we still have sub revenue," he said, adding that the cable model, despite the proliferation of over-the-top platforms, "is still healthy enough to support a great amount of quality programming." As for methods that can help promote live viewership, execs noted contests, interstitial segments, character-integrated content and live interaction with show actors, writers, etc—and, of course, compelling shows. But as for methods that could really move the needle, Linhart said there aren't any. "Maybe if you gave away a million dollars," he said.

TWC on ComNBC: With Thurs marking the deadline for formal comments in the proposed \$30bln **Comcast-NBCU** merger, it was looking like no top MSO would comment on the deal. But **Time Warner Cable** stepped in at the 11th hour and raised some concerns over a specific condition agreed to by Comcast and the NBC affiliates—and, of course, it has to do with retrans. No 2 MSO TWC argued that the public interest would not be served by the adoption of a proposed "affiliate market integrity" condition that would bar NBCU from licensing a Comcast cable system to transmit a "same-day linear feed" of NBCU network programming in the event the local NBC affiliate "withdraws its consent in the course of a retransmission consent dispute." TWC contended that having broadcast nets license their programming directly to MVPDs would reduce the ability of stations to misuse retrans. "If the Commission were to impose this condition, it would in effect create a horizontal restraint under which a pair of potential sellers (NBCU and the NBC Affiliates) of the same product (NBC programming) to the same customer (Comcast) agree not to compete for that customer's business," TWC said. The rest of TWC's filing made the same point ComNBC has been hammering: this transaction shouldn't be used as a venue to raise every conceivable grievance against the companies. In other words, it's concerned non-transaction specific conditions could become precedent for the entire industry, and it specifically takes to task proposed conditions restricting Comcast's ability to manage its broadband networks, prohibiting Comcast from requiring authentication of an existing cable subscription for online video service and requiring program access rules apply to online video program distributors. -- Comcast and NBCU filed their own closing comments, arguing the deal will produce public interest benefits and presents no realistic threats of harm. "Despite having had more than 6 months to formulate plausible theories of harm to competition or consumers and to muster evidence to support such theories, the record evidence demonstrates that those theories are wholly speculative and unsupported," the 2 concluded.

Carriage: NFL Network struck a long-term carriage deal with **NCTC**, whose membership may now provide both NFL Net and **NFL RedZone** to subscribers. The pact may grease NFL's track to increased distribution, particularly regarding large MSO holdouts **Cablevision** and **Charter**. NCTC's membership includes 17 of the top 20 cable ops in the country and serves nearly 27mln subs, though ops must still opt into the deal. -- **TV Guide Net HD** inked its 1st distribution deal, with **Time Warner Cable** in NYC. -- **DISH** added **AMC HD** to its lineup.

Political Advertising: Almost half of registered voters in CA indicated they had watched less than 1 hour of news in the last 48 hours, with a majority of content viewed dominated by cable channels. Those are the findings of a study released last month by **The Tarrance Group** and **Lake Research Partners**. 62% surveyed said they watch more cable while 29% watch more broadcast. More likely to indicate they watch more cable than broadcast are those who self identify as voting in major elections held every 2 or 4 years (72%) compared to those who indicate they vote in almost every (59%) or every election (61%). That means those who are more likely to need persuading are more likely to consume non-news cable content.

Marketing: Time Warner Cable subs who enroll in paperless billing will be entered for a chance to win a Lexus HS 250H hybrid and other prizes (total value \$50K).

Programming: Comedy Central's "The Colbert Report" honors the troops Sept 8 and 9 (11:30pm) with special shows featuring Veep *Joe Biden* and *Ray Odierno*, Commanding General, US Forces—Iraq. The audience will be comprised of veterans and active duty service members. -- **GSN** tapped *Sherri Shepherd* as the new host of its "The Newlywed Game," with the show moving to NYC from L.A. Season 4 bows Nov 1, 6pm.

Technology: Broadcom said its new FastRTV Channel Change Acceleration tech improves TV channel change speeds by up to 5 times, does not require changes to broadcast streams and is available in several SoC solutions for digital set-tops. Comcast is the 1st provider to deploy the tech, in its transition from analog to standard-def digital broadcasts.

NAMIC

Breakfast Honoring the CableFAX 2010 Most Influential Minorities in Cable

There is no better way to kick off the 24th Annual NAMIC Conference “3D: Diversity, Digital, Demographics.” For the second consecutive year, NAMIC and CableFAX are partnering to publicly recognize the 2010 Most Influential Minorities in Cable. Please join us the morning of Tuesday, September 14th for breakfast as the latest cadre of senior multi-ethnic professionals on the CableFAX list are honored for their professional achievements.

Tuesday, September 14, 2010
Hilton New York
7:00 – 8:30 am

CableFAX
THE MAGAZINE

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Seating is limited! To purchase tables of 10 (\$850), or individual tickets (\$100), please contact NAMIC at 212-594-5985 or visit namic.com.

(Attendance at this breakfast requires a separate ticket and is not included in the NAMIC Conference registration fee)

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CableFAX Week in Review

| Company | Ticker | 8/20 Close | 1-Week % Chg | YTD %Chg |
|------------------------------|--------|------------|--------------|----------|
| BROADCASTERS/DBS/MMDS | | | | |
| DIRECTV: | DTV | 38.05 | (1.32%) | 14.09% |
| DISH: | DISH | 17.88 | 2.23% | (13.91%) |
| DISNEY: | DIS | 33.05 | (1.87%) | 2.48% |
| GE: | GE | 15.03 | (2.28%) | (0.66%) |
| NEWS CORP: | NWS | 14.18 | (2.27%) | (10.93%) |
| MSOS | | | | |
| CABLEVISION: | CVC | 25.39 | (0.67%) | (1.67%) |
| COMCAST: | CMCSA | 17.81 | (0.34%) | 5.63% |
| COMCAST SPCL: | CMCSK | 16.74 | (0.24%) | 4.56% |
| GCI: | GNCMA | 8.14 | 1.62% | 27.59% |
| KNOLOGY: | KNOL | 12.50 | 1.96% | 14.47% |
| LIBERTY CAPITAL: | LCAPA | 45.37 | (2.16%) | 89.99% |
| LIBERTY GLOBAL: | LBTYA | 28.39 | 1.65% | 29.69% |
| LIBERTY INT: | LINTA | 10.50 | (1.96%) | (3.14%) |
| MEDIACOM: | MCCC | 6.76 | (0.73%) | 51.23% |
| RCN: | RCNI | 14.90 | (0.07%) | 37.33% |
| SHAW COMM: | SJR | 20.35 | 2.16% | (1.07%) |
| TIME WARNER CABLE: | TWC | 53.79 | (1.01%) | 29.96% |
| VIRGIN MEDIA: | VMED | 20.50 | 0.89% | 21.81% |
| WASH POST: | WPO | 347.68 | 1.08% | (20.91%) |

| Company | Ticker | 8/20 Close | 1-Week % Chg | YTD %Chg |
|--------------------|--------|------------|--------------|----------|
| PROGRAMMING | | | | |
| CBS: | CBS | 13.61 | (2.44%) | (3.13%) |
| CROWN: | CRWN | 2.09 | 0.48% | 44.14% |
| DISCOVERY: | DISCA | 37.82 | 1.67% | 23.31% |
| GRUPO TELEVISIA: | TV | 19.29 | 0.89% | (7.08%) |
| HSN: | HSNI | 28.01 | 5.38% | 38.73% |
| INTERACTIVE CORP: | IACI | 23.75 | 0.85% | 15.97% |
| LIBERTY: | L | 36.29 | (2.05%) | (0.17%) |
| LIBERTY STARZ: | LSTZA | 59.24 | 1.68% | 28.36% |
| LIONSGATE: | LGF | 6.41 | 0.94% | 10.33% |
| LODGENET: | LNET | 2.51 | (2.33%) | (54.61%) |
| NEW FRONTIER: | NOOF | 1.47 | 2.80% | (22.22%) |
| OUTDOOR: | OUTD | 5.26 | 1.54% | (9.31%) |
| PLAYBOY: | PLA | 4.91 | (5.58%) | 53.44% |
| SCRIPPS INT: | SNI | 41.33 | (1.45%) | (0.41%) |
| TIME WARNER: | TWX | 30.31 | (1.62%) | 4.02% |
| VALUEVISION: | VVTV | 2.17 | 48.63% | (54.79%) |
| VIACOM: | VIA | 35.96 | (1.94%) | 14.16% |
| WWE: | WWE | 14.05 | (0.57%) | (8.35%) |

| Company | Ticker | 8/20 Close | 1-Week % Chg | YTD %Chg |
|-------------------|--------|------------|--------------|----------|
| TECHNOLOGY | | | | |
| ADC: | ADCT | 12.62 | 0.08% | 103.22% |
| ADVANTAGE: | AEY | 3.17 | 0.32% | 60.92% |
| ALCATEL LUCENT: | ALU | 2.64 | (2.58%) | (20.48%) |
| AMDOCS: | DOX | 26.62 | 1.53% | (6.69%) |
| AMPHENOL: | APH | 41.66 | 2.03% | (9.79%) |
| AOL: | AOL | 22.56 | 2.97% | (3.09%) |
| APPLE: | AAPL | 249.64 | 0.22% | 18.46% |
| ARRIS GROUP: | ARRS | 8.57 | (4.25%) | (25.02%) |
| AVID TECH: | AVID | 11.70 | 0.78% | (8.31%) |
| BIGBAND: | BBND | 2.78 | 4.12% | (19.19%) |
| BLNDER TONGUE: | BDR | 1.93 | 0.52% | 69.30% |
| BROADCOM: | BRCM | 32.97 | 3.26% | 4.77% |
| CISCO: | CSCO | 22.23 | 4.07% | (7.14%) |
| CLEARWIRE: | CLWR | 6.52 | 5.67% | (3.55%) |

| Company | Ticker | 8/20 Close | 1-Week % Chg | YTD %Chg |
|-----------------|--------|------------|--------------|----------|
| COMMSCOPE: | CTV | 19.79 | (5.31%) | (25.41%) |
| CONCURRENT: | CCUR | 5.20 | 8.11% | 31.31% |
| CONVERGYS: | CVG | 10.13 | 4.00% | (5.77%) |
| CSG SYSTEMS: | CSGS | 17.71 | (0.51%) | (7.23%) |
| ECHOSTAR: | SATS | 19.18 | 3.56% | (4.77%) |
| GOOGLE: | GOOG | 462.02 | (5%) | (25.48%) |
| HARMONIC: | HLIT | 6.05 | (0.98%) | (4.27%) |
| INTEL: | INTC | 18.91 | (1.25%) | (7.3%) |
| JDSU: | JDSU | 10.42 | 1.46% | 26.30% |
| LEVEL 3: | LVLTL | 1.06 | (5.36%) | (30.72%) |
| MICROSOFT: | MSFT | 24.23 | (0.7%) | (20.51%) |
| MOTOROLA: | MOT | 7.48 | (2.09%) | (3.61%) |
| RENTRAK: | RENT | 22.57 | (4.93%) | 27.73% |
| SEACHANGE: | SEAC | 8.09 | (6.9%) | 23.32% |
| SONY: | SNE | 29.51 | (1.67%) | 1.76% |
| SPRINT NEXTEL: | S | 4.19 | (6.47%) | 14.48% |
| THOMAS & BETTS: | TNB | 37.29 | 0.05% | 4.19% |
| TIVO: | TIVO | 8.69 | 4.32% | (14.64%) |
| TOLLGRADE: | TLGD | 6.58 | (1.31%) | 7.73% |
| UNIVERSAL ELEC: | UEIC | 17.96 | 1.01% | (22.65%) |
| VONAGE: | VG | 2.05 | 1.49% | 46.43% |
| YAHOO: | YHOO | 13.79 | (0.29%) | (17.82%) |

| Company | Ticker | 8/20 Close | 1-Week % Chg | YTD %Chg |
|---------------|--------|------------|--------------|----------|
| TELCOS | | | | |
| AT&T: | T | 26.45 | (1.01%) | (5.64%) |
| QWEST: | Q | 5.65 | (0.7%) | 34.20% |
| VERIZON: | VZ | 29.37 | (2.2%) | (11.35%) |

| Index | Value | % Chg |
|---------|----------|---------|
| DOW: | 10213.62 | (0.87%) |
| NASDAQ: | 2179.76 | 0.29% |

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

| COMPANY | CLOSE | 1-WK CH |
|-----------------|-------|---------|
| 1. VALUEVISION: | 2.17 | 48.63% |
| 2. CONCURRENT: | 5.20 | 8.11% |
| 3. CLEARWIRE: | 6.52 | 5.67% |
| 4. HSN: | 28.01 | 5.38% |
| 5. TIVO: | 8.69 | 4.32% |

THIS WEEK'S STOCK PRICE LOSERS

| COMPANY | CLOSE | 1-WK CH |
|-------------------|-------|---------|
| 1. SEACHANGE: | 8.09 | (6.9%) |
| 2. SPRINT NEXTEL: | 4.19 | (6.47%) |
| 3. PLAYBOY: | 4.91 | (5.58%) |
| 4. LEVEL 3: | 1.06 | (5.36%) |
| 5. COMMSCOPE: | 19.79 | (5.31%) |

Capitalizing on Transactional TV

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In this Webinar, we'll tackle the following areas:

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- What's ahead in windowing and how can you plan for those future trends?
- How can you tap into the growing ethnic market for transactional TV?

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