

CableFAX Daily™

Tuesday — September 1, 2009

What the Industry Reads First

Volume 20 / No. 167

Boys Town: Disney To Broaden Young Male Reach Through Marvel

Disney envisions a trove of strategic benefits from its proposed \$4bln acquisition of **Marvel Ent**, including international growth and movie and licensing opportunities. After all, Marvel is home to more than 5K characters such as **Spider-Man**, **Iron Man** and **The Incredible Hulk**—all part of a basket of “rich intellectual property” that Disney wants to start mining, said pres/CEO *Bob Iger* during a Mon conference call. Yet in the cable space, that brand basket may best serve Disney by increasing its reach among young males, a goal established by The Mouse’s Feb rebrand of **Toon Disney** to boy-focused net **Disney XD**. Iger on Mon told **CNBC** that many of Marvel’s brands are “right in the wheelhouse” of XD, which already features approx 20 hours/wk of Marvel programming. Also notable is the timing of the deal, comprised of 40% stock and 60% cash (Marvel shareholders will receive \$30 cash and 0.745 Disney shares for each Marvel share they own). **Viacom** now copes with ad and viewership woes across many of its younger-skewing nets, **Time Warner** recently noted softness in the kids TV market, and perhaps most importantly, **Discovery Comm** and **Hasbro** plan to jointly launch a competing kids net late next year featuring Hasbro properties such as **Transformers** and **G.I. Joe**. Though Iger denied the Marvel purchase is a response to any “problematic strategic holes,” CFO *Tom Staggs* said Disney initiated conversations with Marvel a few months ago—interesting timing given the Discovery/Hasbro announcement in late Apr. Discovery, Disney, Hasbro and Marvel all failed to respond to inquiries, but Hasbro pres/CEO *Brian Goldner* said during Hasbro’s most-recent earnings call that the company expects “continued television support from Marvel in 2010” while noting “a number” of collaborative TV series. Staggs said Marvel’s existing deals will remain in place until expiration. A recent **SEC** filing from Marvel noted \$14.3mln in royalty and service fee rev from Hasbro during the 1st half of ’09. On Wall St Mon, investors responded to the deal by lifting Marvel shares by 25.2% and knocking down Disney’s by 3%.

Kids, TV & the FCC: When it comes to providing safe viewing of media for children, the **FCC** wants to study the issue more. That’s the conclusion of a 200+ page Commission report sent to Congress over the weekend and made public Mon. The FCC plans to issue a further Notice of Inquiry to explore protecting kids in the digital age. The report found that a market exists for advanced blocking technologies and other parental empowerment tools, but said data was lacking in certain areas—such as awareness and usage levels. The FCC also noted that parental control technologies differ greatly. “While there are technologies in existence for each media platform, there is not currently a universal parental control technology that works across media platforms,” the report said. Sen *Mark Pryor* (D-AR) authored the Child Safe Viewing Act, which required the FCC to provide a review of filtering technology in the marketplace or in development. Calling elements of the report “beneficial,” he said “it also reveals basic roadblocks and major limitations” and praised FCC chmn *Julius Genachowski*’s “commitment to address these challenges.” Pryor pledged to work with Commerce cmte chmn *Jay Rockefeller* (D-WV) and other cmte members on the issue. While Rockefeller praised the report for providing useful info about blocking technologies, he added “we must do more than simply gather information and hope this alone protects



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CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax:301/738-8453 ● Editor-in-Chief: Amy Maclean, 301/354-1760, amaclean@accessintel.com ● Exec Editor, Michael Grebb, 301/354-1790, mgrebb@accessintel.com ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301/354-1695, dvodenos@accessintel.com ● Advertising Mgr: Erica Gottlieb, 212/621-4612 ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, 301/354-1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Paul Maxwell/Columnist ● Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs: Carol Bray, 301/354-1763, cbray@accessintel.com

our children... For this reason, I look forward to the FCC's next action in this area. My interest level in this issue has long been high, as are my expectations." **NCTA** pledged that cable will continue to educate policymakers about the tools cable provides families for safe viewing. Check out the FCC commissioner's comments at www.fcc.gov.

Open Shutout: **Tennis Channel** kicked off its inaugural live coverage of the US Open Mon morning, but **Cablevision** subs had no access to it. Instead of turning on its signal, the net parked a billboard truck in front of CVC's Bethpage, NY, offices with signage declaring, "Thanks for nothing Cablevision." The MSO maintains that it has a valid contract to carry the channel on a sports tier through **NCTC**. The co-op agrees. "Thus far, the Tennis Channel is claiming a technicality allows it to delay the launch by a few weeks, and is refusing to do the right thing by authorizing Cablevision to receive its signal," Cablevision said Mon. "Any further delay by the Tennis Channel is at the expense of New York-area tennis fans. Fortunately, Cablevision customers can already view more than 130 hours of the best live U.S. Open coverage on CBS and ESPN." Tennis CEO *Ken Solomon* appeared on **CNBC** Mon, reiterating the net's stance that CVC doesn't have rights to the net. "We don't have a deal right now, and it's unfortunate. But we're hoping we can find a way to get one in the future with Cablevision," Solomon said. Meanwhile, anyone looking for matches can do what office-bound folks were doing Mon and watch live, high quality coverage at US Open's Website (http://www.usopen.org/en_US/interactive/video/live.html?promo=rightnav). The video quality is stunning. Check it out.

Competition: **AT&T** launched **U-verse** in parts of Louisville, Spartanburg, SC, and Mobile, AL-Pensacola, FL. -- **DirecTV's The 101** ent channel will exclusively air Farm Aid's annual benefit concert (Oct 4) featuring *Willie Nelson, Neil Young, John Mellencamp* and *Dave Matthews*. The DBS op will match customer donations made from Sept 1-Oct 31, up to \$50K.

In the States: **Versus** and **DirecTV** were still negotiating Mon afternoon. DirecTV has said it will remove Versus at 6am ET Tues if the 2 can't reach a new deal. -- **Cablevision**-owned *Newsday* is turning away ads from competitor **Verizon** for FiOS video service, reports the *NY Times*. "We do not comment on specific ads except to say that Newsday, like every other media company, including *The New York Times*, accepts or rejects advertising at its own discretion," a Newsday spokeswoman told the paper. -- **Suddenlink** has rolled out "WiFi@Home" to customers in and around several communities in TX (Tyler, Bryan-College Station), OK (Stillwater, Cushing) and NC. The service features a single device as both a cable modem and wireless router, making it easier to set up secured wireless networks at home. -- **Windstream** bowed a lifetime price guarantee covering a double-play of HSI service with speeds of up to 12Mbps and unlimited nationwide calling. Starting at \$50/month, the offer is available to residential subs who order at least 1 new service. -- **NBCU** inked with **Gas Station TV** an exclusive ad and content partnership that brings to each station TV screen a 4.5min combination of local and national NBCU content including cable programming, plus programming from **ESPN** and **AccuWeather**. -- **Outdoor Channel** tapped **Reentrak** for linear TV measurement.

Merger Mania: **ACA**, which has fired arrows at big media companies for years, isn't too fond of **AETN's** planned acquisition of **Lifetime**. "With the Lifetime Networks about to become part of A&E, consumers shouldn't be surprised to see Lifetime's less popular channels, like Lifetime Movie Network and Lifetime Real Women, migrating from digital tiers to basic cable, and see their monthly cable bills going up as a result," said ACA chief Matt Polka, complaining that smaller ops are "coerce[d]" into accepting prices, terms and conditions that force consumers to pay for programming they "rarely watch." Disney said that neither Disney/ABC, **NBCU** nor **Hearst** currently negotiate carriage agreements for AETN or Lifetime, nor will these entities negotiate carriage agreements for the new AETN once the deal closes. ACA wants the FCC to probe the matter under an existing rulemaking.

Advertising: **Chase Card Service** struck a deal with **Travel Channel** including numerous product integrations into series and inclusion in Travel's new brand campaign, "Catch It." The multifaceted ad campaign will highlight Chase's 1st-ever, proprietary rewards card, Chase Sapphire.

Ratings: **Disney Channel** original movie "Wizards of Waverly Place The Movie" notched the net's 2nd-best deliveries ever among total viewers (11.4mIn), kids 6-11 (4.5mIn) and tweens 9-14 (4mIn)—and the total viewers tally makes it the top cable telecast this year in the metric. -- Through a 3.2 HH rating and delivery among total viewers (4.4mIn) 25-54s (2.2mIn) and 18-49s (1.7mIn), the Aug 11 ep of **Syfy's** "Warehouse 13" was the net's most-watched series telecast ever.

Programming: **Fox Business Net** and **Tennis Channel** agreed to exchange daily updates covering Wall St and

BUSINESS & FINANCE

the US Open. Mon-Fri during the tourney, FBN's "Money for Breakfast" will feature recaps from the previous day's matches and Tennis will break into tourney coverage at market close for a FBN financial update. -- The 22-ep 2nd season of "Star Wars: The Clone Wars" returns to **Cartoon Net** Oct 2 with a 2-hr premiere. -- **TLC's** "King of the Crown" (Sept 30) centers on pageant expert and contestant coach *Cy Frakes*.

Honors: **Nickelodeon** led cable with 8 **Daytime Ent Creative Arts Emmys**, and was joined on the winners' list by **Food Net** (3), **Cartoon Net** (2), **Disney Channel** and **MTV**. **PBS** (15) and **ABC** (10) paced all winners.

People: **Clearwire** appointed *Erik Prusch* CFO and *Teresa Elder* pres, strategic partnerships and wholesale. Also, Clearwire said Chief strategy officer *Scott Richardson* and CFO *David Sach* are leaving the company. -- **Qwest** tapped *Teresa Taylor* to replace departing CFO *Thomas Richards*.

Business/Finance: **Citi's Jason Bazinet** added **Cablevision** to its Top Picks Live list and removed **EchoStar** and **Time Warner** from the list based on valuation. -- **Mag Rack Ent**, which last year acquired VOD net **Lifeskool** from **Rainbow**, has changed its name to **Interactiva-tion** to reflect its strategy to deliver content across platforms.

CableFAX Daily Stockwatch

Company	08/31 Close	1-Day Ch	Company	08/31 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	35.33	(0.28)	AMPHENOL:	34.96	(0.36)
DIRECTV:	24.76	(0.18)	APPLE:	168.21	(1.84)
DISH:	16.31	(0.55)	ARRIS GROUP:	13.26	(0.13)
DISNEY:	26.04	(0.8)	AVID TECH:	13.03	(0.26)
GE:	13.90	(0.18)	BIGBAND:	3.89	(0.08)
NEWS CORP:	12.64	(0.29)	BLNDER TONGUE:	1.24	(0.01)
MSOS					
CABLEVISION:	22.34	(0.27)	BROADCOM:	28.45	(0.33)
COMCAST:	15.32	(0.39)	CISCO:	21.60	(0.4)
COMCAST SPCL:	14.59	(0.27)	CLEARWIRE:	7.66	(0.15)
GCI:	6.67	0.02	COMMSCOPE:	26.96	(0.83)
KNOLOGY:	7.24	(0.32)	CONCURRENT:	4.48	(0.02)
LIBERTY CAPITAL:	19.09	(0.43)	CONVERGYS:	10.84	(0.37)
LIBERTY ENT:	27.89	(0.16)	CSG SYSTEMS:	15.07	(0.45)
LIBERTY GLOBAL:	21.89	(0.61)	ECHOSTAR:	18.55	(0.72)
LIBERTY INT:	9.58	(0.08)	GOOGLE:	461.67	(3.08)
MEDIACOM:	5.03	(0.15)	HARMONIC:	6.60	(0.12)
RCN:	9.37	(0.04)	INTEL:	20.32	0.07
SHAW COMM:	17.14	0.23	JDSU:	6.87	(0.08)
TIME WARNER CABLE:	36.92	(0.44)	LEVEL 3:	1.20	(0.03)
VIRGIN MEDIA:	11.43	(0.5)	MICROSOFT:	24.65	(0.03)
WASH POST:	434.36	(19.71)	MOTOROLA:	7.18	(0.03)
PROGRAMMING					
CBS:	10.35	(0.43)	OPENTV:	1.28	(0.05)
CROWN:	1.79	(0.08)	PHILIPS:	22.55	(0.44)
DISCOVERY:	25.92	0.05	RENTRAK:	15.90	(0.58)
EW SCRIPPS:	6.96	(0.29)	SEACHANGE:	8.94	(0.06)
GRUPO TELEVISA:	17.48	(0.35)	SONY:	26.74	(0.56)
HSN:	10.40	(0.34)	SPRINT NEXTEL:	3.66	(0.11)
INTERACTIVE CORP:	18.52	(0.14)	THOMAS & BETTS:	27.69	(0.87)
LIBERTY:	34.15	0.02	TIVO:	9.81	(0.19)
LODGENET:	6.98	(0.15)	TOLLGRADE:	5.59	0.05
NEW FRONTIER:	2.21	0.00	UNIVERSAL ELEC:	18.82	(0.52)
OUTDOOR:	6.66	(0.15)	VONAGE:	1.43	0.06
PLAYBOY:	2.76	(0.01)	YAHOO:	14.61	(0.24)
RHI:	2.56	(0.01)	TELCOS		
SCRIPPS INT:	32.47	(0.23)	AT&T:	26.05	(0.16)
TIME WARNER:	27.91	(0.42)	QWEST:	3.59	(0.17)
VALUEVISION:	3.30	0.07	VERIZON:	31.04	0.02
VIACOM:	26.26	(0.22)	MARKET INDICES		
WWE:	14.26	(0.06)	DOW:	9496.28	(47.92)
TECHNOLOGY					
3COM:	4.35	(0.04)	NASDAQ:	2009.06	(19.71)
ADC:	8.51	(0.47)			
ADVANTAGE:	1.92	(0.04)			
ALCATEL LUCENT:	3.75	(0.01)			
AMDOCS:	24.32	0.02			

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Networking for the Masses

Let's all be honest: We're all sick of hearing about social networking and how it's changing the media business and, for that matter, the entire known universe—including still undiscovered planets in the far reaches of space. We get it. Social networking must be a part of every marketing campaign or engagement strategy for new cable shows, products, technologies or services. But whether anyone admits it or not, many execs assume that this is still primarily a realm for “the kids,” which depending on your age (both mental and physical) can mean anything from children to young adults to not-so-young adults still grasping at youth. Let's call it the under-30ish crowd.

But a new study by **Forrester Research** suggests that these assumptions—while perhaps true at one time—are no longer valid. In fact, social networking seems to have infected us all at this point. Even grandmothers are friending people on **Facebook**. They'll be **Twitter**-ing before you know it. It may be time for content companies to admit that the social networking is no longer an add-on to “traditional” marketing or customer service; it's a primary component of any viewer- or customer-engagement strategy. Call it alternative or traditional. It doesn't matter. It just is.

Authored by analyst *Sean Corcoran*, the Forrester study was relatively far reaching, surveying 4,455 U.S. residents between the ages of 18 and 88. Its results were somewhat revealing and, in some cases, surprising. One big take-away for those of us in the cable biz: More than 80% of Americans who are online at all either create, participate in, or read some form of social content at least once a month. Think about that. This is everybody online, from the casual Web surfer or occasional emailer to the die-hard Internet junkie. Social media sites have become destinations that make portal sites like **Yahoo!** and **MSN** seem so yesterday. But while it's easy to think that this means everyone will soon be uploading 10 videos per day from their **iPhone**



to **YouTube**, think again. Forrester found that “creators” and “collectors” (ie, those who upload and patronize user-generated content), as well as “critics” who join discussion groups and participate in online forums, continue to be niche audiences with the unique temperament, patience and time to devote to such activities. Creators jumped only from 21% to 24% in 2009 vs 2008; Critics remained at 37%. But it's the “joiners” (ie, people who are joining social networks like Facebook and the like) who have exploded in numbers, jumping from 35% of online users to 51% in just the last year. That's amazing. And it explains why you have been receiving so many friend requests from your parents and other relatives, not to mention people you would have never expected to put an online profile anywhere. And since 2007, this group has more than doubled.

Meanwhile, the universe of “spectators,” who monitor social networks but tend not to participate much, has reached a whopping 73%. According to Forrester, this suggests that the jury is no longer out on whether social networking is a mass phenomenon. It is.

What does this mean for the cable industry? Plenty. For starters, it's no longer optional to monitor social networking sites. This is where your customers hold conversations about your brand, and there are too many easy ways to monitor those conversations to ignore them because you lack resources. It's a recession. Everyone lacks resources right now. The smart companies are on Twitter resolving customer complaints (Just ask the excellent Twitter teams at **Charter** and **Comcast**). They are using that and other social media to involve viewers in their favorite TV shows (The list of cable networks doing this successfully is long indeed; **WE tv** even used fan Twitter comments in promo ads). For those who are still skeptical, it's time to read the Forrester study and take advantage of the other information out there. The evidence is clear: Social networking may evolve, but it's not a fad. It's the way people communicate and share information. And it's where your customers live. Go talk to them.

-Michael Grebb

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