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Tuesday — October 27, 2009

What the Industry Reads First

Volume 20 / No. 206

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What the Industry Reads First

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Lins At CTAM: Room In The Canoe For MSOs

Attempting to dispel "the most widespread misconception" about **Canoe Ventures**, marketing chief *Vicki Lins* said Canoe does not exist to supplant the advanced advertising activities of the MSOs. During a **CTAM** Summit panel on advanced advertising, Lins said Canoe exists "to standardize" and "nationalize" advanced advertising. Individual MSOs' tech work will not be halted by Canoe, she added. Canoe will embrace that work, Lins intimated, although it wasn't immediately clear where MSOs would utilize their "one-off" tech efforts in a Canoe world of scalable apps. Canoe's new platform "will be the biggest step forward" to standardize buying and measuring advanced advertising on a national scale, Lins promised. "The pieces are in place," although she gave no date for deployment. Lins also noted Canoe, CTAM, **CableLabs** and "a whole consortium" of groups have been working on a consumer brand for interactivity and "we are very close to bringing this" to market. Eyeing the HD branding, Lins said the interactivity brand must be "a comfortable brand" for consumers, "unobtrusive and ubiquitous." Panelists generally displayed a united front during the session, with **AETN** svp *Mark Garner* and **Cox Media** vp *David Porter* agreeing with Lins that "it's about all of us being in it together." Programmers and MSOs have been working with Canoe at its earliest stages. "It's a true partnership...we are not off working behind the scenes," Lins insisted.

VZ Earnings: Like AT&T, Verizon posted solid wireless and tepid wireline results, although execs noted some economic headwinds and Sanford Bernstein's Craig Moffett argued that the telco's primary Northeast market is reeling a bit. "Ironically, now that the market is increasingly discounting a recovery, the recession has unambiguously arrived" for Verizon. wrote Moffett in a client note. As a result, total wireline rev fell 5% YOY and EBITDA dropped 18%, while mass markets rev was flat both sequentially and YOY. FiOS-based rev jumped 56% YOY and 8% sequentially, but both video (191K) and HSI (198K) adds notably slowed. Moffett called the video adds "a clear disappointment versus consensus expectations of 253K, and were down -18.0% from last year and down -36.3% from the 300K additions in Q2." Plus, he said, "the decline rate in non-FiOS broadband has deteriorated significantly, with the -135K subscriber loss their worst on record." Addressing the FiOS softness, chmn/CEO Ivan Seidenberg said comps were tough as record sub numbers were achieved in the prior 2 quarters, adding that a couple of promos didn't work as well as expected. "We toyed with how we could sustain" those record numbers, said Seidenberg, but "found it was difficult in light of maintaining financial discipline." FiOS TV penetration is currently 25%, Internet 29%, and VZ still expects its FiOS buildout to be completed next year. Also like AT&T, VZ reported monster wireless data numbers, achieving a 29% surge in rev to \$4.1bln. Comparatively, it took all of '06 to reach that rev total. The telco will roll out 25-30 LTE markets next year, initially offering wireless laptop cards, and sees myriad possibilities regarding integrated devices. "Our view is to lay the groundwork for a very broad array of data growth, which leads obviously to the combination of integrated applications, video and all sorts of sophisticated data applications," said Seidenberg. VZ laid off 4K wireline contractors in the Q and plans to cut that same number in 4Q.



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Speaking tru2wayfully: Comcast should have its entire plant tru2way-capable by year-end, but Comcast evp David Cohen said Mon that he thinks it's the beginning of "rethinking" the importance of the technology to consumer electronics makers. "I do think the ardor for Tru2way technology and for a common platform within the CE industry has waned." he said during a meeting with reporters. "The reason for this is that it's another case where technology just moves too quickly." He gave the example of a hypothetical \$5K Tru2way TV that includes a 50-hour, built-in DVR. What happens when 18 months down the road DVRs with 100 hours of storage become the norm? "I think some [CE makers] have begun to ask whether it makes sense to embed all this technology in expensive TV sets and DVD players and Blu Ray players or whether the original business model may have been flawed and that it is a mistake to embed such a fast-changing technology into very expensive consumer equipment where the technology may be outmoded years before the hardware itself," he said. "Maybe it requires a different approach. Maybe a removable chip in the TV set or maybe it has to be updatable by downloadable software—all of which are next-generation products." Like other major MSOs, Comcast committed last year in pacts with CE makers to have tru2way across its footprints by July 1. But like other MSOs, it fell short of the deadline (though Cohen said a huge percentage of Comcast plant was ready by July 1). More from Cohen: Anyone hoping Comcast's evp would shed some light on a possible Comcast/NBCU venture was disappointed. Cohen said "patting the elephant in the room" was as close as he'd get to the subject. As for a national broadband plan, he predicted the plan "will conclude that the major problem is an adoption-related problem, not an access-related problem." If the plan focuses largely on driving adoption, he expects Comcast to be very involved. While Cohen maintained that network neutrality is a solution in search of a problem, he said Comcast is pleased with the way the FCC is handling a notice of proposed rulemaking on the subject, pointing to promises of openness and of a fact-driven process. He is particularly happy the Commission is asking if the rules or principles should apply to not just ISPs, but other layers of the Internet (ie, Google Voice).

<u>Social Acceptance</u>: Comcast's Twitter guru *Frank Eliason* told CTAM Summit attendees to view social media as a conversation, not a marketing vehicle. "There are gems out there," he said, citing examples like **Burger King**'s Whopper Sacrifice campaign on **Facebook**. "But just as there are gems, there are ones that didn't go anywhere." Instead, he suggested marketers start "listening" to customers and let it organically grow into marketing opportunities. But building that trust requires real engagement, he said. "We're listening to our customers and learning from them," he said. "And when we can, we help them." He urged companies to stop worrying about loss of control—because the conversations are occurring within social media with or without brand participation. "The control's already gone," he said. "This is a way of gaining a little bit of it back. You're not gaining it all back." In a later session, **AMC** pres *Charlie Collier* noted the net's recent embrace of online avatars as a way for fans of "Mad Men" and "Breaking Bad" to pretend they are charac-



HCTV START AT HOME

This September, shows like HGTV Design Star,
House Hunters, Divine Design and Real Estate Intervention
placed HGTV in the top 10 of all cable networks!

Scrippsnetworks

Passionate Viewers Live Here

Source: (1) The Nielsen Co., Live, M-Su 8P-11P, Cvg AA%, P25-54, September 2009 (8/31/09-9/27/09), Based on ad-supported cable networks

ters from the show. "It's as much about giving away control as it is about having it," he said.

In the States: Cablevision has launched free Optimum WiFi throughout Madison Square Garden, with more than 100 access points. -- Cox bowed Caller ID on the TV in the Hampton Roads, VA, area, where it also launched local TV series "Cox Business TV" on Cox TV. -- Time Warner Cable added 27 new HD channels in TX's Rio Grande Valley, including ABC Family HD, Bravo HD and CNN HD. -- According to Enigma Research, WWE's "WrestleMania" generated a \$49.8mln economic windfall for the greater Houston area, a slight decrease (3%) over the event's generated amount in Orlando last year.

Brands as Stories: CTAM Summit attendees got sage advice from TAXI chmn *Paul Lavoie*, who said storytelling remains the unsung hero of successful branding initiatives in any industry, including cable. He noted that **Nike's** longtime "Just Do It" tagline is really just a variation of one of the most successful and well known stories ever told: "The Little Engine That Could." At the same time, he urged cable marketers to take Nike's example by picking a slogan and sticking to it rather than constantly shifting focus. "A consistent brand outperforms a scattered one," he said. To demonstrate the power of a trusted brand, Lavoie even sent an intern out to the street to pitch a fictional TV series to passersby. The number of people who said they'd watch the show more than doubled after the intern claimed it would be on **HBO**. Meanwhile, Lavoie repeated a fast-gelling CTAM theme, telling attendees to engage customers on every platform. "The world has changed," he said. Urging a "meaningful relationship," he said "you'll be surprised how consumers will start to tell those stories for you... They will become your evangelists."

<u>Can't We Just Get Along?</u> With dwindling budgets, consumer and affiliate marketing cooperation is a reality. **CNN** marketing chief *Scot Safon* told a **CTAM** panel that a campaign he was involved in that included 4 networks promoting 4 different shows would have failed without "brutal honesty...since we had ground rules at the outset people were willing to be honest" about their goals and needs, he said. **NBCU** svp marketing & sales strategy, TV networks distribution *Brian Hunt* noted "it's a good thing" when various constituents on a project have shared budgets. "It's harder" to get cable operators' attention for promotions for linear shows, Hunt said. "Operators don't want to talk about video, it's not a growing part of the business," you must have an online component, he said. It's also becoming more challenging to serve disparate masters, including cable operators, DBS and telcos, he said. **TLC** marketing svp *Tom Carr* related how tricky it was to coordinate promotions for the 22nd annual Shark Week this past summer. Where the programming side wanted to push the element of danger, the affiliate side couldn't hold an event "where we poured blood in the water and people would run screaming," he said. Nonetheless, compromises were found, with the affiliate side pushing online contests and a shark sweepstakes with a conservation angle. The result was higher ratings and increased Web traffic. "You can make it work," he said.

<u>Carriage</u>: AT&T U-Verse is adding HealthiNation videos to its free VOD library, helping the VOD net to reach 28mln homes. -- Comcast moved Outdoor Channel to its Digital Preferred package from a sports tier in South FL. <u>Tasty Marketing</u>: CTAM hit the right note by having consultant *Rich Cronin* moderate its Mon am general session with



Univision Interactive Media chief *Kevin Conroy* and Quiznos chief marketer *Trey Hall*. Cronin set the tone immediately, adopting a Japanese bow to his panelists to ward off possibly spreading H1N1 virus by shaking hands. Cronin's opening question (besides ribbing Hall about whether or not he likes Subway's \$5 foot-long) prompted Hall to note his biggest fear for Quiznos "is being forgotten, becoming irrelevant." For a "challenge brand" like Quiznos with one-fifth the \$400mln ad budget of Subway, "you have to stick with your brand architecture...know how you want to play the game...when you lose your brand architecture, consumers lose you." For Quiznos the architecture is built on being "edgy [and] taking risks" with TV advertising, which is "the bricks" of its media spend. The "mortar" is online and mobile advertising. Indeed, when Quiznos briefly shifted to conventional ads, sales dipped. That campaign was "safer...less Quiznos-esque," Hall said. In addition to providing these insights Hall weathered a steady peppering by Cronin that made the session a lot of fun. "Did [Subway icon] Jared really lose all that weight? Or did Subway put tape worms into his food?" Cronin asked. And food critic Cronin recommended Quiznos' "honey bourbon chicken sandwich...and if you ask for extra bourbon the afternoon goes much faster." -- Univision's Conroy noted the net's original online telenovela might eventually end up on the linear screen and that he's seeking pitches for more telenovelas. Much of his thrust centered on the "atomization" of the Web. People do many things online, not just visit Web sites. If marketers don't drill down to see what people are doing online they risk missing much of their audience, he said.

Ratings: The premiere of **Comedy Central**'s "The Jeff Dunham Show" garnered 5.3mln total viewers to become the net's most-watched series bow ever. -- The inaugural ep of **USA**'s "White Collar" delivered 5.4mln total viewers, 2.2mln 25-54s and 1.8mln 18-49s.

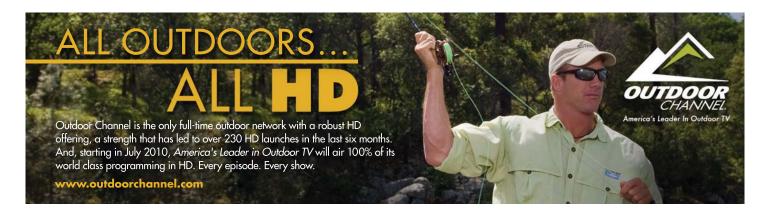
<u>Programming:</u> Following its success on **Discovery**, "Cash Cab" is headed to broadcast with **MGM Domestic** acquiring the US broadcast syndication rights. It will be offering the series in fall '10. -- **TV Land** greenlit its first 2 scripted comedies ever, "Hot in Cleveland," centered on 3 eccentric L.A. women who unexpectedly land in the OH city, and "Retired at 35," following a successful businessman who decides to leave NYC and move into his parents' FL retirement home to reconnect with them. -- **Bravo** picked up "Top Chef: Just Desserts," a competition series featuring pastry chefs, and launched this week in Chicago a nationwide casting call for the show. -- The US TV debut of "The Glass House," which looks at the hidden lives of four young Iranian women, hits **Sundance Channel** Nov 16.

<u>Technology</u>: Clearwire announced the successful completion of the 1st inter-network roaming connection between WiMAX networks. The demo enabled a USB modem and a **CLEAR 4G** service username and password to gain access to a WiMAX network in Taiwan. -- **Comcast** tapped **Cloudmark** to protect its 15.3mln HSD customers and 25mln email boxes from messaging threats.

<u>Online</u>: **ZillionTV**, an IPTV service offering streaming on-demand programming through subscribers' TVs, inked **Lionsgate** as a content partner. Shows and films including "Mad Men" and "Weeds" will be available on the service, which allows users to watch ad-supported programs for free, rent or "buy to own." A nationwide rollout is planned for late '10.

<u>People</u>: Food Net svp, marketing *Michael Smith*, a *CableFAX Magazine* Most Influential Minority honoree, was tapped as GM of **Scripps**' new **Cooking Channel**. -- **Sí TV** added *Carla Lewis-Long* as vp, affiliate distribution. -- **Nat Geo** promoted *Chris Albert* to vp, comm and talent relations.

<u>Honors:</u> CTAM handed out 220 Mark Awards Mon evening—62 gold, 88 silver and 70 in the new bronze category. The honors recognize excellence in consumer and industry marketing for cable and telecom. Showtime Nets received the most awards, winning 38 honors (14 gold, 15 silver and 9 bronze); followed by Fox Cable with 24 (5 gold, 10 silver and 9 bronze). Time Warner Cable won the most among cable companies (16), followed by Cox (11). National Geographic



BUSINESS & FINANCE

Channel broke a record established by **Discovery** in '98 for a single, basic cable net, winning 16 awards. **A&E**'s marketing of "The Andromeda Strain" won the Top of the Mark Award for the highest-scoring campaign. More details on winners at www. markawards.com. -- Nick's "The Big Green Help" picked up ACC's highest honor, the Golden Beacon, Mon night. Nick launched the multi-year, global environmental campaign on Earth Day '08, with millions of kids joining. 59 other Beacon awards were presented to MSOs, cable systems, networks, associations and technology providers. **Doug Williams**, host of the **Starz** series "Martin Lawrence Presents 1st Amendment of Stand-up," was the master of ceremonies. -- Turner was inducted into the CTAM Hall of Fame for its brand marketing for TNT (We Know Drama) and **TBS** (Very Funny).

Business/Finance: Michael Eisner's new media studio **Vuguru** forged an investment and distribution partnership with Rogers Media, making Vuguru a stand-alone entity for which Eisner will serve as chmn. Rogers receives the exclusive Canadian rights to future Vuguru projects. -- After purchasing Verizon's northern New England landline business in early '08, FairPoint said it has reached a deal on a financial restructuring plan with lenders holding more than half of outstanding debt under its secured credit facility. The plan is expected to reduce FairPoint's debt by \$1.7bln.

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BROADCOM:	27.98	(0.52)
CISCO:	23.70	(0.47)
CLEARWIRE:	6.72	(0.33)
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CONCURRENT:	4.45	(0.05)
CONVERGYS:		
CSG SYSTEMS:		
ECHOSTAR:	19.36	(1.06)
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SONY:	29.16	0.25
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YAHOO:	16.87	(0.35)
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Hallmark Family Movies

Screening in 30 Million Family Rooms by 2010





GUEST COLUMNIST

A Diversity Focus Means Opportunity

One size fits all. While the concept may apply to some clothing options, it certainly doesn't apply in today's increasingly multicultural society. With the election of Barack Obama, we began this dialogue about the post-racial society. The discussion hypothesized that the election of an African-American as President would be the panacea for all the issues of race in this country. Our President in his "More Perfect"

country. Our President in his "More Perfect Union" speech dismissed this notion saying, "I have never been so naive as to believe that we can get beyond our racial divisions in a single election cycle, or with a single candidacy..."

I'd like to think that we've become more aware of our differences, and it has been an eye-opening experience for us as Americans.

Cable has helped educate the population with groundbreaking documentaries like CNN's "Black in America" and the recently aired "Latino in America".

Never before have we had a birds-eye view into the hopes, dreams and fears of our fellow Americans. We are collectively learning that the American experience is not one size fits all, and that is a good thing.

Prior to 1977, the U.S. Census included only four racial categories. Now on the eve of the 2010 Census, there are 15 categories for race and three write-in areas for unique ethnicities. My point is that rather than look at race and gender as an afterthought, or something of no consequence, we must view these dynamics as contributing to the vitality of our country and certainly our industry.

From NAMIC's viewpoint, a continued focus on diversity means opportunity. As we convene in Denver this week for Cable Connection-Fall, and the 23rd Annual NAMIC Conference, know that our organization's mission to "educate, advocate and empower" for diversity in the communications industry remains relevant. And as the

needs of our constituents change, so does NAMIC.

Our programs remain dynamic and relevant for today's multi-ethnic workforce. From the Executive Leadership Development Program in partnership with UCLA's Anderson School tailored to industry executives, to our Leadership Seminars for the executive in training, we know that we cannot reach our ever-evolving industry with cookie-cutter programs.

NAMIC's all new Executive Coaching Program, launching in November, is unique in that it offers members and their companies access to a select cadre of multicultural coaches pre-screened for their knowledge of the particular career challenges faced by professionals in the communications industry. It is a natural outgrowth of our long-standing L. Patrick Mellon Mentorship Program. In December, we will pilot a program entitled Maximizing Multi-Cultural Teams. The program is

geared to enhancing leadership effectiveness for everyone by addressing the global dynamics of today's workplace.

NAMIC's Leadership Suite Webinar Series uses technology as a means to connect our members to industry thought leaders in an educational, dynamic and fun-filled virtual atmosphere.

Our Writers' Workshops help build a diverse pipeline of skilled storytellers for television and digital media platforms and is an excellent example of tailoring our programs to the evolving needs of our members. We continually see the changes in our world and interpret them programmatically in a way that is relevant for our industry.

More than 15 years ago, NAMIC coined the term "Diversity Week" for the fall gathering of the industry in New York. We are now embarking on a new journey with Cable Connection-Fall, but the commitment to diversity remains because our industry values and respects the notion that one size will never fit all.

(Kathy Johnson is pres of NAMIC).

