

CableFAX Daily™

Wednesday — November 5, 2008

What the Industry Reads First

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Election Day: The Sights, Sounds and Punditry

As we wrap up Election Day, the good news for America is no more annoying campaign ads. The bad news for cable nets, however, is... no more annoying campaign ads. We trust that cable will patriotically absorb the loss of ratings and ad revenue in the interest of bringing the country together. Meanwhile, cable election coverage throughout the day Tues was extensive and varied. **CNN** focused heavily on data (If only *John King's* election map included "street view" with pinpoints for nearby **Starbucks**, which, by the way, offered free coffee to voters Tues). By mid-day, CNN's *Ali Velshi* reported the net had already taken 22K calls from people complaining about hoax emails, texts, calls and flyers telling them that the election was being delayed until Wed, along with other voter suppression tactics. **Fox News** focused on punditry for much of the afternoon, analyzing the Presidential, Senate and House races. **MSNBC**, meanwhile, turned NBC hq Rockefeller Center into "Election Plaza" and brought out veteran correspondent *Andrea Mitchell* to moderate various interviews and discussions. **CNBC** mostly discussed the implications of a *Barack Obama* win on Wall Street and the economy, with much speculation about who he would appoint as Treasury Secretary. All the nets focused generally on the record turnout and long voter lines, interviewing people as they left the polls and finding more than a few who were quite emotional about Tues' historic election. The day had its moments: A Fox News crew bickering with a Black Panther Party member outside a Philadelphia polling station; a CNN correspondent bickering with Joe the Plumber; pundits bickering with each other. At press time, Obama (D-IL) remained the favorite, but Sen *John McCain* (R-AZ) continued to campaign hard all day, including a mid-afternoon rally in Colorado flanked by former Democrat Sen *Joe Lieberman*. On the Web, **C-SPAN's** Election Cam went live at 3pm ET, providing a look at McCain and Obama rallies from the Biltmore Hotel and Grant Park. Meanwhile, FCC watchers trying to juggle Tues' Open Meeting with a trip to the voting booth were out of luck. The meeting, slated to begin at 11am, was eventually postponed to 1:45pm, but didn't actually get underway until 3:45pm. Obama's historic run meant unprecedented coverage for some non-news nets. **BET** had correspondents in place at both Obama and McCain's HQ, but planned on devoting much of Wed to Obama specials—regardless of who wins—because "we believe our audience will be looking to us at BET to put into context what this election means to the African American community..." a spokeswoman said. "We'd also like to note that Sen McCain has declined our numerous requests for an in-depth interview." Ah, the excitement of it all. We're almost sorry election season is over. Almost.

At the Portals: The **FCC** finally got down to business Tues, almost 5 hours after the meeting's scheduled start. On a 5-0 vote, commissioners approved a plan to combine **Sprint** and **Clearwire's** WiMAX assets. Clearwire shareholders are expected to vote on the proposal Nov 19. **Comcast**, **Time Warner Cable**, **Bright House**, **Google** and **Intel** are among the companies ponying up about \$14.6bln for the venture. The FCC also approved allowing some devices to operate in so-called white spaces—something broadcasters have fought hard against. Details were sketchy at press time. **NCTA** has



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expressed some reservations on the white space proposal. Also Tues, the FCC voted to approve **Verizon Wireless'** plan to buy **Alltel**, making it the biggest US mobile service provider. -- In other news, sources confirmed Tues that the **FCC** is looking into the pricing policies surrounding several cable operators' decisions to move some analog channels to digital to free up bandwidth. The *AP* reported that **Verizon** joins cable ops in receiving a query from the Commission.

Tip o' the Cap: **AT&T** offered up a few more details on its broadband usage-based trial, now underway in Reno (*Cfax*, 11/4). Starting Nov 1, new AT&T high-speed customers get a bandwidth usage amount ranging between 20 GB and 150 GB per month, depending on their tier of service. That makes AT&T's trial caps less than half the size of **Comcast's** 250 GB cap, which it instituted last month for HSD subs. **Time Warner Cable** is currently running a test in Beaumont, TX, charging \$1 for each GB a new HSD consumer consumes over the cap—which ranges from 5 GB/month for the 768kb download service to 20GB for it 7Mbps tier to 40GB/month for its 15mbps service. Existing AT&T customers in Reno will become part of the trial later this year if their monthly usage exceeds 150 GB. AT&T subs get a one month grace period the 1st time usage is exceeded. After that, they will be charged \$1 for every GB over their determined amount. The trial may extend to 1 other market by year-end. The telco said that almost 50% of bandwidth is used by 5% of customers.

On the Offensive: The **NFL** doesn't limit the output of pro football content either through what some claim is a narrow definition of home cities (*Cfax*, 10/30) or by featuring exclusive live games on **NFL Net**, wrote league commissioner *Roger Goodell* in a Fri letter to Sen *Arlen Specter* (R-PA). In response to correspondence last week from several lawmakers, the letter also blames cable for limiting fan exposure to NFL programming, citing recent FCC program access decisions in favor of NFL Net and **MASN** and respectively against **Comcast** and **Time Warner Cable**. "Would it not be appropriate for you and your fellow Senators who signed the October 28 letter to address this blatant discrimination with those two cable operators so that your constituents and our fans would benefit?," wrote Goodell. As NFL Net prepares to air its 1st exclusive game of the season Thurs, negotiations with cable ops for basic carriage of the channel "aren't going at the pace that we would like them to go," said Goodell Mon night, stressing a need for fairness in such talks.

In the States: Amid a troubled economy, **Cox** plans to trim approx 2% of its nationwide workforce, primarily through attrition and early retirement. "Cox is undertaking this action to enhance our competitiveness while allowing resource investment in new growth opportunities," said the MSO. -- **Bright House** launched PowerBoost for its broadband subs in IN.

Earnings: **RCN** delivered 20% growth in total rev to \$187mln, but added only 4K customers sequentially and 15K YOY. Total RGUs increased 4% to approx 915K, with video and data RGUs increasing 3% and 8%, respectively, and voice RGUs remaining relatively flat. Digital penetration rate rose to 78% from 66% a year ago and 75% sequentially. Rev from **RCN Metro's** business services climbed 113% YOY to \$42mln. As of Sept 30, the overbuilder counted 428K residential/SMB subs and the following RGUs: 366 video (+1%), 301 HSD (+2%) and 247 phone (-1%). -- **Viacom** said its ad business continued to be negatively impacted by the economy in 3Q, results that were "compounded at a handful of our networks where ratings were lower than expected, particularly at MTV, VH1, and BET II," said pres/CEO *Philippe Dauman*. Progression in the company's upfront rev, however, is a positive, he said, as is 13% growth in domestic affil rev due to rate increases and increased subs. To address the lagging viewership, Dauman noted plans to increase original programming, especially at MTV, and a focus on creating functions such as chat to spur viewership of net shows for a 2nd and 3rd time. Experimentation has also begun with new programming blocks to serve demo subsets, and Viacom is "taking steps to



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Webinar

Brand Integration for Cable: Driving Revenue with Product Placements and Partnerships

Presented by CableFAX Daily and CableFAX Content Business

Thursday, November 6, 2008 • 1:30-3:00pm (ET)

As consumers take control of their content choices, the art of product placement has made a comeback. Cable marketers need to fight ad-skipping and other trends threatening traditional TV advertising. But integration isn't as easy as it sounds. And slapping a new name like "brand integration" on an age-old practice isn't enough. Today's consumers want discretion and relevance-all while striking an important balance that doesn't hit people over the head.

Join CableFAX and an esteemed panel of brand integration specialists to get proven strategies for profiting from product placements and branded content. This 90-minute information-packed Webinar on November 6 is designed for you and your marketing and business development teams to hear the smartest ideas to create or expand this relatively new revenue stream.

- Kevin McAuliffe, VP, Branded Entertainment
NBCU Cable Networks
- Jocelyn Egan, VP
Discovery Solutions Discovery Communications
- Holly Beverly, EVP
Vanguard Entertainment Media Marketing Group
- Moderator:**
 - Mike Grebb, Executive Editor, CableFAX Daily

As you prepare for 2009, this Webinar will be well worth your time.

Here are a few things you'll learn in our brand integration webinar:

- What do consumers want and what will they tolerate?
- How does the new multiplatform landscape change the game?
- How do different demos respond to brand integration? Are some better targets than others?
- What different kinds of content are best suited for brand integration and why?
- How will brand integration change in the future, and how can you stay current in your thinking?
- How does brand integration fit into larger marketing campaigns-and what do advertisers really want?
- How do you avoid tension between producers/writers and content executives when disagreements over brand integration arise?

Register at www.cablefax.com/cfp/webinars