

CableFAX Daily™

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What the Industry Reads First

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Mixed Messages: Health of Premium Nets Up for Debate

3Q sub growth for **Starz** (+9%) and **Encore** (+3%) makes it 4-for-4. Plus **Showtime** and **HBO**, the top premium nets all delivered sub growth or strength from July-Sept, results that run counter to most MSOs' recent claims of category softness and market worries over cord shaving. So what gives? "We haven't seen weak demand," said **Starz** pres/CEO *Chris Albrecht* during a Tues conference. "It is and has always been a question of marketing and focus." Even though 71% of Starz net's sub growth came via consignment instead of flat deals, compared to approx 50% in 2Q, Albrecht said the growth was "tempered by lack of access to marketing." That comment gels with the week-ago sentiments of **Time Warner** chief *Jeff Bewkes*, who said HBO's working specifically with **Time Warner Cable** to "dramatically improve" its category performance. Yet only **DirecTV** reported an appreciable increase in premium last quarter, although **DISH** pres/CEO *Joe Clayton* did admit the DBS op must do a lot better job selling the category. *Charlie Ergen*, however, called out Starz by name, saying subscribers don't order the net "at all because they can get all those movies released today from **Netflix**." True, Starz has received some push-back from ops because of its Netflix deal, and that no doubt played a big part in the net's decision to sever ties with the subscription service beginning next year. Albrecht intimated that ops are pleased with the decision, and said Starz is working with them to add its nets "into more desirable and advantageous packages." Still, Starz and other premium nets must wade through the increasing multiplatform options available to them while also working to gain penetration of their own authenticated services. "Premium tiers are really a pre-requisite for us," said Albrecht of OTT plays. "There's a bright future for new [opportunities] for our products, but it's a road that must be evaluated almost weekly." Ergen cautions that such new opportunities are exacting a heavy toll. "I would expect the industry is down from an MVPD perspective [because] when someone can buy Netflix for \$7.99, do they really want to pay \$14.99 for HBO? And so when people look at their pocketbooks, obviously, every time somebody subscribes to Netflix, it's probably 1/2 of a customer that our industry loses from a premium perspective," he said. "I continue to see premium programming trends going down from our current business." It appears the health of the premium category depends on who you ask. But consider: Last month, **J.D. Power and Assoc** said the speculation regarding the impending demise of premium channels may be premature. While penetration of premiums in homes with satellite service has declined 29% in '11 from 34% in



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is to
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'10, penetration in homes with cable is up slightly to 30% from 29% during the same period.

NBC Doings: So much is made about **NBC** and its dreary primetime ratings, it might be worth noting that this is not the fault of former **Showtime** exec turned **NBC** ent chmn **Bob Greenblatt**, who wasn't in place until after programming decisions had been made. Well, at least **Comcast** CFO **Michael Angelakis** thought it was worth pointing out at an investment conference Tues. "Bob Greenblatt is a terrific executive... This fall does not have his stamp on it," Angelakis said during **Wells Fargo's** Technology, Media & Telecom conference. "Our expectations were pretty modest, and by the way, he was pretty honest about that. We love that frankness about it." The CFO acknowledged that the network would be a challenge, but Comcast believes it's a huge opportunity that will take time. That brings us to retransmission consent. Right now, NBC isn't getting much in terms of retrans revenue, but that will change. "We know over the longer term it will, and it will be meaningful," Angelakis said. "Neil [Smit, Comcast Cable pres] will unfortunately be paying some retrans. I think he's worked it into his long-range planning. In some ways, our organization is hedged, but NBC will benefit from that over time compared to today, it's anemic." As for reverse retrans and NBC's plan to create a proxy group to negotiate and split revenue, Angelakis expects a lot more clarity in the "next few weeks."

In the States: **RCN** launched in D.C. a whole-home product powered by **TiVo's** Premiere Q 4-tuner gateway DVR and Preview HD set-top. **RCN's** the 1st op to roll out the offer, which is marketed as the **TiVo Whole Home Bundle** from **RCN**.-- **Univision** agreed to deploy **Dyle** in L.A. and Miami. From the nationwide mobile TV initiative **Mobile Content Venture**, **Dyle** offers live mobile TV broadcasts from more than 70 US stations.

On the Hill: Sens **John Kerry** (D-MA) and **John McCain** (R-AZ), who introduced legislation in Apr to safeguard consumer privacy, are prodding the **FTC** and **Commerce Dept** for final reports on consumer privacy protections. Both issued draft reports in Dec. The senators asked the 2 agencies to complete those reports ASAP and let them know when that will be. "Consumers are confused and concerned about how their information is collected and distributed, and firms collecting information on people are not bound to any common set of practices and are making them up as they go along," they wrote. "Congress and the public could use the guidance of the expert agencies in the form of final reports to help make sense of current practices and how to best protect innovation without sacrificing people's privacy."

Carriage: Part of the completion of its area digital migration, **Comcast** launched 20 nets (18 HD) in Sacramento and environs including **BBC America HD**, **Fox Soccer HD**, **Investigation Discovery HD** and **ReelzChannel**.

In the Courts: **Time Warner Cable's** not sweating a TX court denying its attempt to combine its dispute over **CMT's** content with its **Viacom** live TV viewing iPad case (**Cfax**, 11/8). "This procedural decision has no impact on the merits of the case, which we believe are strongly in our favor, and we look forward to proving that in court," the MSO said.

Ratings: **Showtime** said "Homeland" drew its biggest audience yet Sun, delivering 1.33mln viewers at 10pm and 1.61mln for the night. It's averaging 4.1mln viewers/week on all platforms. "Dexter" scored its biggest audience since the premiere this past Sun with 1.98mln viewers (up 10% from 1.8mln) and 2.45mln for the night. -- **Hallmark Channel's** "Countdown to Christmas" rolled out a sneak peek over the weekend with original movies "Love's Christmas Journey" (2.0 HH rating) and "Mistletoe over Manhattan" (2.1 HH rating). "Love's Christmas Journey" was the #1 rated ad-supported cable movie Sat, while "Mistletoe" was the #2 rated ad-supported cable flick on Sun (and for the week).

Programming: **HBO** pays tribute to **Joe Frazier**, who passed away Mon, with a special encore of '09 doc "Thrilla in Manila," Thurs, 6:30pm. **MSG** was set to honor the boxer with a block Tues (7:30-10pm) set to repeat on Sun from 5:30-8pm.

Online: **Cox** added authenticated broadband net **Speed2**, bringing the net's distribution to nearly 20mln homes. **Time Warner Cable** and **Cablevision** also feature the net.

Apps: **Nat Geo's** 1 of the launch partners for **Umami's** free iPad app using audio fingerprinting tech to sync continuously to live or time-shifted programming from all broadcast and cable nets before providing related content and conversation. **Nat Geo** is leveraging the app to deliver branded experiences around this week's "Expedition Week" and forthcoming series "Knights of Mayhem" (Nov 15).

Public Affairs: **Discovery Comm** is expanding its "Discover Your Skills" public affairs job skills program with new resources and programs to support veterans in locating and accessing training and resources to translate their military

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skills into civilian job opportunities.

On the Circuit: The **WICT Rocky Mountain** chapter's Tech It Out 1-day conference is Thurs in Denver, and includes a keynote from former **Qwest** COO *Teresa Taylor*. More info at: https://www.strongspace.com/jcbd/public/techtitout_tio_small_er_2011.pdf

Earnings: With 3Q rev and net income up by a respective 15.1% and 74%, **Knology** reported an increase of 11,972K connections, compared to 1,759 a year earlier. Residential/commercial combined to add 6,590 data subs, 2,093 video and 3,289 voice. As of Sept 30, Knology counted 257,929 video connections, 276,354 phone and 259,300 HSD. -- **Liberty Interactive's QVC** increased domestic rev by 2%, a result impacted by a 7% dip in units sold. E-commerce rev jumped 16% and grew to 35% from 31% as a percentage of US sales. -- **Nexstar** overcame a 74.3% YOY decrease in political rev to post overall 3Q rev growth of 2.3%, helped by increases in local (+3.9%), national (+9%), e-media (+17.5%) and retrans (+30.5%).

People: **TV Land** hired *Michael Waldron* as vp, creative dir, design and animation. -- After more than 16 years at the **FCC**, most recently as deputy dir of media relations, *David Fiske* will retire at year-end. Freelance project work and retiring to the beach are on his to-do list. Best wishes, David.

CableFAX Daily Stockwatch

Company	11/08 Close	1-Day Ch	Company	11/08 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	46.75	0.92	BLNDER TONGUE:	1.27	(0.02)
DISH:	24.42	(0.24)	BROADCOM:	35.84	0.01
DISNEY:	35.29	0.14	CISCO:	18.31	0.30
GE:	16.48	0.09	CLEARWIRE:	1.90	(0.05)
NEWS CORP:	17.81	0.28	CONCURRENT:	3.55	(0.04)
MSOS					
CABLEVISION:	15.21	0.06	CONVERGYS:	11.96	0.08
CHARTER:	53.45	0.60	CSG SYSTEMS:	15.48	0.44
COMCAST:	22.76	0.11	ECHOSTAR:	25.20	(0.16)
COMCAST SPCL:	22.48	0.11	GOOGLE:	612.34	4.01
GCI:	9.99	0.46	HARMONIC:	5.72	0.13
KNOLGY:	14.71	0.47	INTEL:	24.75	0.47
LIBERTY CAPITAL:	78.53	2.62	JDSU:	12.50	0.50
LIBERTY GLOBAL:	41.92	0.50	LEVEL 3:	22.01	0.71
LIBERTY INT:	16.30	(0.25)	MICROSOFT:	27.16	0.36
SHAW COMM:	20.34	0.11	MOTOROLA MOBILITY:	39.17	0.06
TIME WARNER CABLE:	62.40	0.18	RENTRAK:	13.94	0.64
VIRGIN MEDIA:	24.41	0.13	SEACHANGE:	8.64	0.23
WASH POST:	344.10	4.50	SONY:	17.48	(0.51)
PROGRAMMING					
AMC NETWORKS:	32.98	(0.17)	SPRINT NEXTEL:	2.89	(0.02)
CBS:	25.82	0.58	THOMAS & BETTS:	51.90	0.14
CROWN:	1.66	0.04	TIVO:	11.24	0.11
DISCOVERY:	45.06	0.87	UNIVERSAL ELEC:	16.63	0.13
GRUPO TELEVISA:	21.52	(0.04)	VONAGE:	2.82	0.06
HSN:	38.01	1.30	YAHOO:	15.97	0.28
INTERACTIVE CORP:	42.60	(0.21)	TELCOS		
LIBERTY STARZ:	68.07	0.49	AT&T:	29.46	0.02
LIONSGATE:	8.71	0.04	VERIZON:	37.52	0.18
LODGENET:	2.57	0.31	MARKET INDICES		
NEW FRONTIER:	1.10	0.03	DOW:	12068.39	UNCH
OUTDOOR:	7.53	0.18	NASDAQ:	2727.49	32.24
SCRIPPS INT:	42.90	0.78	S&P 500:	1261.12	UNCH
TIME WARNER:	35.28	0.36			
VALUEVISION:	2.05	0.01			
VIACOM:	51.14	0.09			
WWE:	10.53	0.07			
TECHNOLOGY					
ADVANTAGE:	2.17	0.05			
ALCATEL LUCENT:	2.16	0.04			
AMDOCS:	29.88	0.33			
AMPHENOL:	47.85	(0.04)			
AOL:	15.73	0.29			
APPLE:	406.23	6.50			
ARRIS GROUP:	11.04	0.30			
AVID TECH:	7.15	0.42			
BIGBAND:	2.24	UNCH			



Join *Communications Technology* magazine for the **CT Platinum Awards/Operator of the Year Breakfast** on Dec. 8 at the Grand Hyatt in NYC, as we salute the winners of our first annual "Best in Products, Services and Marketing" program and the winner of CT's 2011 "System of the Year" Award. **Space at the breakfast is limited, so register yourself and your team today!**

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