

# CableFAX Daily™

Monday — November 12, 2012

What the Industry Reads First

Volume 23 / No. 219

## Advertising Outlook: Lots of Messages, Pick Your Source

Last week, **Pivotal Research** reduced its advertising forecast to -1.4% for 4Q from 0.9% growth and down 0.5% vs growth of 1.2% in 3Q (excluding political), citing the fiscal cliff, industry commentary and Hurricane Sandy as reasons why the 2nd half of the year will suffer. Then more earnings reports came, and comments on earnings calls with analysts often sounded pretty rosy. For 4Q, "domestic scatter appears steady with pricing up in the mid-single digits over the strong upfront," **Time Warner Inc** said. **News Corp** pegged broadcast scatter at a modest premium to upfront pricing, and said cable is "a bit stronger" than national broadcast. **ScrIPps Networks** pres *John Lansing* said the scatter marketplace is not slow, but a little late. "We expect that the pressure on the market and the pressure on pricing for scatter will remain in the mid to high single-digits in 4Q." Does that change the research firm's opinion? Nope. In fact, its analysts are now wondering if 4Q will be even worse. "We ran these statements by multiple buyers at large agencies and the general reaction was, to be polite, incredulity," Pivotal said in a research note Fri. "Conditions are widely known by the buying community and their clients as soft. Very soft, as in scatter pricing premia of 0-5% on a good day for a good 'mix' upgrade. We're not trying to say that network owners are in any way stretching the truth. However, we are suggesting (very strongly suggesting) that the manner in which they are defining the market may not be manner in which an analyst may wish to define the market." **ZenithOptimedia** actually raised its 2012 forecast for US ad spending last month to 4.3% growth from 3.6%. But it did slightly downgrade 2013 and 2014's growth to 3.6% and 4.4%, respectively. "While we are past the worst of the economic downturn, growth remains slow," Zenith said. The good news? TV dollars continue to move from network to cable, and it sees that trend likely continuing given the quality cable programs that are out there. Some programmers have seen some softness. On Thurs, **Disney** reported that quarter-to-date, **ESPN** ad sales are pacing down modestly, attributing some of that to the distraction from the elections. Advertising was flat for ESPN in Disney's fiscal 4Q as higher rates were offset by lower ratings. "We experienced a less robust marketplace around the Olympics, and we did not see as strong a pickup in demand as we expected after the Olympics ended," said CFO James Rasulo. The news was a shocker for Bernstein Research, which had expected it to be up 9% with the **NBA** back (the NBA lockout postponed the start of the season until Dec 25 last year). "Given consistent reports of a healthy advertising environment, the only possible hypothesis we have to explain ESPN pacing down is that this



On December 1<sup>st</sup>, your subscribers will see the Military Channel like they've never seen it before.

**In HD.**

**MILITARY**  
CHANNEL™  
HD

For more information visit  
[Discoveryaffiliate.com](http://Discoveryaffiliate.com)

©2012 Discovery Communications

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, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Group Publisher, MediaEntertainment: Denise O'Connor ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Sales Mgr, Susan, Kim, 301.354.2010, skim@accessintel.com ● Marketing Dir: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sr Marketing Manager: Shannon Nelligan, 301.354.1619, snelligan@accessintel.com ● Prod: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group ● Subs/Client Svcs: 301.354.2101 ● Group Subs: Amy Russell, 301.354.1599, arussell@accessintel.com

year they are splitting the NBA dollars with **TNT**, as usual, whereas last year ESPN kept all those male advertising dollars to themselves,” Bernstein analysts said. It’s a better story at **ABC Family** with ad sales pacing up high single digits quarter-to-date, and **ABC Network** reporting scatter pricing pacing mid-teens above upfront levels. Another factor: the presidential elections. One media buyer told us that clients were holding off until after Nov 6 to avoid some of the campaign ad clutter. The last big media company to give color on the ad climate is **Viacom**, which will release results on Thurs.

**In the Courts:** **NAB** and several local broadcasters filed their initial brief in their court challenge of the **FCC**’s decision to eliminate the viewability rule. In June, the FCC voted to let sunset on Dec 12 the rules requiring cable ops not offering all-digital service to provide must-carry stations’ analog and digital signals. Consumers can lease or purchase equipment to receive the digital signals. In their brief, broadcasters raise questions about whether the equipment will actually be available at an affordable cost and argue that the 6-month transition period for the rules expiring is insufficient.

**TVE: Service Electric**, a regional provider in PA and parts of NJ, will join major MSOs to jump on the **HBO Go** wagon. The provider, which has around 217k subs, tweeted recently that it’s testing the service.

**T-Commerce:** Since launching in the US in Sept, UK second screen TV app **Zeebox** has signed on several big-name backers, including **NBCU**. Now the net is teaming up with **American Express** to enable viewers to buy TV-inspired goods as they watch. Specifically, viewers can buy products inspired by NBCU’s programs from the net’s DailyCandy store via mobile devices. Each participating show gets a customer page on Zeebox, featuring things like games and trivia.

**Wave Hiring Spree:** **Wave Broadband** hired *Colette Jelineo*, ex-**Cox** vp, marketing, as CMO. Additionally, *Tim Klinefelter* and *Patrick Knorr* joined Wave as evp, broadband services and evp, IP & business services, respectively. The company also upped *Steve Friedman* to pres/COO. Current CMO *Arah Peck* will become evp, strategic development.

**More Earnings:** **Hawaiian Telcom** generated net income of \$5.6mln in Q3, recording its 8th consecutive quarter of profitability since it emerged from Chapter 11. TV penetration increased to over 14% of the 59,400 households enabled, up from over 12% of the 50,100 households enabled at the end of Q2. The op got a 15-year cable franchise license last year, ending **Oceanic Time Warner**’s 35-year monopoly as the state’s sole cable TV provider. The op, which launched service July, ’11, has expanded its footprint this year. HSD subs increased 3.8% YOY to 105,800. Video service revenue grew to \$1.5mln for the quarter, up from \$1mln in Q2, helped by the growth in video sub net additions. CEO *Eric Yeaman* credited video growth to the op’s “new premium content as well as innovative features like TV Everywhere.”

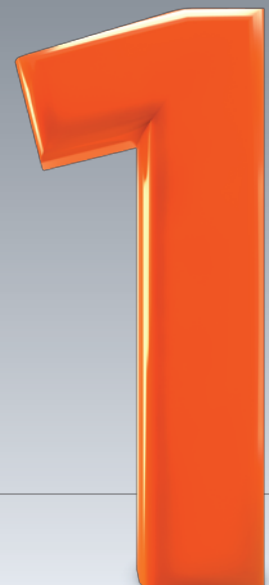
**Ratings:** **Discovery Channel**’s “Moonshiners” season premiere, “Rise and Shine,” earned a series best with 1.77 P25-54 rating and drew around 3mln viewers P2+. It made Discovery the #1 cable net among P/M 25-54, P/M 18-49.

# Número uno with everyone.

The highest rated Hispanic cable network across every single Latino demographic.



**INTRODUCING A FRESH NEW LOOK**  
Download new assets at [UnivisionNetworks.com](http://UnivisionNetworks.com)



**CableFAX Week in Review**

Company	Ticker	11/09 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
DIRECTV:	DTV	48.83	(3.02%)	14.20%
DISH:	DISH	35.86	1.30%	25.91%
DISNEY:	DIS	47.06	(5.62%)	25.49%
GE:	GE	21.00	(1.45%)	17.25%
NEWS CORP:	NWS	24.74	1.98%	36.08%
<b>MSOS</b>				
CABLEVISION:	CVC	14.79	(17.33%)	4.01%
CHARTER:	CHTR	68.72	(8.5%)	20.69%
COMCAST:	CMCSA	36.12	(3.96%)	52.34%
COMCAST SPCL:	CMCSK	35.10	(3.73%)	48.98%
GCI:	GNCMA	8.14	(3.67%)	(16.85%)
LIBERTY GLOBAL:	LBTYA	57.83	(3.46%)	40.95%
LIBERTY INT:	LINTA	19.98	(2.92%)	23.18%
MEDIACOM:	MCCC	8.84	0.00%	97.76%
SHAW COMM:	SJR	21.51	0.00%	11.05%
TIME WARNER CABLE:	TWC	93.10	(5.16%)	46.45%
VIRGIN MEDIA:	VMED	31.96	(1.6%)	49.49%
WASH POST:	WPO	339.23	(4.84%)	(9.97%)

Company	Ticker	11/09 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
AMC NETWORKS:	AMCX	52.06	6.51%	38.53%
CBS:	CBS	34.88	5.03%	28.52%
CROWN:	CRWN	1.69	2.42%	39.67%
DISCOVERY:	DISCA	56.45	(5.73%)	37.78%
GRUPO TELEVISIA:	TV	22.65	(1.31%)	7.55%
HSN:	HSNI	51.54	0.76%	42.14%
INTERACTIVE CORP:	IACI	44.09	(6.61%)	3.50%
LIBERTY STARZ:	LSTZA	66.84	0.00%	0.54%
LIONSGATE:	LGF	16.68	2.46%	100.48%
LODGENET:	LNET	0.37	(7.5%)	(84.52%)
NEW FRONTIER:	NOOF	2.01	0.00%	95.15%
OUTDOOR:	OUTD	7.29	(0.55%)	(2.28%)
PLAYBOY:	PLA	6.22	0.00%	94.38%
SCRIPPS INT:	SNI	60.10	(0.63%)	41.68%
TIME WARNER:	TWX	44.67	3.02%	23.60%
VALUEVISION:	VVTV	2.32	2.65%	23.40%
VIACOM:	VIA	49.82	(3.52%)	(6.58%)
WWE:	WWE	8.01	(1.72%)	(14.06%)

Company	Ticker	11/09 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
ADVANTAGE:	AEY	2.01	(4.43%)	(4.43%)
ALCATEL LUCENT:	ALU	1.11	7.77%	(28.85%)
AMDOCS:	DOX	32.79	(1.41%)	14.93%
AMPHENOL:	APH	61.04	0.35%	34.48%
AOL:	AOL	39.54	11.60%	161.85%
APPLE:	AAPL	547.06	(5.16%)	35.08%
ARRIS GROUP:	ARRS	13.95	0.87%	28.93%
AVID TECH:	AVID	6.13	(3.01%)	(28.14%)
BROADCOM:	BRCM	30.61	(2.67%)	4.26%
CISCO:	CSCO	16.82	(3.05%)	(6.97%)
CLEARWIRE:	CLWR	2.21	1.38%	13.92%
CONCURRENT:	CCUR	4.97	(5.87%)	31.13%
CONVERGYS:	CVG	16.28	(1.69%)	27.49%
CSG SYSTEMS:	CSGS	18.98	(3.26%)	29.03%
ECHOSTAR:	SATS	31.63	(4.04%)	51.05%
GOOGLE:	GOOG	663.03	(3.62%)	2.65%

Company	Ticker	11/09 Close	1-Week % Chg	YTD %Chg
<b>Company</b>				
HARMONIC:	HLIT	4.14	(3.04%)	(17.86%)
INTEL:	INTC	20.80	(5.71%)	(14.23%)
JDSU:	JDSU	11.15	9.12%	6.82%
LEVEL 3:	LVL3	19.10	(5.21%)	12.42%
MICROSOFT:	MSFT	28.83	(2.27%)	11.06%
RENTRAK:	RENT	16.92	0.06%	18.49%
SEACHANGE:	SEAC	8.99	1.70%	27.88%
SONY:	SNE	10.86	(4.15%)	(39.8%)
SPRINT NEXTEL:	S	5.55	(2.63%)	137.18%
TIVO:	TIVO	10.12	(1.08%)	12.82%
TOLLGRADE:	TLGD	10.08	0.00%	64.98%
UNIVERSAL ELEC:	UEIC	15.44	(8.15%)	(8.48%)
VONAGE:	VG	2.26	0.44%	(7.76%)
YAHOO:	YHOO	17.26	0.88%	7.01%
<b>TELCOS</b>				
AT&T:	T	33.54	(3.98%)	10.91%
QWEST:	Q	6.83	0.00%	62.23%
VERIZON:	VZ	42.64	(4.22%)	6.28%

Index	Value	% Chg	% Chg
<b>MARKET INDICES</b>			
DOW:	DJI	12815.39	(2.12%) 4.89%
NASDAQ:	IXIC	2904.87	(2.59%) 11.50%
S&P 500:	GSPC	1379.85	(2.43%) 9.72%

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. AOL:	39.54	11.60%
2. JDSU:	11.15	9.12%
3. ALCATEL LUCENT:	1.11	7.77%
4. AMC NETWORKS:	52.06	6.51%
5. CBS:	34.88	5.03%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. CABLEVISION:	14.79	(17.33%)
2. CHARTER:	68.72	(8.5%)
3. UNIVERSAL ELEC:	15.44	(8.15%)
4. BLNDER TONGUE:	1.02	(8.11%)
5. LODGENET:	0.37	(7.5%)

**CableFAX**  
100 Reception

Don't miss this must-attend industry event with the "who's who" of the cable business!

Dec. 5<sup>th</sup> 5 - 7 pm Grand Hyatt NYC

RSVP Today: [www.CableFAX.com/100Reception](http://www.CableFAX.com/100Reception)

