

# CableFAX Daily™

Tuesday — November 12, 2013

What the Industry Reads First

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## The Virginia View: Rural Broadband Top of Mind in Commonwealth

If you build broadband in rural areas, they'll come. That seemed to be the gist of VCTA's VA Cable Show's opening session featuring cable operators with systems in the state. In some markets, they're so starved for broadband, "we're back to the days when people chased the truck down to get" cable TV service, said MetroCast vp, system operations *Danny Jobe*. However, Cox svp, gm *Gary McCollum* cautioned that this demand will die out if the digital divide can't be mended. "At some point, that growth is going to reach a limit if we don't figure out a way to reach lower income populations," he said. Shentel vp *Chris Kyle* said his company lives the divide every day, being headquartered in a rural community. "If you live in a town that doesn't have a stoplight, you're in a high-risk situation" for being bypassed by broadband and growth, he said. On the video side, McCollum lamented that "we got a little lapse there." That's being remedied with Cox's Contour product, which is all about bringing consumers video the way they want it—including via live viewing on mobile devices. While nowadays it's all about mitigating the video sub loss, Comcast vp, ops *Steve Hill* said he thinks "we're very close to getting back to those days where we can grow customers again." McCollum told the crowd that "you have to be not just as good, but better than competitors," adding it's also important to have in place a sales team that is highly trained to understand the products. With all the changes in technology, Jobe believes "the toughest job in this business is to be a cable CSR." Hill seconded him, saying it's a problem often overlooked and the churn is high. What keeps each of these leaders up at night? For Jobe, it's the bundled programming model that he believes is flawed. Kyle cited regulatory uncertainty, while Hill pointed to training. "How do we find that next generation of technicians? How do we stay ahead of customer demand? They're a fickle lot in some cases," the Comcaster said, warning that the industry needs to step back from metrics that make them feel good and really get to what the customer wants. It's the change itself that's worrisome to McCollum. "Human beings are not built to adapt very well to change. And in our business, in order for it to continue to thrive, you're going to see more change going forward than we've seen in the last 5-10 years," he said, explaining how it affects everything, even the typical career paths. "You have to not just tolerate change, but have to find ways to embrace it."

**Election Day:** When it comes to 2014 political ad spending for cable, look for 2 campaigns that just wrapped last week to garner a lot of attention. Newly re-elected NJ gov *Chris Christie* spent about 18% of his TV share with cable in his previous



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election, according to **Comcast Spotlight** vp, political advertising *Dan Sinagoga*. This year, the campaign did a project with Comcast Spotlight, with a 3rd party stepping in to blindly match the segments the campaign wanted to target with Comcast markets. "They let us do 35% share of the business... because they got to access data they never got before," Sinagoga told those gathered in Williamsburg, VA, Mon for the VA Cable Show. Comcast Spotlight also used watermarking—similar to a cookie online—to provide data on viewing. It gave the campaign a view into what sort of hit their buy was getting. Comcast watermarked its own marketing spots, and could show them other places they might be missing. The other campaign Comcast Spotlight plans to hold up as an example next year is Republican *Ken Cuccinelli's* VA gubernatorial bid. He may have lost the race, but it was a squeaker instead of the double-digit victory for *Terry McAuliffe* that had been predicted. Cuccinelli's campaign used Comcast for 28% of the share in VA and 30% in DC as they looked for more data in a race with an opponent who had \$15mln more to spend. "Our NBC side of the house can't do this," Sinagoga said. "The old model is going to go way, way out the window." There's still a lot of work to be done though, with 80% of political advertising going to broadcast. And more than 64% of political ad spending goes to news programming, mostly broadcasting. The political ad spending forecast for next year has \$3.5-\$4bln being spend on political, with \$2.6bln of that across TV. Spot cable is estimated to get about \$680mln, Sinagoga said.

**Sports Deals:** As the restructured **Big East** (The "Catholic 7" announced its breakaway from the old Big East in Dec) searches for its new identity, it teamed with **Fox Sports**, its main rights holder, on sales. Under a 2-year contract, the two will develop an integrated sales strategy that features the presenting sponsorship for all conference championships and other popular assets, including category and official conference sponsorship opportunities and various Big East telecast and non-telecast inventory. The Big East Men's Basketball Tournament in Madison Square Garden in NYC marks the start of the partnership, which also includes the Women's Basketball tournament in Chicago and other conference championships like soccer, lacrosse and track and field. -- Feld Motor Sports, which specialized in arena and stadium-based motor sports entertainment, scored a 5-year contract with Fox Sports to telecast the Monster Energy AMA Supercross, an FIM World Championship, Monster Jam, AMSOIL Arenacross and the Monster Energy Cup on **FOX Sports 1** and **FOX Sports 2** beginning in Jan. Together, the 2 nets will offer more than 291 hours of Feld programming a year. Also included in the agreement are 115 hours of original programming and 51 hours of live coverage. The deal also includes digital rights of all 4 Feld properties to be featured on the motor sports channel of FoxSports.com.

**Relaunch:** Following the completion of its website redesign last month, the **Weather Channel** is slated to get a facelift Tues with new branding, new "Local on the 8s," new graphics and sonic IDs, always-on local weather information and a new set of live programming. As part of the network relaunch, Sun nights will host a long-form programming block. The new brand tagline is "It's Amazing Out There." With the relaunch, viewer's local weather forecast info will be displayed on the screen at all times, including throughout long-form programming and all commercial breaks. HD viewers will get an enhanced sidebar with richer weather info such as barometric pressure, tides and moon phases.

**Ratings:** **NatGeo's** Sun night premiere of *Killing Kennedy* scored record ratings for the net, averaging a 2.8 HH rating, the 2nd highest HH in network history. It also averaged 3.4mln P2+ over the 2-hour premiere, the highest total viewership in the net's history. The 1.1 P25-54 is the highest rated in the demo since the "Killing Lincoln" premiere in Feb. During the broadcast, #killingkennedy was the top **Twitter** trending topic in the US.

**Programming:** From Mon through Sun is **Comcast's** free preview of live sports programming known as Xfinity Sports-tacular, providing access to nets typically offered on one of Xfinity TV's various sports packages. Much of the programming from nets like **NFL Network**, **Big Ten Network**, **Pac-12 Networks**, **ESPN Goal Line** and **Fox Sports 1**, will be available to watch live and across platforms. During the week, the MSO will also open up its on-demand sports content. -- In an unusual move that combines baseball with pop culture, **MTV** and **MLB** inked a multi-year, cross-platform programming deal to feature the league's athletes and celebrities across the net's properties. To start, **Boston Red Sox's David Ortiz** and **Pittsburgh Pirates' Andrew McCutchen** will produce a weekly, 30-ep series on **MTV2** and slated to debut in April.

**Dark Roast:** Being follicly challenged was a major theme at Mon's roast of **Showtime** CEO/chmn *Matt Blank*, who was being honored by the **Center for Communications** as this year's recipient of the *Frank Stanton Award for Excellence in Communications*. **AETN** chmn *Abbe Raven* offered a tip when getting photographed near him at events: "The glare from his head provides really great lighting." The audience wasn't safe either as she called the room a "Viagra salesman's dream

# BUSINESS & FINANCE

come true,” and likened the crowd to a reunion “of the cast of Cocoon.” Showtime’s salacious content suffered many a dig as well. **AMC Nets’** pres/CEO *Josh Sapan* claimed to have recovered a notebook from an 8-year-old Blank ripe with remarks on improving TV. He read from one entry titled “Things I’ll do to change TV by robbing it of its moral compass.” Zing! How did the young Blank envision what would become “Homeland?” “Nothing more than smarts, with occasional bare breasts.” “The Borgias” would be “The Bradys in fancy outfits.” “Californication” star *David Duchovny* pointed out that “it says a lot about a man” who’d ask an actor from a show he canceled to give him an award. Blank shot back at Raven during his own remarks, wondering where the world would be without “Hoarders” or “Billy the Exterminator.” He also mocked Sapan’s penchant for collecting “garbage art,” as reported in *The New Yorker*. Some say that’s how AMC gets its shows, he quipped. In the end, Blank said he was humbled and warmly thanked the industry and his family.

**People:** **Marcus Cable** founder *Jeffrey Marcus* has resigned from the Charter Comm board, citing “ongoing commitments” at investment firm **Crestview Partners** where he’s a partner. Charter said it will begin searching “immediately” to fill the seat. -- **AETN** upped *Michael Feeney* to evp, corporate communications, effective immediately. He will report to pres/CEO *Nancy Dubuc*.

## CableFAX Daily Stockwatch

| Company                      | 11/11 Close | 1-Day Ch | Company               | 11/11 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| <b>BROADCASTERS/DBS/MMDS</b> |             |          |                       |             |          |
| 21ST CENTURY FOX:            | 33.46       | (0.38)   | ECHOSTAR:             | 47.19       | 0.27     |
| DIRECTV:                     | 64.17       | 0.28     | GOOGLE:               | 1010.59     | (5.44)   |
| DISH:                        | 47.50       | (0.75)   | HARMONIC:             | 7.34        | 0.02     |
| DISNEY:                      | 68.34       | (0.24)   | INTEL:                | 24.17       | 0.08     |
| GE:                          | 27.01       | (0.04)   | JDSU:                 | 12.45       | (0.01)   |
| <b>MSOS</b>                  |             |          |                       |             |          |
| CABLEVISION:                 | 15.35       | 0.27     | LEVEL 3:              | 30.14       | 0.03     |
| CHARTER:                     | 127.04      | (1.02)   | MICROSOFT:            | 37.59       | (0.19)   |
| COMCAST:                     | 47.35       | (0.83)   | MOTOROLA MOBILITY:    | 13.66       | UNCH     |
| COMCAST SPCL:                | 46.27       | (0.78)   | NIELSEN:              | 39.66       | (0.11)   |
| GCI:                         | 9.71        | 0.04     | RENTRAK:              | 39.89       | (0.61)   |
| LIBERTY GLOBAL:              | 79.48       | (0.97)   | SEACHANGE:            | 13.39       | 0.11     |
| LIBERTY INT:                 | 27.82       | 0.39     | SONY:                 | 16.61       | (0.13)   |
| SHAW COMM:                   | 23.39       | (0.25)   | SPRINT NEXTEL:        | 6.98        | (0.09)   |
| TIME WARNER CABLE:           | 119.14      | (1.94)   | TIVO:                 | 13.59       | 0.08     |
| WASH POST:                   | 655.81      | (6.97)   | UNIVERSAL ELEC:       | 37.26       | 0.10     |
| <b>PROGRAMMING</b>           |             |          |                       |             |          |
| AMC NETWORKS:                | 66.21       | (0.54)   | VONAGE:               | 3.37        | (0.1)    |
| CBS:                         | 58.86       | 0.12     | YAHOO:                | 33.81       | 0.69     |
| CROWN:                       | 3.19        | 0.03     | <b>TELCOS</b>         |             |          |
| DISCOVERY:                   | 84.59       | (0.77)   | AT&T:                 | 35.03       | (0.14)   |
| GRUPO TELEVISIA:             | 29.46       | 0.67     | VERIZON:              | 49.96       | (0.24)   |
| HSN:                         | 56.32       | (0.33)   | <b>MARKET INDICES</b> |             |          |
| INTERACTIVE CORP:            | 56.93       | 1.94     | DOW:                  | 15783.10    | 21.32    |
| LIONSGATE:                   | 32.18       | (0.11)   | NASDAQ:               | 3919.79     | 1.67     |
| MADISON SQUARE GARDEN:       | 56.26       | 0.50     | S&P 500:              | 1771.89     | 1.28     |
| SCRIPPS INT:                 | 75.71       | (0.8)    | <b>TECHNOLOGY</b>     |             |          |
| STARZ:                       | 27.95       | (0.58)   | ADDVANTAGE:           | 2.66        | 0.02     |
| TIME WARNER:                 | 67.50       | (0.15)   | ALCATEL LUCENT:       | 4.02        | (0.03)   |
| VALUEVISION:                 | 5.30        | UNCH     | AMDOCS:               | 40.04       | (0.01)   |
| VIACOM:                      | 82.46       | 0.18     | AMPHENOL:             | 81.09       | (0.25)   |
| WWE:                         | 13.13       | 0.19     | AOL:                  | 42.97       | 0.55     |
| <b>TECHNOLOGY</b>            |             |          |                       |             |          |
| ADDVANTAGE:                  | 2.66        | 0.02     | APPLE:                | 519.05      | (1.51)   |
| ALCATEL LUCENT:              | 4.02        | (0.03)   | ARRIS GROUP:          | 17.21       | 0.02     |
| AMDOCS:                      | 40.04       | (0.01)   | AVID TECH:            | 7.72        | 0.07     |
| AMPHENOL:                    | 81.09       | (0.25)   | BLNDER TONGUE:        | 0.99        | 0.04     |
| AOL:                         | 42.97       | 0.55     | BROADCOM:             | 26.57       | 0.07     |
| APPLE:                       | 519.05      | (1.51)   | CISCO:                | 23.45       | (0.07)   |
| ARRIS GROUP:                 | 17.21       | 0.02     | CONCURRENT:           | 7.36        | (0.06)   |
| AVID TECH:                   | 7.72        | 0.07     | CONVERGYS:            | 20.03       | 0.13     |
| BLNDER TONGUE:               | 0.99        | 0.04     | CSG SYSTEMS:          | 27.61       | (0.27)   |
| BROADCOM:                    | 26.57       | 0.07     |                       |             |          |
| CISCO:                       | 23.45       | (0.07)   |                       |             |          |
| CONCURRENT:                  | 7.36        | (0.06)   |                       |             |          |
| CONVERGYS:                   | 20.03       | 0.13     |                       |             |          |
| CSG SYSTEMS:                 | 27.61       | (0.27)   |                       |             |          |



**2013 Most Powerful Women in Cable**

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Join us for CableFAX’s Most Powerful Women in Cable Breakfast on November 21, 2013 from 8:00–10:00 a.m. in NYC, as we salute the women who have made their mark on the industry with leadership, innovation and community.



## CableFAX TECH

### Xbox One vs PlayStation 4

Nov is kind of a big deal for gamers: **Microsoft's** Xbox One will debut Nov 22 while **Sony's** PlayStation 4 is scheduled to launch on Nov 15. Both launches come before Black Friday. So far, PS4 is trending better on social media: In the last 3 weeks of Oct, 1.7mln people tweeted about PS4 versus 1.1mln for Xbox1, according to startup **LeadSift**, which tracks social media activities for sales lead generation. Approx 3% of the conversations on Twitter about the two were negative, and Xbox One had twice the negative mentions as the PS4. At \$399.99, the PS4 also has a pricing edge over Microsoft's \$499.99 console, though Sony's box doesn't include the PlayStation camera that sells separately for \$59.99. Xbox1 comes with Kinect 2.0, a fully-featured depth sensing camera that also works as an IR blaster for set-top boxes. Both consoles support 4K features, and sport Blu-ray drives, 802.11n WiFi and 500GB hard drives. Entertainment capabilities might be what really set the 2 apart: Microsoft has focused on features such as direct access to live TV using voice commands and access to multiple on-screen programs, making the device an attractive option for gamers with cable service. But while Sony has reportedly looked to ink deals with **Viacom, Disney** and other cable nets to bring their channels onto PS4, its console's main focus remains the more than 1bln global gamers (**Cfax**, 8/19). The different focus colors the companies' advertising campaigns, with Microsoft marketing the device as a mass-market product for any living room while Sony's ads focus on hardcore gamers. That doesn't mean Sony will give up the non-gamer or casual gamer market: The new PlayStation app offers 2nd-screen capabilities across mobile devices and tablets, and Sony's own PlayStation Vita lets gamers extend PS4 titles to a 2nd gaming screen via WiFi. It's the 1st time since '06 that Sony and Microsoft have released gaming consoles. We'll see how the battle plays out starting Fri with the debut of PS4.

**Verizon's Survey:** Xbox could chug along as the favorite for families seeking a more versatile home entertainment choices and better motion-controlled gaming, according to the **Verizon FiOS** Gaming Index, which surveyed more than 500 gaming and gadget lovers. Most gamers (58%) prefer to play games in the cloud and not worry about storage on their console, and nearly 2/3 of consumers have high interest in watching streaming video on a gaming console, the survey said. **Microsoft** and **Sony** will be both happy to hear that approx 34% hardcore gamers would be willing to sacrifice a car for 6 months in order to be one of the first to get the new Xbox One or PS4.

**Telemedicine: Time Warner Cable Business Class** started its 1st "Virtual Visit" Telemedicine trial with **Cleveland Clinic**. As part of TWC's Home Health Monitoring strategy that enables healthcare providers to engage and interact with patients through video conferencing, "Virtual Visit" is offered as a bundle, which includes connectivity, installation and on-site equipment like modems and video cameras. The company will also provide technical support for patients in their homes.

**Comcast on Campus:** **Comcast** has its eyes on the college market with Xfinity On Campus, an authenticated service providing live TV and VOD on laptops and desktop computers anywhere on campus. Access is limited to the managed on-campus IP network.

**Research:** Global shipment of home media gateway products, or connected cable set-top boxes, are on track to reach nearly 10mln this year, up from 7.7mln units shipped in '12, said a report from **MRG**, an **SNL Kagan** company. Revenues of these devices are expected to reach nearly \$3bln this year, up from \$2.3bln last year. According to the report, connected set-tops have high average sales prices (ASPs), making them attractive to set-top box vendors. Currently, ASPs of connected set-tops are around \$300 per box. Through '15, virtually all home media gateway product deployments will be in North America and EU, the report said.

## CableFAX Webinar Capitalizing from the Changing Social TV Landscape

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Thought you had a handle on social TV? Guess again. Consolidation and dealmaking is fast changing the landscape, with all roads increasingly leading to Twitter. Join CableFAX to discuss the ins and outs of these deals, how they could affect your business, and how this marketplace might evolve in the future.

