

# CableFAX Daily™

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What the Industry Reads First

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## Hard Times: Cable Not Immune to Economic Forces

Heartened by President-elect *Barack Obama's* infrastructure spending plan aimed at jump starting the ailing economy, **Wall St** staged a sizable rally Mon. But workforce cuts at **Brightcove** and **Tribune's** Chapter 11 Bankruptcy filing in DE proved that downward pressure remains stifling across most US industries, including within typically resilient cable. "I can't remember an environment like this in my career," said **Time Warner Cable** pres/CEO *Glenn Britt* at the **UBS** conference. The dramatic slowdown in the MSO's RGU growth rate that commenced in Oct has continued through Nov, he said, while churn has risen slightly and customer connects are ebbing. Accordingly, Britt noted that "as volume of activity goes down, unfortunately we won't need as many people. So we'll look at that." **Comcast** evp, operations *Dave Watson* joined Britt in recounting increased calls from customers seeking pricing relief. "This is one of those rare occasions when we'll [have to] become more efficient," said Watson. Still, cable's breadth of services may better insulate the industry to the roiling economy, even if others' woes bleed onto its balance sheet. Tribune, for example, owns approx 31% of **Food Net** and 25% of **Comcast SportsNet Chicago**, and counts **NBCU** among its creditors. As Time Warner Cable, Comcast and **Cablevision** continue to excel with business services, execs said pricing and packaging options have allowed cable to maintain residential growth, albeit slowing. Cablevision has created value packages with video so that "the value of downgrading is low to customers," said COO *Tom Rutledge*. Watson said Comcast has received help in customer acquisition and retention from its economy video tier, which offers 50 channels for less than \$30/month. The MSO has even achieved "very good early stage results" from a series of HD video packages ranging from \$115-\$180/month, he said. Yes, phone growth has slowed at Comcast and Time Warner Cable, and local ad rev is faltering across cable. But execs said broadband has become a kind of white knight amid a challenging environment. "Broadband may be even more important than TV," said Britt, noting the **Clearwire** WiMAX jv as a promising opportunity to further hybridize the cable business. Rutledge agreed with the importance of broadband, a view reinforced by Cablevision's roll out of its own WiFi network. "The Internet, as far as utility, is really something you have to have," said Rutledge.

**Competition:** **DirectTV** agreed to launch **The Sportsman Channel** by the end of Jan. -- **DISH** added **TV Silesia** and **Radio Silesia** to its Polish programming platform, and is now the exclusive US provider of both channels. -- **AT&T** has dialed up **U-verse Voice** availability in Madison.

**In the States:** Pending **FCC** approval of share-time licenses (**Cfax**, 11/26), **BET** founder *Bob Johnson* has approached *Tyler Perry*, *Beyonce Knowles* and *Ebony* pres/CEO *Linda Johnson Rice* about ownership and content opportunities related to **Urban TV**, a venture with **ION** seeking to broadcast on a digital channel of ION in 42 markets. Johnson said he envisions a "content mall" where programming ideas could come from the creative/talent community and major advertisers, including alignment of TV content with an interactive and e-commerce Website. -- **RCN Metro** inked a deal to provide

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additional high-speed bandwidth access to **Pine Tree Nets**, a ME provider of phone and Internet services to homes, businesses and service providers throughout New England. -- Over the weekend, **Comcast** repairman *Jorge Rivera* helped multiple people escape from a burning apartment building in Silver Spring, MD, according to local reports. On-duty at the time, Rivera used the ladder from his truck to help trapped people down from windows.

**In the Courts:** A federal jury largely cleared **News Corp's NDS Group** of satellite piracy charges brought by **EchoStar/DISH** in May, but now a federal judge has ordered NDS to pay the latter \$8.3mln in attorney's fees and additional costs related to the litigation. "We will continue to take all legal measures to fight piracy and fraud... and hope that we can collectively with other industry players work to ensure signal security in the future," said DISH in a statement.

**Deals:** The **NBA** will soon become the 1st US pro sports league to cede control of local digital rights to RSNs, according to *Sports Business Journal*. The league is speaking with RSNs representing 29 of 30 teams about rolling out VOD and certain broadband services after the All-Star Game in Feb. But live local game streaming is not expected this season.

**Advertising/Marketing:** **ESPN Deportes** is celebrating its 5th anniversary with a multimedia campaign granting fans the opportunity to program the net for 3 consecutive weeks. Through Sun, fans may submit votes at **ESPNDportes.com/replay** on a programming pool including UEFA Champions League and winter baseball, and the events with the most votes will air Dec 22 through Jan 7, the net's anniversary.

**Online:** **Comcast's** broadband video management and publishing company **thePlatform** has bowed a collection of pre-integrated partner technologies and an open approach for assisting media companies with their online and mobile video initiatives. Participating partners include **PayPal**, **Cisco**, **Apple** and **AT&T**.

**Technology:** **TiVo** and **Netflix** officially bowed Mon a free service providing certain dual subs access to streams of Netflix movies and TV eps directly on their TVs. The pair began testing the service, which features more than 12K movies and TV eps, in Oct in several thousand US homes.

**VOD:** **Comcast** will launch this month **Havoc TV's** on demand action sports and indie music services in HD. -- **Comcast Media Center** has developed a business-modeling tool that helps system ops evaluate the cost and ROI of launching the VOD In a Box service offered jointly by CMC and **ARRIS**.

**Ratings:** **AMC** posted its best Nov ever among total day rating, 25-54s, women 25-54 and 18-49s. -- **TNT's** premiere of "Leverage" garnered 5mln total viewers and 2.1mln 18-49s, its best delivery ever in the demo for an original series telecast during broadcast season. The net's original movie "The Librarian: Curse of the Judas Chalice" got 5.4mln viewers.

**Programming:** **Golf Channel** on Mon rolled out its own HD channel in more than 12mln homes. In '09, more than 2k total hours and more than 750 original hours will air on the net in native HD. -- **Fox** has selected **Motorola** tech to enable the transition of all its satellite program distribution to 100% HD. Beginning in 1Q, the tech will aid Fox's national cable nets and RSNs, plus **Fox News** and **Fox Business**. -- **Smithsonian Channel** and **Skyworks** are collaborating for "Aerial America," a series of 50 1-hour programs offering high-def views from above all 50 states. -- *Wolf Blitzer* inked a deal with **CNN** to continue as the host of "The Situation Room" and to be the net's lead political anchor through the '12 election.

**CTAM's elected '09 officers include:** **ESPN** evp, sales and marketing *Sean Bratches*, chmn; **Bright House** CEO

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# We asked the CableFAX 100 to dish. Here's what they said:

## I Wish My Kids Would \_\_\_\_\_.

"Say just once, that I'm the boss of the house, instead of their mother."  
— Fox Cable Networks President Rich Battista

## The Best Business Advice Received:

"If you ever get to feeling important, never forget, it's the chair they come to see—you're just the body keeping it warm. (You can all guess who the wise man was that passed that one along!)"  
— Time Warner Cable EVP/Chief Programming Officer Melinda Witmer

## Favorite Foods:

You can never tell a book by its cover. Billionaire and HDNet owner Mark Cuban was asked about his favorite foods, we expected him to say lobster, champagne and caviar (what we eat at CableFAX every day). Instead, Mark said his favorites are: "7-11 Tuna fish sandwiches and NutriSystems' lasagne."

## What's the Worst Part of Your Job:

"Washing Ryan Seacrest's Bentley."  
— President/CEO, Comcast Entertainment Group Ted Harbert

**View the CableFAX 100 issue on [CableFAX.com](http://CableFAX.com), and see who will be too powerful to return your calls in 2009.**

To order extra copies of the CableFAX 100 contact Client Services at (800) 777-5006.



# BUSINESS & FINANCE

Steve Miron, co-chair; HBO co-pres Eric Kessler, secretary; Time Warner Cable evp/CMO Sam Howe, treasurer; and Cox CMO Joe Rooney immediate past chair.

**Get Well Soon:** Discovery Channel host *Bear Grylls* was injured Fri while on an independent expedition in Antarctica to raise money for intl charity Global Angels, said the net. Grylls sustained a shoulder injury and was flown back to the UK for medical treatment.

**Milestone:** Offering content from **ESPN** and **CBS**, **Gas Station TV** is now available at 1K stations in more than 100 US DMAs.

**People:** **Canoe Ventures** appointed *John Collins* svp, product development; *Bruce Dennler* svp/chief relationship officer; and *Mark Mitchell* svp/chief relationship officer, network relations. -- **Gospel Music Channel** promoted *Jerry Williams* to sr dir, scheduling and acquisitions.

**Business/Finance:** **Playboy** chmn/CEO *Christie Hefner* has announced plans to abdicate her CEO post effective Jan 31, and to remain a board member until a replacement chief exec comes aboard. *Jerome Kern* has been appointed interim non-exec chmn. -- A **Disney** subsidiary has agreed to acquire outstanding shares of pan-European kids entertainment company **Jetix Europe**, of which it will own 96% when the deal closes.

## CableFAX Daily Stockwatch

Company	12/08 Close	1-Day Ch	Company	12/08 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
AMDOCS:	17.94	1.03	AMPHENOL:	22.32	1.39
BRITISH SKY:	26.62	1.07	APPLE:	99.72	5.72
DIRECTV:	23.33	1.32	ARRIS GROUP:	6.91	(0.14)
DISNEY:	24.92	2.15	AVID TECH:	11.02	0.20
ECHOSTAR:	11.97	0.94	BIGBAND:	4.87	0.20
GE:	18.8	1.03	BLNDER TONGUE:	0.87	(0.03)
HEARST-ARGYLE:	7.84	(0.47)	BROADCOM:	15.46	0.52
NEWS CORP:	9.17	0.41	CISCO:	17.25	1.31
<b>MSOS</b>					
CABLEVISION:	15.01	0.66	COMMSCOPE:	12.84	1.64
CHARTER:	0.18	0.01	CONCURRENT:	3.40	0.10
COMCAST:	16.55	0.39	CONVERGYS:	6.35	0.38
COMCAST SPCL:	15.86	0.24	CSG SYSTEMS:	16.90	0.44
GCI:	7.73	0.35	ECHOSTAR HOLDING:	14.75	0.38
KNOLOGY:	5.72	0.37	GOOGLE:	302.11	18.12
LIBERTY CAPITAL:	2.71	0.21	HARMONIC:	5.19	0.45
LIBERTY ENT:	11.11	0.23	JDSU:	3.15	0.25
LIBERTY GLOBAL:	13.63	0.89	LEVEL 3:	0.81	0.01
LIBERTY INT:	2.30	(0.05)	MICROSOFT:	21.01	1.14
MEDIACOM:	3.00	0.25	MOTOROLA:	4.40	0.04
SHAW COMM:	18.15	1.09	NDS:	47.10	0.56
TIME WARNER CABLE:	21.23	0.43	NORTEL:	0.58	0.03
VIRGIN MEDIA:	4.45	0.42	OPENTV:	1.25	0.05
WASH POST:	409.00	6.68	PHILIPS:	17.20	1.07
<b>PROGRAMMING</b>					
CBS:	7.83	0.44	RENTRAK:	9.72	0.36
CROWN:	2.01	0.03	SEACHANGE:	7.80	0.33
DISCOVERY:	14.96	1.17	SONY:	20.04	1.10
EW SCRIPPS:	2.32	0.12	SPRINT NEXTEL:	2.73	0.13
GRUPO TELEVISA:	15.92	0.68	THOMAS & BETTS:	20.91	1.59
HSN:	1.44	(0.38)	TIVO:	6.67	0.24
INTERACTIVE CORP:	15.39	0.23	TOLLGRADE:	4.17	(0.29)
LIBERTY:	28.05	2.07	UNIVERSAL ELEC:	15.95	0.07
LODGENET:	0.49	0.01	VONAGE:	1.31	0.19
NEW FRONTIER:	1.57	0.01	YAHOO:	12.20	0.54
OUTDOOR:	7.14	0.56	<b>TELCOS</b>		
PLAYBOY:	2.13	0.38	AT&T:	29.98	1.83
RHI:	5.02	0.03	QWEST:	3.45	0.42
SCRIPPS INT:	24.96	1.08	VERIZON:	34.23	1.04
TIME WARNER:	10.71	0.20	<b>MARKET INDICES</b>		
VALUEVISION:	0.45	(0.03)	DOW:	8934.18	298.76
VIACOM:	17.15	0.94	NASDAQ:	1571.74	62.43
WWE:	12.04	0.44	<b>TECHNOLOGY</b>		
<b>TECHNOLOGY</b>					
3COM:	2.07	0.08			
ADC:	5.79	0.37			
ADVANTAGE:	1.38	(0.03)			
ALCATEL LUCENT:	2.32	0.35			

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# EYE ON ADVERTISING

## Socially Selling

Social networking is real phenomenon. Facebook, MySpace, LinkedIn and friends have sucked in more than half of U.S. consumers with Internet access, and 61% of users spend more than a half hour on their site of choice, according to new research from IDC. Which sounds like an advertiser's 'net dream. But social networking sites so far are emerging as black hole for companies, which can't seem to crack the code, according to the study. Cathy Applefeld Olson spoke with Caroline Dangson, a research analyst in IDC's Digital Marketplace Group, about when and how advertising will outgrow its social awkwardness.

**Your new research suggests social networking sites are an advertising abyss. Ads on these sites vs the Web at large have lower click-through rates (57% vs. 79%), yielding fewer purchases (11% vs. 23%).**

CD: Right now, that's true. The primary reason people go to these sites is to connect with friends. So when we think of that interaction, we see an incredible opportunity for companies to monetize through advertising. But right now, CPM rates are horrible, and it's a viscous cycle because since advertising isn't taking off they can't sell high CPMs...

**From the advertiser's perspective, what's a company trying to break in with the SNS crowd to do?**

CD: Advertisers have to approach social media differently. It's more about a conversation, and that's why branded applications are really a hot item right now. Brands can sponsor the application, or become the application itself. Casual games are starting to enter into social media, and we're starting to see sponsorship of some of these games. And on iLike, for example, you can buy a concert ticket—complete the transaction—as an application on the site, which has great revenue-sharing possibilities. It's not about just throwing up a static banner ad on the site; it's about getting into these applications and becoming part of the community. It's a whole different

way of thinking.

**Are there companies that are getting it right?**

CD: It's a matter of expectations right now. There's a company called **Sometrics** that's using social networking services as testing grounds for advertisers. They help an advertiser put up primarily banner ads on sites and, whether or not the ad has a tremendous amount of click-throughs or not, their idea is to use the sites as focus groups for engagement and brand assessment with the young demographic advertisers want to get to. And if people click through, they ask a few questions trying to get research and feedback. They realize advertising on social networking sites is not really a money-making idea yet—although companies could be saving money on research and development—but it's a way to potentially help make money elsewhere.

**How about the social networking sites themselves? Which ones are making the best case for advertisers?**

CD: LinkedIn has had some success incorporating advertising as a real money-maker, and MySpace introduced an interesting concept this summer where they created landing pages so when people went to log in they didn't go to their personal profile, but to an [sponsored page]. There were a lot of movie trailers and things like that. And, of course, MySpace recently began allowing users to purchase music directly from the site.

**How critical is it that advertisers figure out the social networking conundrum?**

CD: It's important for advertisers to get their feet wet on social networking sites because the Web in general is getting more social. Every site will face similar challenges to what the SNS' are faced with now, and advertisers will be faced with more of the same challenges, too.

*(Longtime entertainment industry reporter Cathy Applefeld Olson is delighted to be documenting media's wild ride into the 21st century)*



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