

# CableFAX Daily™

Tuesday — December 13, 2011

What the Industry Reads First

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## It's the Most Contentious Time... Retrans Season Upon Us

Dec's typically heavy docket of retrans disputes went on display Mon as **Time Warner Cable** and **Cordillera Comm** haggled over pricing for 4 Corpus Christi TV stations including **NBC**, **CW** and **Telemundo** affils and an indie station. At our deadline, TWC said talks are ongoing in an attempt to hammer out a deal before the midnight deadline. Cordillera said TWC has refused to agree to an extension through Dec 31, while the MSO said Cordillera wants a 400% hike over current prices and has threatened pull the station signals if a deal can't be reached. On a positive note, TWC just forged a retrans deal with **Saga Comm** covering TX **ABC** affil KAVU-TV and says there are no other channels currently at risk within its footprint. The MSO and other ops, however, may face increased retrans demands going forward from **CBS TV Stations**, which announced Mon it has inked a definitive deal to acquire indie NY station **WLNY-TV**. The purchase would give the 28-station group a duopoly in the nation's largest media market and augment duopolies in 9 others including L.A., Philadelphia and Boston. Perhaps telegraphing the negotiations that lie ahead, **CBS Local Media** COO *Anton Guitano* said the company looks forward to leveraging its NY area assets "to broaden the appeal of WLNY throughout the tri-state area and drive ratings and revenue growth." Indeed, **Moody's** recently said it expects broadcasters to reap \$3.6bln from pay TV ops in '17, up from \$1.2bln currently and driven in part by ramping reverse compensation demands of the Big 4 that must be offset. And **SNL Kagan** foresees a jump in retrans fees to \$3.9bln by '15, up from approx \$500mln in '08. At the **UBS** conference last week, **Nexstar** chmn *Perry Sook* said retrans demands of \$1.50-\$2.00/sub/month is a realistic goal for station groups, albeit noting that it might take at least 6 years to achieve. Earlier this month, **DISH** and Nexstar forged a retrans agreement covering 55 stations and related digital programming channels owned by Nexstar and **Mission Broadcasting**. Meanwhile, more potential retrans trouble is percolating and may come to a head later this month. Sinclair and Insight are careening toward an impasse come Dec 31, with Sinclair stations already warning Insight subs "based on the current status of negotiations we do not believe they will be carrying this station after that date." Insight declined to comment Mon on the current tenor of talks. **Hearst** has a slew of retrans deals expiring at the end of the year with ops including **Charter**, **Mediacom** and **AT&T**.



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**Busy AT&T:** Mere days after a US District Court judge said she'd consider this week the **DoJ's** request to withdraw or suspend its antitrust case against the proposed **AT&T-T-Mobile** merger, the DoJ joined a Mon filing with the court in which **AT&T** and **Deutsche Telekom** expressed interest in staying any further court proceedings until Jan 18 so they might evaluate alternative options. The judge granted the request. **S&P** believes the deal is still alive but also thinks AT&T "remains attractive as a standalone company with organic wireless growth, room for margin expansion and an above-average dividend yield." Meanwhile, the **FCC** informed the telco and **Qualcomm** of the restart, effective Nov 29, of its informal 180-day clock pertaining to the review of AT&T's proposed \$1.9bln acquisition of Qualcomm. The Commission tied together in Aug its consideration of that deal plus the proposed AT&T-T-Mobile transaction, and said the telco's withdrawal of its T-Mobile apps necessitated the clock restart. And lastly, AT&T is suing the FCC over the Commission's Intercarrier Compensation reform order (**Cfax**, 10/28), specifically the portion that would treat cable ops' VoIP traffic and other phone services equally regarding compensation for exchanging and terminating traffic.

**Ad Outcry:** Media outlets were ablaze Mon with mostly negative reactions to **Lowe's** decision to pull its ads from **TLC** series "All-American Muslim"—reportedly due to pressure from conservative Christians who see the show as Muslim propaganda. The series, which follows the daily lives of 5 American Muslim families in Dearborn, MI, premiered to 1.75mln total viewers last month. *Sen Ted Lieu* (D-CA) excoriated the home improvement retailer in a Sat letter to CEO *Robert Niblock*, calling its ad removal "bigoted, shameful, and un-American." Lieu and various groups around the country are now calling for a boycott of Lowe's. "We stand behind the show All American Muslim and we're happy the show has strong advertising support," said TLC in a statement. A petition is posted at **SignOn.org** that seeks to send a letter to current show advertisers including **Time Warner Cable**, **Wal-Mart** and **Petsmart** asking them to continue their support of the series and repudiate calls from groups to stop advertising on the show.

**Rumor Mill:** Perhaps more direct than a rumor, **DISH** CEO *Joe Clayton* insinuated through *Bloomberg* that his company's working on an online TV service and importantly owns some launch leverage through the great amount of content it buys. Yet the comments will likely stoke additional whispers about prospective moves in the OTT space that began in earnest last week following a *Reuters* report about **Verizon's** plan to intro a streaming service next year to rival **Netflix** in non-FIOS markets. Speculation that VZ will partner with **RedBox** for such a service ensued, and on Mon NFLX shares jumped more than 6% on chatter that VZ is angling for a takeover of the rental service.

**Ratings: USA** is poised to win the ad-supported cable prime title for a 6th consecutive year among 25-54s (1.30mln), 18-49s (1.21mln) and total viewers (3.17mln). The net's 10 original series all averaged at least 4.29mln P2+. -- **Syfy's** averaging 1.33mln viewers in prime so far this year, a tally that's up 10% compared to '10 and puts the net on track to notch its most-watched prime year in history. -- The 2nd season premiere of **MTV's** "Teen Mom 2" earned a franchise-record 4.2mln total viewers and 4.1 rating among 12-34s. The show drove the net's highest-rated Tues in history. -- **NFL Net** scored with the Steelers-Browns on Thursday Night Football, with the game delivering an avg of 6.6mln viewers to rank as the night's most-watched program on cable and earn a 22% YOY increase.

**Programming:** Backed by official sponsors **Geico** and **Nike**, **MTV's** "NYE in NYC" (Dec 31) special will feature several live musical performances at the net's Times Square studio by artists including *Demi Lovato* and *Selena*



## GAME OVER 12|31|11

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# BUSINESS & FINANCE

Gomez. -- ION TV picked up all 7 seasons of "Cold Case" from Warner Bros and will begin airing the drama next month. As part of the deal, ION extended and expanded its rights to "Without a Trace." -- **Jewish Live TV** will air live (12:30pm ET) Pres Obama's Fri address at the Union of Reform Judaism Biennial in MD.

**On the Circuit: ACA's 19th Annual Summit** will roll into Washington, D.C., from Mar 13-15 at the Grand Hyatt. The show's theme, "Geared Up For Progress," underscores the association's commitment to engaging the public on critical issues including retrans, broadband deployment and access to content on fair and reasonable terms. More info at [www.ACASummit.org](http://www.ACASummit.org). -- NCTA is searching for speakers for **The Cable Show 2012** in Boston (May 21-23), on topics including the latest developments in multi-screen media and content development. More info at [2012.thecableshow.com](http://2012.thecableshow.com). -- **MFM/BCCA's '12 CFO Summit** will be staged Feb 23-24 in Fort Lauderdale. More info at [www.bcfm.com](http://www.bcfm.com). -- Don't miss the Dec 14 late entry deadline for **CableFAX's** annual **Best of the Web** awards. More info: <http://www.cablefax.com/cfp/BOW11/>  
**People: Speed** pres *Hunter Nickell* is leaving the net at year's end while continuing to explore opportunities within **Fox Sports Media Group**. An interim replacement is expected to be named shortly.

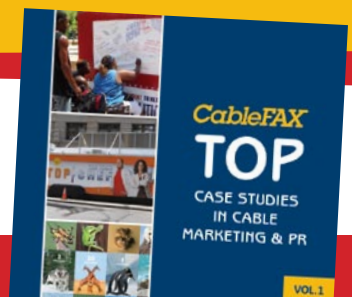
## CableFAX Daily Stockwatch

Company	12/12 Close	1-Day Ch	Company	12/12 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	46.57	0.51	CLEARWIRE:	2.13	(0.01)
DISH:	25.68	(0.15)	CONCURRENT:	3.45	0.04
DISNEY:	36.65	0.09	CONVERGYS:	12.32	(0.33)
GE:	16.46	(0.38)	CSG SYSTEMS:	14.87	(0.22)
NEWS CORP:	17.86	(0.1)	ECHOSTAR:	22.21	(0.77)
<b>MSOS</b>					
CABLEVISION:	14.48	0.25	GOOGLE:	625.39	(2.03)
CHARTER:	52.81	(0.13)	HARMONIC:	5.25	(0.05)
COMCAST:	23.27	0.59	INTEL:	24.00	(1.01)
COMCAST SPCL:	23.09	0.55	JDSU:	10.61	(0.19)
GCI:	10.19	0.03	LEVEL 3:	18.03	(0.36)
KNOLLOGY:	14.20	(0.08)	MICROSOFT:	25.51	(0.19)
LIBERTY GLOBAL:	39.32	(0.44)	MOTOROLA MOBILITY:	38.69	(0.18)
LIBERTY INT:	15.82	(0.19)	RENTRAK:	14.30	(0.48)
SHAW COMM:	19.74	(0.17)	SEACHANGE:	7.74	(0.15)
TIME WARNER CABLE:	62.60	0.13	SONY:	17.87	(0.41)
VIRGIN MEDIA:	21.31	0.08	SPRINT NEXTEL:	2.37	(0.1)
WASH POST:	355.15	10.15	THOMAS & BETTS:	52.74	(0.65)
<b>PROGRAMMING</b>					
AMC NETWORKS:	35.46	(0.79)	TIVO:	9.55	(0.2)
CBS:	26.25	(0.39)	UNIVERSAL ELEC:	16.22	(0.09)
CROWN:	1.31	(0.06)	VONAGE:	2.37	(0.08)
DISCOVERY:	41.51	(0.4)	YAHOO:	15.47	(0.47)
GRUPO TELEVISIA:	21.13	0.07	<b>TELCOS</b>		
HSN:	36.75	(1.01)	AT&T:	29.01	(0.02)
INTERACTIVE CORP:	41.09	(0.69)	VERIZON:	38.35	(0.08)
LIONSGATE:	8.43	(0.19)	<b>MARKET INDICES</b>		
LODGENET:	2.53	(0.02)	DOW:	12021.39	(162.87)
NEW FRONTIER:	1.08	(0.03)	NASDAQ:	2612.26	(34.59)
OUTDOOR:	7.03	(0.39)	S&P 500:	1236.47	(18.72)
SCRIPPS INT:	42.39	0.18			
TIME WARNER:	34.24	(0.36)			
VALUEVISION:	2.08	(0.04)			
VIACOM:	47.74	(1.32)			
WWE:	10.17	(0.3)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.06	0.04			
ALCATEL LUCENT:	1.65	(0.06)			
AMDOCS:	27.95	(0.06)			
AMPHENOL:	43.61	(1.34)			
AOL:	14.00	0.02			
APPLE:	391.84	(1.78)			
ARRIS GROUP:	10.31	(0.23)			
AVID TECH:	7.56	(0.13)			
BLNDER TONGUE:	1.16	(0.04)			
BROADCOM:	29.27	(1.02)			
CISCO:	18.53	(0.35)			

## Ramp Up Your Marketing & PR Skills with the CableFAX Top Case Studies in Cable Marketing & PR Guidebook.

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# EYE ON ADVERTISING

## Zapping Up Buyers

Online retailer **Zappos** consistently scores high points for its innovative marketing and customer experience. The company that started out in 1999 pedaling footwear has grown to become merchandiser of men's and women's apparel, handbags, kids clothing and eyewear—and continues to add categories since its headline-grabbing purchase by **Amazon** for a cool \$1.2bln two years ago. As the cable industry steps toward its biggest year yet in terms of rolling out the television experience wherever and whenever customers want it, we thought we'd wind down 2011 with some insight about what works in the mobile and online environments. Michelle Thomas, Zappos.com senior brand marketing manager, tells Cathy Applefeld Olson why the company thinks mobile-y and acts socially, and vice versa. And although Zappos does just a minuscule portion of its advertising on television, Thomas explains what cable networks could do to get the retailer to sit up and take notice.

### What's the breakdown of media—online, television, print—Zappos advertises with?

MT: Online (90%), print (7%), TV (1%), out of home (1%), other (1%).

### The Zappos television budget is tiny by design. What cable networks do you tend to target for advertising?

MT: We are running on networks like E!, Bravo, ABC Family, TBS and ESPN. These networks index well from our MRI/Experian data and have proven to be successful for us in the past.

### Can you provide us with some details about your current holiday campaign?

MT: We currently have a multichannel holiday campaign running that includes TV, print, online and social integrations, all focused on "Celebrating the Art of Gift-

ing."

### Do broader integrations make more sense than traditional spot advertising for Zappos when it comes to the television platform?

MT: We do believe that deeper integrations allow us to tell our brand story more in-depth than traditional spot advertising. But we don't discount the importance of what spot placements do. Our focus is on the four C's—clothing, customer service, culture and community—and rolling all of those messages into a 30-second spot is really difficult and challenging to do!

### So given that environment, what can cable companies do to get Zappos' business?

MT: Innovation is core to the DNA of our brand. Networks that think untraditionally about a traditional media—and being first to market—will at least get us to step up and take notice.

### Cable operators are making inroads toward the realization of TV Everywhere. As an innovative mobile marketer, what advice would you give companies increasingly migrating to mobile applications in terms of user experience, customer engagement, etc.?

MT: I think for marketers it's more about shifting mind-sets within every customer touch point to think "mobile-y" and to think socially. I also think it's important for any campaign, whether it be TV, print, or digital, to think of the mobile user experience and optimize the campaign with the mobile user in mind. Mobile is a more personal device and provides greater opportunity for engagement. The trick is understanding and playing off the synergies between mobile and other consumer touch points for the optimal experience.

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





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Entry Questions: Mary Lou French at 301-354-1851; [mfrench@accessintel.com](mailto:mfrench@accessintel.com)