

CableFAX Daily™

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What the Industry Reads First

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Narrow Yet Widening: Niche Cable Channels Gaining Distribution

Specialized content has played a critical role in cable's recent viewership boom, and niche nets have capitalized on this trend to gain additional distribution in '08. Of the channels that owned cable distribution of 40-70mIn HHs in Jan, **Lifetime Movie Net** achieved the greatest percentage growth in cable distribution this year with 15%, according to **Nielsen** data. It also had the greatest number of added homes (8.9mIn). Percentage-wise, **History Intl** (10%), **TV One** (9%), **Science Channel** (8%) and **Discovery Health** (8%) followed. Sure, such nets have greater room for penetration increases than do established channels such as **ESPN**, **A&E** and **TBS**, but intense competition for carriage exists within the former group amid a foundering economy. "There's always been a focus [by operators] on value for rate and delivering what customers want, but I think it's even more of a focus now," said **Lifetime** evp, distribution **Lori Conkling**. **TV One** evp, affil sales and marketing **Michelle Rice** agreed, saying "it's a much more competitive market than in the past, and operators are only willing to launch networks that can help them meet their business objectives and show results." Several factors have contributed to LMN's growth this year, said Conkling, including ratings growth and its target audience. LMN is "an easy net for a distributor to advertise" because of its dominating female viewership, said Conkling, noting 50% YOY growth for the net in 4Q prime ratings among women 18-34 and 10 straight Qs of double-digit ratings growth. Similarly, **TV One's** African American niche focus helped it achieve success initially, said Rice, and continues to provide benefits. Current growth factors include "our expertise in marketing to our target audience, and our ability to create strategic marketing programs that help meet cable operators' business objectives," she said. Subs' affinity for particular channels certainly helps with carriage as well, and **Beta's** recent digital cable sub study (Oct) showed notable popularity for all the aforementioned emerging nets. LMN was the 2nd-ranked digital basic net among adults 18+, and it also ranked in the top 5 among women 18+ and African-Americans. Not surprisingly, **Discovery Health**, **Science** and **History Intl** also ranked in the top 10 among adults 18+. **TV One** ranked in the top 5 among African Americans.

In the States: Even as **SES Americom** plans to end its IPTV delivery service because of slow adoption and economic uncertainty, IPTV content aggregator/provider **Avail Media** plans "to continue to expand our platform investments and broaden our service and content offerings, even during these tough economic times," said CEO **Ramu Potarazu** in a release. With partners including **NBCU**, **MTVN** and **Fox Cable Nets**, the company noted the following '08 achievements: 73 commercial video deployments using its managed video service platform; more than 100% YOY growth in its linear content affil base; and more than 300% growth in its VOD business to more than 1mIn subs. -- That TV junkie you know may enjoy the gift of **Comcast** for the holidays. The MSO is offering at **Comcast.com** gift cards ranging in amounts from \$5-\$500. They can be used to order or upgrade services, purchase VOD content or apply to existing bills.

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Carriage: TV One's new simulcast HD channel has received carriage on **Time Warner Cable** in NYC, and on **Comcast** in Boston, Chicago, Portland and Seattle. Additional launches are expected in early Jan. -- **Comcast** will launch in CA Thurs **News Corp's** Hindi programming net **Star India Plus**. The net will be available to digital subs for \$12/month separately, or in a package for a discounted rate. -- **Charter** has agreed to carry **WFN: World Fishing Network** on the Charter Sports View tier on its MN systems.

Just the Show, Please: Declining viewership has certainly strained the traditional broadcast TV model, and consumers' desire to watch content when they want may be exacerbating the strain. According to **TiVo's** StopItWatch ratings service, at least half of the viewing for broadcast series premieres in Oct was time-shifted. "The effect of DVRs on primetime network programming is staggering... these shows are losing close to 50% of their effective ad inventory in DVR homes," said TiVo Audience Research & Measurement vp/gm **Todd Juenger**. "I can think of no bigger issue facing network television and the brands that depend on it." And, cable's time-shifted audience avoids fewer ads than does its broadcast counterpart. In Oct, 51% of this cable audience skipped commercials, a YOY increase of 2 percentage points, yet still behind broadcast's corresponding 64% (-1 percentage point YOY).

Research: The **Kelsey Group's** '09 local media predictions include a surge in video ads on the Websites of SMBs. The firm expects related growth to exceed next year its previous forecast of a 163% CAGR.

Programming: **Versus** has picked up the exclusive TV rights to the '09 Tour Down Under, which begins Jan 20 and is scheduled to be **Lance Armstrong's** 1st competitive cycling race since '05. -- **HBO** and **Oprah's Harpo Films** have forged an exclusive relationship to develop and prod scripted TV programming for the premium net including include miniseries, movies, docs and series. -- Calling yet another audible, the Arena Football League's board has decided to suspend its '09 season after 22 consecutive years of play while it develops a long-term plan for economic improvement. In late '06, **ESPN** acquired minority ownership in the 19-team league as part of a 5-year pact to televise a minimum of 26 games per season. -- **IFC** greenlit a 2nd season of "Z Rock" (Jun). -- **Hallmark Channel** is developing "Citizen Jane," an original movie based on the life of recently deceased victim's rights activist **Jane Alexander**.

Deals: **Comcast Ent Group** has tapped **ACI Licensing** and **Sloane Vision Unlimited** to develop strategic licensing and merchandise programs for **Style Net** and **G4**, respectively.

Brag Book: **Nickelodeon** said '08 will become its most-watched year ever among total viewers in total day (2.2mln). -- **Cartoon Net's** "Total Drama Island" became the net's top telecast in history among tweens 9-14 (1.56mln). -- The season 3 finale of **Showtime's** "Dexter" delivered 1.52mln HHs, the greatest number for a net telecast since '04. The ep's premier night combined for 2mln HHs to yield the greatest original series delivery since the same year.

On the Circuit: **SCTE** is now accepting noms for 7 seats on its board through SCTE.org. Board members are elected to a 2-yr term, and eligible candidates must be active SCTE members who have been members for at least the last 3 years and reside within the region they will represent.

People: **HBO** promoted **Tom Woodbury** to evp/genl counsel, networks business affairs. -- **OWN: The Oprah Winfrey**

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TV GUIDE NETWORK

BUSINESS & FINANCE

Network appointed *Liz Dolan* chief marketing officer. -- **WWE** tapped *Robert Zimmerman* as vp, public relations and corp comm. *Gary Davis* will take on a new role WWE vp, global public affairs, a new position focused community, philanthropy, government, and business outreach.

Business/Finance: **Motorola's** planning several cost reduction measures to battle the global economic slowdown, including a voluntary 25% decrease in the '09 base salaries of co-CEOs *Greg Brown* and *Sanjay Jha*. Brown will also forgo any '08 cash bonus earned under the Moto incentive plan, and Jha will reduce his guaranteed cash bonus for '08 by an amount equal to Brown's forfeited bonus and the remainder will be taken in the form of restricted stock units. Also planned: effective Jan 1, a temporary suspension of all company matching to Moto's 401(k) plan; effective Mar 1, a permanent freeze of Moto's US pension plans that will preserve vested benefits accrued by employees and retirees but eliminate future benefit accruals. In addition, many employees will not receive salary increases next year.

CableFAX Daily Stockwatch

Company	12/17 Close	1-Day Ch	Company	12/17 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	29.36	(1.41)	ADC:	5.18	0.18
DIRECTV:	23.24	(0.49)	ADDVANTAGE:	1.82	(0.06)
DISNEY:	23.58	(0.2)	ALCATEL LUCENT:	2.32	(0.06)
ECHOSTAR:	11.49	0.18	AMDOCS:	17.89	(0.38)
GE:	17.39	(0.53)	AMPHENOL:	23.28	0.35
HEARST-ARGYLE:	5.39	0.18	APPLE:	89.16	(6.27)
NEWS CORP:	8.91	(0.01)	ARRIS GROUP:	7.31	0.17
MSOS					
CABLEVISION:	15.18	0.33	AVID TECH:	10.92	(0.35)
CHARTER:	0.14	0.02	BIGBAND:	5.22	(0.03)
COMCAST:	16.34	(0.11)	BLNDER TONGUE:	0.98	0.08
COMCAST SPCL:	15.65	(0.06)	BROADCOM:	18.90	0.26
GCI:	7.84	(0.34)	CISCO:	16.84	(0.58)
KNOLOGY:	5.77	0.02	COMMSCOPE:	14.79	0.33
LIBERTY CAPITAL:	3.48	(0.09)	CONCURRENT:	3.28	(0.04)
LIBERTY ENT:	18.29	0.60	CONVERGYS:	6.41	0.15
LIBERTY GLOBAL:	13.00	0.22	CSG SYSTEMS:	17.33	0.68
LIBERTY INT:	3.12	0.21	ECHOSTAR HOLDING:	13.44	(0.69)
MEDIACOM:	3.45	0.14	GOOGLE:	315.24	(10.04)
SHAW COMM:	17.50	(0.16)	HARMONIC:	5.81	0.00
TIME WARNER CABLE:	20.16	0.21	JDSU:	4.03	0.06
VIRGIN MEDIA:	4.39	(0.25)	LEVEL 3:	0.72	(0.01)
WASH POST:	390.40	(1.6)	MICROSOFT:	19.66	(0.45)
PROGRAMMING					
CBS:	7.75	(0.22)	MOTOROLA:	4.41	0.00
CROWN:	1.93	(0.01)	NDS:	49.00	(0.25)
DISCOVERY:	13.46	0.32	NORTEL:	0.27	(0.04)
EW SCRIPPS:	1.78	0.04	OPENTV:	1.25	0.00
GRUPO TELEvisa:	15.83	(0.08)	PHILIPS:	20.15	0.53
HSN:	3.29	0.07	RENTAK:	10.85	0.36
INTERACTIVE CORP:	16.28	(0.44)	SEACHANGE:	6.44	(0.05)
LIBERTY:	28.45	(0.67)	SONY:	20.78	(0.56)
LODGENET:	0.65	(0.03)	SPRINT NEXTEL:	1.85	(0.13)
NEW FRONTIER:	1.66	0.00	THOMAS & BETTS:	24.04	1.04
OUTDOOR:	6.62	0.04	TIVO:	6.73	(0.06)
PLAYBOY:	2.25	0.05	TOLLGRADE:	4.64	0.25
RHI:	5.05	0.22	UNIVERSAL ELEC:	14.75	(0.2)
SCRIPPS INT:	20.64	(0.49)	VONAGE:	1.03	0.03
TIME WARNER:	10.38	(0.14)	YAHOO:	13.11	(0.25)
VALUEVISION:	0.40	0.00	TELCOS		
VIACOM:	18.85	0.05	AT&T:	28.12	(0.11)
WWE:	11.74	(0.13)	QWEST:	3.08	0.03
TECHNOLOGY					
3COM:	2.17	(0.01)	VERIZON:	34.05	0.55
MARKET INDICES					
				DOW:	8824.34 (99.8)
				NASDAQ:	1579.31 (10.58)

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