

CableFAX Daily™

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What the Industry Reads First

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One for One, Not One For All: Industry Working Toward Addressable Ads

'11 is the year of the rabbit according to the Chinese Zodiac, but for most pay TV ops here in the states it can seem like the year of the tortoise where addressable ads are concerned. **Cablevision** is the clear leader in the space, having already featured more than a dozen addressable ad campaigns across its footprint with partners including **Starcom MediaVest**, **GroupM** and **Universal McCann**. And **DirectTV** announced this month plans with **Starcom** to begin testing addressable ad tech in '11. Yet due to key issues and/or a keen focus on interactive ads, **Canoe Ventures** has no imminent plans for addressability. If launched smartly, addressable ads have the potential to be a "strong strategic lever," said **Canoe** CTO *Arthur Orduna*, but featuring the tech nationally on cable requires overcoming several obstacles. For example, splitting a single spot into 100mln separate units represents a "huge business issue," he said, and extreme care must be taken to ensure consumers' privacy. 2 tech types are available to deliver addressable ads: 1 from **Invidi Technologies** that delivers ads to individual DVRs, and another from **Visible World** aimed at the system level across multiple headends. CVC's using **Visible World**, and according to pres *Tara Walpert Levy* (*Cfax*, 12/14), "2010 was a huge year for credibility for household-specific addressability... I think we'll see at least one, if not more pilots coming out in cable in 2011." Meanwhile, **Canoe** and **Comcast Spotlight** are busy ramping interactive ads. **Canoe** will have 25mln EBIF-enabled homes live as of this week, and expects to have scaled national interactivity fully deployed in '11 offering RFI, polling and trivia. "It is open for business," said *Orduna*, noting how **Canoe** is busy educating advertisers about what is currently possible and available. The company's also looking to roll out the 1st iteration of dynamic VOD ad insertion with a national programmer. **Comcast Spotlight's** *Chris Ellis* called '10 "the year of interactivity," and said the company has featured 340 RFI campaigns with 160 advertisers, generating 280mln impressions. Rolling out currently are interactive spots from programmers that allow viewers to set up DVR recordings of specific shows, and VOD telescoping is on tap for early next year. **Spotlight** has staged 2 addressable ad trials that showed the ad type can decrease viewer tune-aways by 32%, said *Ellis*, and the tech remains "high in importance." Important, yes, but still slow to materialize.

Carriage: **Cablevision** will add **OWN** in both SD and HD when it launches Sat, and said **Bresnan** will also carry the net. As of Sat, **OWN** will be available in 85mln homes. -- According to **Suddenlink**, completion of carriage deal with **Viacom** before the Fri deadline (midnight) is being endangered by the programmers' demand for a "more than 20% overall increase in what they are paid, which includes significant payment for a new network with R-rated programming that our customers have not requested and may not want." Negotiations continue.

Retrans: **Sinclair** announced an end to its retrans negotiations with **Time Warner Cable**, saying the 22 affected stations will be removed early Sat because the MSO refuses to continue talks after being offered a monthly per station increase

CableFAX's Top Case Studies in Cable Marketing & PR Guidebook

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averaging 10 cents/sub. That's poppycock, said TWC, arguing "it is Sinclair who has repeatedly over the last 3 months declared discussions to be at an end and this is more of the same." The MSO said it has presented Sinclair with at least 3 possible solutions to the impasse, including arbitration for certain stations, and remains "open and willing to negotiate."

Going Up: Several MVPDs are hiking service prices for '11. Citing "the increasing costs we pay to carry the channels you see," **DirectTV** has informed subs of a planned Feb price increase of 4% for most TV packages, plus higher pricing on some optional services. Verizon FiOS is upping the cost of a few premium packages by \$1-2 while also reconfiguring a few of its premium offerings to make them available as a la carte options. **Comcast's** upward rate adjustments will start in Jan on a rolling, market-by-market basis and affect video and Internet services and equipment charges. The avg customer bill will rise 2.8%. **Mediacom** added \$3 to customers' bills across its service area, the increase split between its broadcast and expanded basic tiers. Each **Time Warner Cable** market is unique in rate increases and timing. Effective Jan 15 in Buffalo, for example, prices for the MSO's basic and standard video services will rise by a respective \$1 and \$5, wired data serves by \$3-5, phone by as much as \$3 and bundles from \$3-8. Per a message to **U-verse** subs, **AT&T** is hiking video rates by \$5 for '11. **DISH** has not announced any price changes. And in Nov, **Cablevision** said its avg TV price increase for next year will be 2.88%, although prices for HSD and phone services will remain static for an 8th straight year.

In the States: **Comcast** launched **Xfinity Internet 2go** mobile broadband services in the Sacramento area. The MSO's current Xfinity Internet subs can add 2go for as little as \$40/month for the 1st 12 months. -- **AT&T** expanded its WiFi hotzone in Times Square and added new hotzones near Rockefeller Center and St. Patrick's Cathedral, and plans to launch 1 soon in San Francisco's Embarcadero Center. During the few months of a pilot program covering Times Square, downtown Charlotte and Chicago's Wrigleyville, the telco's customers made more than 350K connections at the 3 hotzones.

Net Neutrality: In a blog post this week, **Stanford Law School** assoc professor *Barbara van Schewick* said the **FCC's** open Internet order is stronger than many believe. Although the Commission didn't adopt the bright-line non-discrimination rule that many had argued for, said van Schewick, it did set out the important principles of transparency, end-user control and use-agnosticism to determine whether certain conduct constitutes unreasonable discrimination. "Instead of completely leaving the interpretation of the non-discrimination rule to future case-by-case adjudications, the FCC provides principles that observers can use to assess the likelihood that certain discriminatory conduct will be considered reasonable in the future," she said. And even though the order doesn't ban paid prioritization arrangements, van Schewick said it "seems to get as close to explicitly banning these arrangements as one can get without explicitly banning them" by "unequivocally" rejecting the main arguments in favor of such relationships.

Technology: Through a deal with **Sonic**, **Sears** and **Kmart**, customers may now download movies and TV shows through online service **Alphaline Ent** at Alphaline.Roxionow.com. In reviewing the new service, **BTIG** analyst *Rich Greenfield* said "The Town" is available for purchase (\$20) or rental (\$4), and argues that the rental price represents a much better deal. "With rental now so convenient between **Netflix**, **Redbox**, VOD... we believe consumers will simply stop buying movies, especially when it comes to digital content," said Greenfield. -- 11 industry suppliers participated in **CableLabs'** recent interoperability testing event focused on progress being made around wideband HD Voice. Also, Labs adopted **Digital Enhanced Cordless Telecom's** Cordless Advanced Tech—Internet and quality specs as part of its PacketCable HD Voice initiative.

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BUSINESS & FINANCE

Research: Multicultural consumers are driving adoption of video-enabled handheld devices, according to **Horowitz Assoc**, as 84% of Asian and 83% of Hispanic and Black broadband users can access video on a handheld, compared to 74% of Whites. Non-whites also lead in multiplatform TV involvement. 48% of Asian, 46% of Hispanic, and 35% of both Black and White broadband users watch TV content online, while 22% of Hispanic, 19% of Black, 16% of Asian and 15% of White broadband users watch TV content on a handheld weekly. Moreover, 29% of Asian, 22% of Hispanic and 24% of Black broadband users engage alternative platforms equally or more than traditional TV.

Business/Finance: NBCU's decision this past summer to keep its approx 6.45mln shares of **shopNBC/VVTV** is proving a sound move. VVTV shares jumped 20.9% Tues after **Piper Jaffray** initiated coverage with a 'buy' rating and \$8 price target, and after closing at \$5.90 have soared upward from \$1.73 since mid Jun. In 6 months, NBCU's stake has risen in value by more than \$26mln. -- **Caris & Co** analyst *David Miller* expects **OWN**, which launches Sat, to reap \$100mln in ad rev next year but spend \$85mln on programming and \$40mln on marketing. Break even for the net, said Miller, won't occur until mid '13.

CableFAX Daily Stockwatch

| Company | 12/28 Close | 1-Day Ch | Company | 12/28 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| BROADCASTERS/DBS/MMDS | | | | | |
| DIRECTV: | 40.02 | 0.38 | AVID TECH: | 17.96 | 0.10 |
| DISH: | 19.29 | 0.05 | BIGBAND: | 2.60 | (0.08) |
| DISNEY: | 37.36 | (0.12) | BLNDER TONGUE: | 2.07 | 0.02 |
| GE: | 18.32 | 0.13 | BROADCOM: | 43.24 | (0.44) |
| NEWS CORP: | 16.36 | 0.06 | CISCO: | 20.35 | 0.19 |
| MSOS | | | | | |
| CABLEVISION: | 33.79 | 0.22 | CLEARWIRE: | 5.16 | 0.08 |
| CHARTER: | 38.31 | 0.14 | COMMScope: | 31.24 | (0.02) |
| COMCAST: | 22.08 | (0.02) | CONCURRENT: | 4.96 | 0.06 |
| COMCAST SPCL: | 20.70 | (0.02) | CONVERGYS: | 13.25 | (0.02) |
| GCI: | 13.21 | 0.01 | CSG SYSTEMS: | 19.12 | 0.04 |
| KNOWLOGY: | 15.20 | (0.11) | ECHOSTAR: | 23.49 | (0.01) |
| LIBERTY CAPITAL: | 63.17 | (0.15) | GOOGLE: | 598.92 | (3.46) |
| LIBERTY GLOBAL: | 35.27 | 0.28 | HARMONIC: | 8.52 | (0.03) |
| LIBERTY INT: | 15.52 | (0.37) | INTEL: | 20.88 | 0.04 |
| MEDIACOM: | 8.44 | (0.01) | JDSU: | 14.55 | (0.01) |
| SHAW COMM: | 21.21 | 0.24 | LEVEL 3: | 0.95 | (0.01) |
| TIME WARNER CABLE: | 66.06 | 0.09 | MICROSOFT: | 28.01 | (0.06) |
| VIRGIN MEDIA: | 26.60 | 0.12 | MOTOROLA: | 8.96 | (0.03) |
| WASH POST: | 440.92 | 9.62 | RENTRAK: | 29.90 | (0.25) |
| PROGRAMMING | | | | | |
| CBS: | 19.05 | (0.24) | SEACHANGE: | 8.76 | (0.08) |
| CROWN: | 2.61 | (0.07) | SONY: | 35.84 | 0.23 |
| DISCOVERY: | 41.80 | (0.07) | SPRINT NEXTEL: | 4.20 | (0.07) |
| GRUPO TELEVISA: | 25.87 | (0.07) | THOMAS & BETTS: | 48.23 | (0.24) |
| HSN: | 30.38 | (0.81) | TIVO: | 8.64 | 0.02 |
| INTERACTIVE CORP: | 29.86 | 0.03 | TOLLGRADE: | 9.30 | 0.23 |
| LIBERTY: | 39.01 | (0.17) | UNIVERSAL ELEC: | 28.40 | (1.15) |
| LIBERTY STARZ: | 66.43 | (0.19) | VONAGE: | 2.31 | (0.06) |
| LIONSGATE: | 6.59 | 0.03 | YAHOO: | 16.43 | (0.05) |
| LODGENET: | 3.88 | (0.12) | TELCOS | | |
| NEW FRONTIER: | 1.70 | (0.02) | AT&T: | 29.23 | (0.02) |
| OUTDOOR: | 7.07 | 0.04 | QWEST: | 7.60 | (0.1) |
| PLAYBOY: | 5.30 | 0.03 | VERIZON: | 35.62 | 0.12 |
| SCRIPPS INT: | 52.00 | (0.5) | MARKET INDICES | | |
| TIME WARNER: | 32.23 | (0.04) | DOW: | 11575.54 | 20.51 |
| VALUEVISION: | 5.90 | 1.02 | NASDAQ: | 2662.88 | (4.39) |
| VIACOM: | 45.64 | (0.23) | S&P 500: | 1258.51 | 0.97 |
| WWE: | 14.45 | (0.05) | TECHNOLOGY | | |
| TECHNOLOGY | | | | | |
| ADVANTAGE: | 3.14 | 0.04 | ADDVANTAGE: | 3.14 | 0.04 |
| ALCATEL LUCENT: | 2.90 | 0.04 | ALCATEL LUCENT: | 2.90 | 0.04 |
| AMDOCS: | 27.07 | 0.06 | AMDOCS: | 27.07 | 0.06 |
| AMPHENOL: | 52.91 | UNCH | AMPHENOL: | 52.91 | UNCH |
| AOL: | 24.17 | 0.12 | AOL: | 24.17 | 0.12 |
| APPLE: | 325.47 | 0.79 | APPLE: | 325.47 | 0.79 |
| ARRIS GROUP: | 11.24 | 0.03 | ARRIS GROUP: | 11.24 | 0.03 |

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The Winners of the CableFAXIES Awards are from networks, operators, PR firms, vendors, corporations, agencies and other entertainment companies who took chances, made tremendous strides and understand the power of PR and marketing in the cable industry. The winners and honorable mentions will be saluted during an awards event in April 2011 in New York City.