

CableFAX Daily™

Wednesday — September 10, 2014

What the Industry Reads First

Volume 24 / No. 175

Mobile World: Second Screen Still Work in Progress

Listening to CTIA's opening keynote Tues, it seems clear that mobile may have come a long way, but it still has a lot ahead of it. "Mobile is particularly interesting to people like us because it can operate in 2 modes—the primary screen in which I'm watching the video or the secondary mode, where I'm at home with a 55-inch TV in front of me, but I have this other device in my hand," explained *Tim Connolly*, **Hulu** head of distribution and strategic partnerships. "We've not even started scratching the surface on that mobile device being the secondary screen." During his time at **Disney** and **ESPN**, Connolly certainly experimented with 2nd screen, but he told the industry gathering in Vegas that it's not easy to figure out what consumers want from a 2nd device but that companies are trying. For its part, Hulu lets customers use their phones as remote controls to operate Hulu, similar to how cable ops' let remote apps control set-tops. **Alcatel-Lucent** CEO *Michel Combes* predicted that in 3 years, "it will be a video-centric mobile world," meaning not just for fun but also for professional usage. Combes urged the US to sell this vision to the rest of the world, particularly Europe. *Sean Bratches*, **ESPN's** evp of sales and marketing, talked up the net's success with mobile during the recent World Cup. More than 5mln unique mobile devices streamed ESPN matches. Bratches predicted improvement in the coming 3 years on mobile video viewership measurement, with **Nielsen** and **comScore** leading the way, but he sees challenges around privacy and personalization. More than 35mln people have opted-in for ESPN's targeted info on teams, scores, injury reports, etc. The next part is marrying that with 3rd-party data. "We'd love to get into the location-based advertising business. That is going to be challenging as it relates to privacy concerns and how we manage that..." he said, adding that ESPN-owner Disney is "myopically-focused" on privacy. Connolly's argued that consumers will opt in when doing so includes a personalized service they want. He noted Hulu's show recommendations and feature asking if an ad that just played was relevant to the viewer.

Sports Blackout Vote: The **FCC** is slated to vote Sept 30 on getting rid of the agency's sports blackout rule, which prevents the importation of distant network signals of **NFL** games that are blacked out in a home market because of insufficient ticket sales. Chmn *Tom Wheeler* chastised the League's objection to eliminating the rule in an op/ed in *USA Today* Tues. "The bottom line is the NFL no longer needs the government's help to remain viable. And we at the FCC



DISCOVERY IS #1 AMONG ALL ADULTS 21 YEARS IN A ROW FOR

- Importance to Enjoyment of Cable
- Average Perceived Value

VIEWERS ALSO RANKED DISCOVERY #1 FOR

- Program Quality and Viewer Satisfaction
- Favorite Channel Among Adults Who Would Definitely Switch Cable Providers if Channel Was Dropped

SOURCE: 2014 BETA RESEARCH CABLE SUBSCRIBER STUDY - EVALUATION OF BASIC CABLE NETWORKS. ON SOME MEASURES, DISCOVERY CHANNEL TIED FOR 1ST.

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Associate Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Sr Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Jr. Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Dir of Market Dev: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Prod: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sub Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,599/year ● Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

shouldn't be complicit in preventing sports fans from watching their favorite teams on TV," he wrote. While Wheeler and Republican commish *Ajit Pai* have butted heads on several issues recently, nixing the sports blackout rule is one on which they both agree. In fact, the entire Commission voted unanimously in Dec for an NPRM to eliminate the rule.

Comcast Launching Univision Deportes: Will be interesting to see if **Univision** chief *Randy Falco* still thinks a **Comcast-Time Warner Cable** merger is "cause for concern" now that **Comcast** has cut a long-term deal for **Univision Deportes**. Xfinity customers who subscribe to Digital Preferred or Latino levels of service will begin receiving the net in Oct. In an Apr call with media analysts, Falco expressed reservations about the deal—in particular, the number of Hispanic households Comcast would serve post-merger. Notably, Univision has not filed comments at the **FCC** on the proposed merger. **Discovery Comm** is the largest programmer to weigh in with concerns over the combo.

Net Neutrality Showdown: As websites ranging from **Reddit** to **WordPress** gear up for an "Internet Slowdown" in support of net neutrality Wed, cable's making noise with its push to keep Title II classification off the table. Some 33 tech companies, including **Cisco**, **Rovi** and **Arris**, sent a letter Tues to US Commerce Secretary *Penny Pritzker* warning that classifying the Internet as a public utility could harm the Internet and economy. **NCTA** has made the same argument, even running radio ads in the DC area over the past week. "Because Title II allows for so little flexibility and innovation, it would undercut substantially the broadband providers' incentives to make the investments necessary to fund network deployments and upgrades," the tech companies wrote. As for Internet Slowdown day, various sites plan on displaying a message indicating an endless "site loading" message Wed (however, the sites themselves won't be slowed down). It's all part of last-minute attempts to drum up support before the Sept 15 reply comments are due at the FCC on its Open Internet proceeding.

Also at CTIA: FCC chmn and former **CTIA** CEO *Tom Wheeler* appeared Tues at CTIA's annual gathering in Vegas, where he talked about the increasing reliance on mobile broadband—and what that means in the Commission's pending Open Internet proceeding. The wireless industry has argued that mobile broadband faces unique constraints that make Open Internet rules inappropriate. That is "one of the questions with which we will have to wrestle," Wheeler told the crowd. He said he's recently sent a letter to the 4 national wireless providers asking about their network mgmt practices. "We are very concerned about the possibility that some customers are being singled out for disparate treatment even though they have paid for the capacity that is being throttled," he said. Wheeler also touched on the upcoming incentive auction and **NAB's** legal challenge. While confident the courts will rule in the Commission's favor, he said, "the fact of the matter is that [NAB has] gone to the judicial branch to throw up roadblocks" against addressing the spectrum needs of mobile services. He called on the industry to put its money where its mouth is, noting that while **AT&T** and **DISH** have expressed strong interest and **Sprint** and **T-Mobile** reportedly want to bid jointly, the rest of the industry has been "strangely silent."

Beta Research: What network will cause the biggest pains to distributors if they drop it? Based on a **Beta Research** survey, it's **History**. Beta found 18% of adults surveyed would definitely switch cable providers if an important cable channel was dropped. Of those adults, 64% rated History as important. Also ranking high were **Discovery** (61%), **Weather** (61%), **TNT** (60%) and **TBS** (59%). Of those 5, Weather was actually off **DirectTV** for several weeks earlier this year. In other Beta measurements, Discovery Channel ranked #1 for the 21st consecutive year among total adults in importance to the enjoyment of cable (57%), followed closely by History (56%) and TNT (55%). **ESPN** had the highest avg perceived value among viewers (\$1.45), with **AMC** the runner-up (\$1.29). Beta surveyed a national sample of more than 2200 cable subs online in June and measured 46 basic cable nets.

UBS Raises Comcast: **UBS** raised **Comcast's** price target to \$72/share, citing strong underlying fundamentals and the expected FCF accretion from the **Time Warner Cable** deal. The firm also expects Comcast to accelerate its buy-back following shareholder votes on the merger in early Oct. UBS believes the company will create the most value through the deployment of the X1 platform. "Comcast suggests voluntary churn is 20-30% lower on the X1 platform while high margin fees drive customer ARPU and profitability higher. We estimate this improves the lifetime value of the subscriber by almost 20% to \$3,600+," analysts said.

Armstrong Goes for TiVo: PA cable provider **Armstrong Utilities** has selected **TiVo** to provide advanced, whole-home and multi-screen products to its subs. The full collection of TiVo home products, including TiVo's cloud-based service,

BUSINESS & FINANCE

the Pace MG1 whole-home gateway DVR and Pace MI3 IP STB client, will be available to Armstrong customers. Co-branded products are expected to launch early next year.

TCA Survey: Cable may have cleaned up at the Emmys, but it didn't fare quite as well in the **Television Critics Association's** official top choices for most promising fall shows. That's probably related to the sheer number of broadcast shows that premiere in the fall. **Fox's** "Gotham" rated as the most-promising new show of the fall, followed by **CW's** "Jane the Virgin" and **Showtime's** "The Affair."

Ratings: The season opener of "MNF" on **ESPN** (Lions-Giants) won the night among all nets (broadcast and cable), but it couldn't top last year's record game. The telecast averaged an 8.4 HH US rating and 13.7mln total viewers, peaking between 9:45-10pm with 18mln viewers. Last year's Redskins-Eagles opener drew a 10.1 US rating/16.5mln viewers, making it the highest-rated and most-viewed opening game since ESPN began televising MNF in '06. -- The final season of **HBO's** "Boardwalk Empire" premiered Sun to 2.4mln viewers, up 9% compared to last year's finale (2.2mln). Replays brought the ep's total to 2.9mln viewers. -- Over at **Showtime**, "Ray Donovan" scored a series-high rating Sun, with the season's 9th ep delivered 1.63mln viewers (+10% vs last week).

CableFAX Daily Stockwatch

| Company | 09/09 Close | 1-Day Ch | Company | 09/09 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| BROADCASTERS/DBS/MMDS | | | | | |
| DIRECTV: | 86.62 | (0.2) | CONVERGYS: | 18.28 | (0.26) |
| DISH: | 65.88 | (0.22) | CSG SYSTEMS: | 26.82 | (0.52) |
| ENTRAVISION: | 4.41 | (0.18) | ECHOSTAR: | 51.04 | (0.1) |
| GRAY TELEVISION: | 9.30 | (0.24) | GOOGLE: | 581.01 | (8.71) |
| MEDIA GENERAL: | 15.46 | (0.15) | HARMONIC: | 6.90 | (0.12) |
| NEXSTAR: | 44.46 | (0.71) | INTEL: | 34.91 | (0.42) |
| SINCLAIR: | 28.00 | (0.69) | INTERACTIVE CORP: | 71.94 | (1.08) |
| MSOS | | | | | |
| CABLEVISION: | 19.10 | (0.03) | JDSU: | 11.71 | (0.04) |
| CHARTER: | 156.52 | (1.22) | LEVEL 3: | 45.37 | (0.54) |
| COMCAST: | 56.61 | 0.73 | MICROSOFT: | 46.76 | 0.29 |
| COMCAST SPCL: | 56.31 | 0.67 | NIELSEN: | 46.07 | (0.6) |
| GCI: | 11.00 | (0.19) | RENTRAK: | 51.68 | 1.45 |
| GRAHAM HOLDING: | 705.35 | (3.65) | SEACHANGE: | 7.88 | (0.09) |
| LIBERTY GLOBAL: | 41.63 | 0.25 | SONY: | 19.20 | (0.01) |
| LIBERTY INT: | 29.57 | (0.3) | SPRINT NEXTEL: | 5.77 | (0.01) |
| SHAW COMM: | 25.22 | 0.05 | TIVO: | 13.19 | (0.29) |
| TIME WARNER CABLE: | 152.62 | 1.87 | UNIVERSAL ELEC: | 54.60 | (1.07) |
| PROGRAMMING | | | | | |
| 21ST CENTURY FOX: | 35.67 | (0.21) | VONAGE: | 3.47 | (0.03) |
| AMC NETWORKS: | 63.40 | (1.75) | YAHOO: | 40.78 | (1.03) |
| CBS: | 57.86 | (1.2) | TELCOS | | |
| CROWN: | 3.33 | (0.07) | AT&T: | 34.66 | (0.35) |
| DISCOVERY: | 40.91 | (1.53) | CENTURYLINK: | 39.99 | (0.59) |
| DISNEY: | 89.60 | (0.96) | TDS: | 26.19 | (0.57) |
| GRUPO TELEVISA: | 35.92 | (0.75) | VERIZON: | 48.90 | (0.63) |
| HSN: | 60.17 | (0.45) | MARKET INDICES | | |
| LIONSGATE: | 32.90 | 0.19 | DOW: | 17013.87 | (97.55) |
| MSG: | 65.41 | (0.28) | NASDAQ: | 4552.28 | (40) |
| SCRIPPS INT: | 78.41 | (1.28) | S&P 500: | 1988.44 | (13.1) |
| STARZ: | 31.35 | 0.03 | TECHNOLOGY | | |
| TIME WARNER: | 76.39 | (0.81) | ADDVANTAGE: | 2.33 | UNCH |
| VALUEVISION: | 5.07 | (0.03) | AMDOCS: | 48.06 | (0.25) |
| VIACOM: | 79.33 | (1.66) | AMPHENOL: | 103.44 | (0.64) |
| WWE: | 14.62 | (0.28) | AOL: | 42.29 | (0.78) |
| MARKET INDICES | | | | | |
| | | | DOW: | 17013.87 | (97.55) |
| | | | NASDAQ: | 4552.28 | (40) |
| | | | S&P 500: | 1988.44 | (13.1) |

Cablefax TV Innovation Summit

Thursday, Sept. 18, 2014 | Grand Hyatt, NYC

This unique conference will give you vital insights on how multiplatform marketing, advertising and tech innovation is fueling new revenue opportunities for TV content owners and distributors.

Save \$100 with VIP code: SUBSCRIBER

Sponsored by:



Register Today! For more information visit www.Cablefaxtvsummit.com