

# Cablefax Daily™

Friday — October 24, 2014

What the Industry Reads First

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## New Currency: Data Analytics in Content Creation, Programmatic Advertising

The treasure trove of data that media companies have collected over time is altering the way the industry creates content and deploys advertising, according to execs speaking at the Media Technology Summit in NYC Thurs. “The change in how we use data is moving from in arrears to a predictive model,” said *John Honeycutt*, CTO, **Discovery Comm**. And it’s not just being used for simple things like recommendation but also digging deep in terms of locating trends—with the end goal being to find the Holy Grail: predicting a big programming hit. But it is still about ‘the big idea,’ he added, and it would be remiss to view using data analytics as lacking a human element. Take the company’s globally successful Alaska—and Gold Rush-themed programming, which Honeycutt said stemmed from a “concept of people wanting to take control of their own lives and be self-sufficient” during an economic downturn. “Data can help us bring that story to life.” On the advertising side, he emphasized that measurement is key. “The question is how do we collaborate and come up with the right measurement and the right ways to show who we’re reaching and how we’re reaching and on what screen we’re reaching,” he said, adding that understanding the programmatic role is key to that. He doesn’t believe advertising will go all programmatic, mind you. Rather, automation will allow for specialization of particular segments. “There are pockets of data points, pockets of time that can become hyper-specialized for certain selling types,” he said. So what about the set-top-box keepers? From an operator perspective, **Cablevision**, for one, has been at the programmatic task for the past 2 years, devising a strategy for collecting with and working with data, according to *Paul Haddad*, the MSO’s svp & gm of advanced data analytics. Its 3-pronged strategy includes ensuring the data collected is timely, which translates to a maximum of 24-48 hours. “Beyond that it’s stale; the decision is too late,” he said. Secondly, you need quality data that’s been found as viable. And third, it has to be reliable, which means “from multiple sources.” From that data, the MSO has created products for its clients that allow for the creation of audience segments from thousands of attributes, using media insights to determine how, when and where to reach those audiences, and measure in real time a campaign’s efficacy, Haddad explained. Meanwhile, **NBCU** is busy creating new advanced ad tools as well, said NBCU pres, ad sales *Linda Yaccarino*: “For the next particular 3 months I would say our number one priority is advance ad product. So you’ll see a menu of opportunities unique to our company that mobilize that data... for high-value inventory.”

## Cablefax Webinar Nov. 18 • 1:30 - 3 p.m. ET.

### Selling TV Everywhere: How to Market TVE Initiatives for Profit

As TV Everywhere apps, initiatives and special campaigns proliferate, both distributors and programmers are looking for ways to justify ROI and maximize all TVE activities. This webinar will provide specific tips, tactics and strategies to hone your TVE message, attract new users and ensure that your TVE-related efforts result in higher viewership, better customer retention and ultimately a better return on investment.

Register today at [www.cablefax.com/webinars](http://www.cablefax.com/webinars)

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**At Our Deadline: AMC Networks** on Thurs announced that it will invest \$200mln to acquire a 49.9% stake in **BBC America** in a deal that will give AMCN operational control over the net, including affiliate and advertising sales. BBC Worldwide will retain the remaining 50.1% of the long-term equity jv. BBC America will be managed as a standalone channel within the AMCN portfolio, and AMCN will also rep **BBC World News** in U.S. distribution and ad sales. BBC and AMC Networks have collaborated in the past on projects, including drama series “Top of the Lake” and “The Honourable Woman,” and the upcoming “One Child.” Following the deal’s completion, BBC Worldwide North America will continue as a wholly owned regional business within BBC Worldwide, focused on program and format sales and co-production relationships, scripted and unscripted production, consumer products, digital and live events.

**HBO’s Non-OTT Launch:** **NBCU** CEO *Steve Burke* wouldn’t call **HBO**’s upcoming standalone streaming service an “over-the-top” service. Same goes for **CBS All Access**. His point is that they’re not trying to bypass existing distributors, but are looking to add to their existing ecosystem. At least that’s the idea. “It’s going to be very interesting, and I think challenging for them to go and try to attract new customers into that ecosystem without cannibalizing existing customers,” he said during Comcast’s 3Q earnings call Thurs. “The existing customers that are sold through cable and satellite are extremely high margin. So even if they sell at \$15 a sub, when they go directly to consumers via the Internet, they have got to be very careful with cannibalization.” While **DISH** and others are prepping virtual MSO services, it doesn’t sound like Comcast is too keen on the idea (plus, some question whether it could be held back by regulators). CEO *Brian Roberts* said he thought the company’s existing business model had a very strong quarter. “Last quarter and probably future quarters will show that many people want these bundles. But we are experimenting... and rolling out Internet Plus, where we offer one of our best broadband speeds along with a smaller television package along with HBO,” Roberts said. “We have a campus product that is very exciting where really you don’t get a box, it is simply a streaming product right from the get-go.” Interestingly, both Comcast’s Internet Plus and Internet Blast Plus (which combines Internet with a very limited video package that includes HBO) posted fewer net adds this Q than last year.

**Comcast 3Q: Comcast Cable** had its best 3Q for video subs in 7 years with losses dropping to 81K (a 36% improvement vs 3Q13). Its 315K broadband net adds was the best 3Q result in 5 years. Voice still posted adds, but at a much slower rate than last year, with the company adding 68K new customers compared to 169K in 3Q13. Perhaps most important, Comcast increased total customer relationships in the quarter by 82K, more than 3x the net additions vs 3Q13. Total rev per customer increased 4.2% to \$137/month. Company brass continued to sing the praises of the X1 platform, which recently surpassed 5mln boxes deployed. Noteworthy: Comcast expects full-year program expenses to increase slightly lower than the 9-10% it forecast at the beginning of the year. Programming expenses of 7.1% for 3Q were slightly below original estimates. Overall, 3Q rev was up 4% to \$16.8bln and net income, helped by a tax adjustment, rose 50% to \$2.6bln. Rev for the cable business was up 5% to \$11bln, with operating cash flow up 5.1% to \$4.46bln.

**NBCU Earnings:** **NBCU** CEO *Steve Burke* acknowledged pressure on cable ratings, something broadcast has dealt with for some time. “I think some of that is going to get better. I think there will be business models that evolve,” he said, adding that some of it’s being addressed by selling content to **Netflix, Amazon, Hulu**, etc. “I think the fact of the matter is the next 5 or 10 years in basic entertainment cable as it relates to ratings are going to be much more difficult than the last 5 to 10 years,” he said. He did go on to say NBCU’s big cable channels, particularly when sold as a portfolio, are “very attractive and very powerful.” Cable nets 3Q rev increased 0.7% to \$2.3bln, with distribution rev up 5.1% but ad revenue down 4.7% due to weak ratings. Broadcast saw revenue increase 7.7% to \$1.8bln. Overall rev at NBCU was up 1.2% to \$5.92bln, with operating cash flow up 13% to \$1.42bln.

**Aereo’s Nationwide Injunction:** **Aereo** suffered another court loss Thurs. A federal judge granted broadcaster’s preliminary injunction against the streaming company. Aereo shuttered its service in June after the US Supreme Court ruled it was violating broadcasters’ copyrights. It has since argued that it’s a cable system. “Doing its best to turn lemons into lemonade, Aereo now seeks to capitalize on the Supreme Court’s comparison of it to a CATV system to argue that it is in fact a cable system that should be entitled to a compulsory license... This argument is unavailing for a number of reasons,” US District Judge *Alison Nathan* wrote in her ruling. “To begin with, Aereo’s argument suffers from the fallacy that simply because an entity performs copyrighted works in a way similar to cable systems it must then be deemed a cable system for all other purposes of the Copyright Act,” Judge Nathan wrote.

# BUSINESS & FINANCE

In terms of time-shifted content, the judge suggested the issue will have to be addressed later in the permanent injunction. "There may be "both factual and legal nuances unique to fully time-shifted retransmission that have not been fleshed out that may influence this Court's application of the Supreme Court's holding to what is essentially the remote DVR aspect of Aereo's operations." As a result, the court won't reach the issue at the preliminary stage.

**Cable Upfronts Down:** National cable nets brought in \$9.6bln in the recently completed '13/'14 upfront, down 6% from last year's \$10.2bln, according to **The Cabletelevision Advertising Bureau's** (CAB) official tally. CAB stressed that the reduction comes after a 4-year streak that saw cable upfront investment grow by 52%. CAB blamed the dip on clients holding onto TV ad dollars longer to gain flexibility to make investments closer to the start dates of campaigns.

**Roku Scores Funding:** Roku has raised some \$25mln from private investors, according to a recent **SEC** filing. The most recent funding round of \$60mln came last year, supporting partnership building and business expansion.

**Nexstar Buys KASW:** Nexstar will spend \$68mln for **Meredith**-owned **KASW**, the **CW** affiliate serving Phoenix. The acquisition expands the broadcaster's coverage to 57 markets in 22 states (19.7mln HHs).

## CableFAX Daily Stockwatch

Company	10/23 Close	1-Day Ch	Company	10/23 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	84.43	(0.71)	CONVERGYS:	18.96	0.40
DISH:	61.00	1.27	CSG SYSTEMS:	25.47	0.14
ENTRAVISION:	4.85	0.13	ECHOSTAR:	46.10	0.62
GRAY TELEVISION:	8.68	0.24	GOOGLE:	543.98	11.27
MEDIA GENERAL:	14.40	0.44	HARMONIC:	6.32	0.24
NEXSTAR:	42.53	1.54	INTEL:	32.69	0.42
SINCLAIR:	27.92	0.65	INTERACTIVE CORP:	62.28	1.63
<b>MSOS</b>					
CABLEVISION:	18.45	0.41	JDSU:	12.41	0.47
CHARTER:	156.04	4.90	LEVEL 3:	42.18	0.75
COMCAST:	53.22	1.73	MICROSOFT:	45.02	0.64
COMCAST SPCL:	53.17	1.73	NETFLIX:	383.04	8.39
GCI:	11.05	0.08	NIELSEN:	41.82	(0.88)
GRAHAM HOLDING:	737.94	0.42	RENTRAK:	75.86	1.85
LIBERTY GLOBAL:	43.89	1.12	SEACHANGE:	6.54	(0.11)
SHAW COMM:	24.70	0.06	SONY:	17.87	0.24
TIME WARNER CABLE:	140.93	4.88	SPRINT NEXTEL:	6.09	0.03
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	33.54	0.79	TIVO:	12.83	0.27
AMC NETWORKS:	58.44	(0.29)	UNIVERSAL ELEC:	53.76	1.06
CBS:	53.75	0.84	VONAGE:	3.38	0.11
CROWN:	3.40	0.15	YAHOO:	42.60	0.60
DISCOVERY:	35.97	1.08	<b>TELCOS</b>		
DISNEY:	87.99	0.89	AT&T:	33.66	(0.84)
GRUPO TELEVISIA:	34.31	0.46	CENTURYLINK:	39.94	(0.15)
HSN:	65.69	0.95	TDS:	24.80	0.37
LIONSGATE:	31.35	0.99	VERIZON:	48.22	(0.09)
MSG:	64.60	1.23	<b>MARKET INDICES</b>		
SCRIPPS INT:	75.48	1.16	DOW:	16677.90	216.58
STARZ:	30.37	0.40	NASDAQ:	4452.79	69.94
TIME WARNER:	78.19	1.62	S&P 500:	1950.82	23.71
VALUEVISION:	5.19	0.12			
VIACOM:	71.74	1.29			
WWE:	13.34	0.50			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.44	(0.01)			
AMDOCS:	45.90	0.10			
AMPHENOL:	48.01	0.89			
AOL:	41.86	1.22			
APPLE:	104.83	1.84			
ARRIS GROUP:	26.87	0.86			
AVID TECH:	9.91	0.02			
BLNDER TONGUE:	1.14	0.02			
BROADCOM:	39.37	UNCH			
CISCO:	23.57	0.30			
COMMSCOPE:	25.03	0.06			
CONCURRENT:	7.56	0.07			

November 11 | 12  
Williamsburg, Virginia

# VIRGINIA CABLE SHOW

Virginia Cable Telecommunications Association  
[www.vacableshow.com](http://www.vacableshow.com)

# 2014

# PROGRAMMER'S PAGE

## Tru Beginnings

As part of its recent shift in programming strategy, **truTV** is debuting its first sketch comedy show, "Friends of the People," on Tues Oct 28, 10:30pm. The cast is a group of 7 comedians, including *Lil Rel Howery*, *Jennifer Bartels*, *The Lucas Bros.* and *Josh Rabinowitz*, all of whom take part in the writing process. We spoke with director and showrunner *Neil Punsalan* about working with truTV, his hands-off directing style and the unique social strategy he employed. **It's the first sketch comedy for truTV. How do you feel being the first showrunner for this new territory?** In terms of the network, it's very clear that they want the change.

They're eager to do new things. And to that end, they were very easy to work with. So when I came on, you could argue that they gave me too much rope, quite honestly. I'm a relative unknown. But they trusted me, and that felt nice. Maybe more so than necessarily feeling like it's some sort of honor to have been the first comedy showrunner on the network... it was that they gave me the trust and latitude to make a lot of the decisions on the show. **Did any other sketch or comedy shows influence the format?** The influence [in format] was probably YouTube more than anything else. Everybody's watching stuff on it, and they're watching short pieces. You're seeing things like Vines that are very funny and are 6 seconds long. [We said] let's make each piece something you can sink your teeth into and enjoy and have fun with, but as soon as it's done let's not be precious about it. In terms of comedy, I'd say something like "In Living Color." I grew up in a small town in Ohio and culturally, relatively homogenous. And when I watched In Living Color as a kid it didn't come off as an "urban show." It was just funny. **[For the full Q&A, got to Cablefax.com]** - *Kaylee Hultgren*

**Reviews:** "A Poet in NY," Wed 8p ET, **BBC America**. It's a fair guess that a biopic about a Welsh poet won't be many viewers' first choice. Pity. *Tom Hollander's* portrayal of *Dylan Thomas's* final days—laden with booze, sex, financial and health crises—is tremendous; his poetry reading is even better. Gaining nearly 30 lbs for the role, Hollander devoured recordings of Thomas reciting his work. It shows. As this fine film demonstrates, Thomas walked the walk, refusing to 'go gentle into that good night...' -- "Foo Fighters: Sonic Highways," Fri, 11p, **HBO**. *Dave Grohl* goes home in this series' ep#2, discussing D.C.'s music scene and his youth in nearby Northern Va. An interesting if frenetic film, "Sonic" delves into the birth of Go-Go as well as the influence of a racially divided D.C. on music. -- "The Man Who Doesn't Breathe," Sun, 6p ET, **Nat Geo**. Actually *Dane Stieg Severinsen* breathes so well he's set a record by holding his breath underwater for 22 minutes. What he does under Greenland's frozen tundra in this terrific film also is impressive. -- "Lyfe's Journey," Sun, 7pET, 6PT, **UP**. The net's HR chief *Corey Prince* wrote this emotional and ultimately uplifting film about unemployment, a mistake and second chances. UP's community affairs head *DeEtta West* plays a supporting role. - *Seth Arenstein*

Basic Cable Rankings (10/13/14-10/19/14)			
Mon-Sun Prime			
1	DSNY	2.7	845
2	DSJR	1.6	393
3	NAN	1.0	296
4	DXD	0.9	262
5	NKJR	0.8	199
6	NKTN	0.7	142
6	SPRT	0.7	124
8	ADSM	0.6	189
8	FAM	0.6	179
10	BOOM	0.5	84
11	ESPN	0.4	122
11	FXX	0.4	94
13	USA	0.3	98
13	BET	0.3	94
13	AMC	0.3	92
13	TNNK	0.3	78
17	FOOD	0.2	67
17	TLC	0.2	67
17	FX	0.2	65
17	DISC	0.2	63
17	TBSC	0.2	60
17	FS1	0.2	58
17	SYFY	0.2	52
17	DSE	0.2	10
25	APL	0.1	44
25	HGTV	0.1	40
25	MTV	0.1	39
25	LIFE	0.1	39
25	VH1	0.1	34
25	NFLN	0.1	32
25	A&E	0.1	32
25	SPK	0.1	29
25	OWN	0.1	29
25	HIST	0.1	28
25	FOXN	0.1	27
25	CMDY	0.1	27
25	TRU	0.1	27
25	TNT	0.1	25
25	EN	0.1	22
25	OXYG	0.1	22
25	GSN	0.1	22
25	DFC	0.1	21
25	BRAV	0.1	20
25	HALL	0.1	20
25	TVLD	0.1	20
25	WETV	0.1	18

\*Nielsen data supplied by ABC/Disney



## Call for Entries

**Entry Deadline:**  
December 12, 2014

Cablefax's Digital Awards is the industry's top honor in the digital space, recognizing outstanding websites, digital initiatives, and people among cable programmers, operators, and industry professionals.

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