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Friday — January 13, 2012

What the Industry Reads First

Volume 23 / No. 008

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Staying Live: Few Are Doing it When it Comes to TV

Cue the Buffalo Springfield soundtrack. In a research note musing, “there’s something happening here,” **Nomura** analyst *Michael Nathanson* provided some color about a well known yet nettlesome industry seachange that’s highlighted each year by all the gadgets on display at **CES**: the rapid decline of live TV viewership. “Thanks to either the continued impact of the DVR, shifts in the **Nielsen** sample, the **NBA** strike or slight changes in consumption patterns, live primetime TV viewership declined almost -5% [in 4Q]—now 13 straight quarters of live declines,” said Nathanson. Duh, you say? Such utterers likely wouldn’t be moved by Nathanson’s claim that cable’s live ratings (-5%) fell more than broadcast’s (-3%) in the quarter either—a slew of cable originals count more than 40% time-shifted viewership—but that hasn’t happened in 5 quarters and perhaps more importantly, broadcast C3 viewing rose 0.3% while cable’s dipped 1.1%. When an increasing number of eyeballs begins to migrate outside the ad-friendly C3 window, that’s a thorny problem. Yet the movement is undoubtedly slow, evidenced by cable nets’ healthy if ebbing ad sales growth last year amid a gimpy economy. The growth in non-live TV viewing, however, cannot be swept under the rug. Nearly two-thirds of the viewing on Web-connected TiVo units is now non-live or on demand via broadband, according to **TiVo**, meaning just 38% is live across approx 2mln units. And among TiVo subs that use **Netflix**, **YouTube** or **Hulu Plus**, live viewership is even lower at 27%. Something to think about given the CES announcements about **Samsung** working directly with MVPDs to send content straight to smart TVs. “The trend here is obvious,” said TiVo svp/gm, content and media sales *Tara Maitra*. “For most of their video, these consumers prefer to watch on-demand, whether it’s recorded off the air, cable, satellite, or delivered via broadband. It really has become all about whatever they want to watch, whenever they want to watch it.” Moreover, viewers’ use of time-shifted TV has grown 11% since 2Q10, according to Nielsen, and an **Accenture** survey, albeit global in scope, found that the percentage of consumers watching broadcast or cable content on TVs in a typical week fell from 71% in ‘09 to 48% last year. Time that everybody look what’s going down... [For more info, see Programmer’s Page on pg. 4].

CES Notebook: *Robert Kyncl*, vp, global content partnerships at **YouTube**, believes it’s likely 75% of all channels (whether currently on TV, online, etc) will be transmitted and will be born on the Internet by ‘20. “Pretty powerful when you consider that 10 years ago, you could barely view a page on the Internet,” he said during his **CES** keynote Thurs. He talked up the speed of the online video space. “What happened in 30 years on cable happens in 10 years with broadband and happens in 5 years with online video,” Kyncl said, adding that in just a few years, online video is expected to account for 90% of online traffic. He also touted the power the Internet for an audience hungry for increasingly niche programming. For example, he said there are 17mln yoga enthusiasts in the US and double that globally. “I promise that within a year or 2, you will find a wonderful yoga channel on YouTube delighting viewers on a global basis” and providing targeted opportunities. Fun factoids from Kyncl: There are more than 100K years of video viewed on YouTube every single year; 350mln YouTube videos are shared on **Twitter** every single year—and those numbers are



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growing. -- **Samsung** will introduce the **Verizon FiOS TV** app to its line of Smart TVs and Smart Blu-ray players this year. It will allow FiOS subs to instantly access 26 live channels, including HD, through smart devices. Users also will have more than 10K VOD titles available through Verizon Flex View, its anytime, anywhere on-demand service for TVs, PCs, tablets, etc. It already has deals with **Time Warner Cable** and **Comcast** for its Smart TVs.

Cord-Keepers? In what could be a good omen for 4Q earnings, the fewest number of Americans now report canceling or cutting back on cable (21%) since Oct '09. That's according to **The Harris Poll** of 2,237 adults surveyed online between Dec 5-12. Overall, when asked about 12 changes people make to save money, fewer said they have done each over the past 6 months than said so almost each time the questions have been asked since '09.

At the Portals: The **FCC** Media Bureau is seeking comment on a petition to eliminate the sports blackout rule, which prevents MVPDs from carrying a game when it's blacked out on local broadcast stations. The petition was filed in Nov by **Public Knowledge, Media Access Project, The Sports Fan Coalition** and the **Natl Consumer League (Cfax, 11/14)**. Comments are due Feb 13; replies Feb 28. -- The **FCC** released its Emergency Alert System 5th report and order this week, and **ACA** is a bit worried about it. The group is "highly disappointed" that the Commission did not exempt cable systems that don't have a physical Internet connection at their headends from Common Alerting Protocol compliance. "Adding to the burden was the FCC's decision to consider waivers only on a case-by-case basis while suggesting that any waivers granted will be limited to a maximum of 6 months," said ACA chief **Matt Polka**. He urged the FCC to reconsider, saying it could cause these small ops, with the majority serving a few dozen to a few hundred subs, to shut down.

Retrans: Nothing to see here... As predicted, **Time Warner Cable** kept **Bonten's** Eastern Carolina stations on the air, with the 2 reaching a new agreement. Cordillera, which owns the Corpus Christi **NBC** affil, is another matter. TWC has been without those stations since Dec 13. Isn't the Super Bowl coming up?

Showtime: Right before heading down to Hollywood to accept his star on the Walk of Fame, mega-showrunner **John Wells** told critics at **TCA** that he's enjoying working on cable after years of broadcast success with shows like "ER" and "West Wing." That's good news for **Showtime**, whose pres, ent **David Nevins** reminded reporters that viewership for the Jan 8 season 2 premiere of Wells' "Shameless" was up 60% over last season. "The subject matter that much of network television has not been as interesting to me as a writer," Wells said, noting that he doesn't think he could sell ER or "China Beach" to a broadcast network in today's environment. "You would never be able to do Shameless on a network, but maybe the Supreme Court will loosen that up a little bit." He said network TV has indeed become more cable-like because "they have to compete with cable if they want that audience in their building." During the press gaggle after the Shameless panel, Wells said Comcast was smart to tap **Robert Greenblatt** to run **NBC** because his cable experience should help bring back some of the typically edgier NBC fans who have defected to cable nets in recent years. Meanwhile, "The Borgias" talent walked critics through the nuances of a show whose renaissance-era **Pope Alexander (Jeremy Irons)** has few if any redeeming qualities as he rules over the Western world. Interestingly, the cast said none of their Catholic friends have complained about the depiction. Said Irons: "The fact that we haven't been ex-communicated as a group" probably means the Vatican understands the show is a fictional take on history. **Larry David, Tim Conway** and **David Steinberg** showed up to talk about Steinberg's "Inside Comedy" series of interviews with comedy greats (premieres Jan 26). Steinberg said he didn't try to dig

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BUSINESS & FINANCE

up dirt but wanted to get at each comedian's essence, noting for example that *Jonathan Winters* spoke about his battle with mental illness. Conway praised Steinberg's interview skills. "There are so many on television who have no idea why they're there, but he certainly does," he said. **[Read about Showtime's documentary push and other programming at www.cablefax.com]**

TCA Notebook: Hallmark Movie Channel plans to double its production slate YOY, and will continue to do so until the net reaches 24-30 titles annually. Five original films are planned for 1Q and 2Q, including "Duke," a disabled veteran reunited with his estranged daughter (Apr 28), and "Lake Effects," starring *Jane Seymour* (May premiere). **Hallmark Channel's** slate includes 9 original movies, with its world premiere movie night moving to Sundays beginning Apr 15. It also plans more original, animated holiday specials following the success of Dec's "Jingle the Husky Pup." Upcoming original flicks include the Valentine-focused "Cupid" (Feb 11) and "Operation Cupcake," which has *Dean Cain* playing a man home on military leave who ends up helping his wife run her bakery (June 16).

Programming: The Hub acquired **Marvel Animation's** "The Super Hero Squad Show," which will join its Mon-Fri lineup Jan 30 at 4pm ET.

People: Cox upped *Jennifer Hightower* to svp, law and policy.

CableFAX Daily Stockwatch

Company	01/12 Close	1-Day Ch	Company	01/12 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	43.09	(0.6)	CLEARWIRE:	1.93	0.07
DISH:	28.68	(0.03)	CONVERGYS:	12.79	0.01
DISNEY:	38.73	0.03	CSG SYSTEMS:	15.76	0.17
GE:	18.93	0.05	ECHOSTAR:	23.02	0.34
NEWS CORP:	19.14	0.11	GOOGLE:	629.64	3.68
MSOS					
CABLEVISION:	14.10	(0.25)	HARMONIC:	5.33	0.05
CHARTER:	57.46	1.31	INTEL:	25.75	(0.05)
COMCAST:	25.50	0.08	JDSU:	11.64	(0.02)
COMCAST SPCL:	25.00	0.11	LEVEL 3:	18.59	0.59
GCI:	10.20	0.34	MICROSOFT:	28.00	0.28
KNOLLOGY:	14.49	(0.05)	MOTOROLA MOBILITY:	38.50	(0.01)
LIBERTY GLOBAL:	42.94	0.26	RENTRAK:	15.62	0.23
LIBERTY INT:	17.05	(0.01)	SEACHANGE:	6.72	0.02
SHAW COMM:	19.82	(0.3)	SONY:	17.26	(0.43)
TIME WARNER CABLE:	64.84	0.35	SPRINT NEXTEL:	2.32	0.02
VIRGIN MEDIA:	23.58	0.15	THOMAS & BETTS:	57.26	0.41
WASH POST:	388.00	(1.27)	TIVO:	10.28	0.11
PROGRAMMING					
AMC NETWORKS:	39.75	0.51	UNIVERSAL ELEC:	18.26	0.06
CBS:	28.08	(0.07)	VONAGE:	2.44	0.25
CROWN:	1.23	0.02	YAHOO:	15.66	0.13
DISCOVERY:	43.53	0.56	TELCOS		
GRUPO TELEVISA:	21.59	0.09	AT&T:	30.12	0.13
HSN:	36.50	0.30	VERIZON:	38.92	0.02
INTERACTIVE CORP:	41.93	0.49	MARKET INDICES		
LIONSGATE:	8.71	(0.01)	DOW:	12471.02	21.57
LODGENET:	2.77	0.04	NASDAQ:	2724.70	13.94
NEW FRONTIER:	1.06	UNCH	S&P 500:	1295.50	3.02
OUTDOOR:	7.55	0.18			
SCRIPPS INT:	44.56	0.22			
TIME WARNER:	37.61	0.25			
VALUEVISION:	1.75	0.08			
VIACOM:	53.95	0.84			
WWE:	9.75	0.10			
TECHNOLOGY					
ADVANTAGE:	2.19	0.03			
ALCATEL LUCENT:	1.80	0.05			
AMDOCS:	28.91	0.16			
AMPHENOL:	48.21	0.38			
AOL:	15.83	(0.39)			
APPLE:	421.39	(1.16)			
ARRIS GROUP:	11.00	0.12			
AVID TECH:	9.47	(0.05)			
BLNDER TONGUE:	1.32	0.06			
BROADCOM:	32.66	1.60			
CISCO:	19.15	0.08			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Authenticate This

(Buffalo Springfield still playing) Everyone knows cable is making strides in confronting the rise of non-live viewership through TV Everywhere plays and in-home viewing options on alternative devices. And it can take solace that it still accounts for approx 65% of all live viewership among 18-49s, according to **Nomura's Michael Nathanson**. Yet while I've continually lauded **Time Warner** boss *Jeff Bewkes* for his unwavering commitment to TV Everywhere, he has a conundrum on his hands with **TNT** and to a lesser extent **TBS**. Both disappointed in 3Q regarding ratings and ad sales, and **Nielsen** data show 4Q might not have offered much relief. TNT, in fact, saw prime total viewership plummet 19% from Oct-Dec, the victim of a **NBA** season timeout but also, I'd argue, due to its reliance on syndicated shows. Such content has been seen before and therefore educes relatively little excitement from viewers, so aren't they prime candidates for time-shifting? With a similar general ent thrust, **USA** (-1%) held up well in 4Q prime but dropped 4 spots YOY in **Beta's** recent rankings of cable nets based on their popularity for increased ad spending over the next 12 months. Of the top 10 in the metric, only **ESPN**, **History** and **Comedy Central** avoided notable drops in popularity. But not even ESPN's prowess with live viewing could prevent **Disney** nets' suffering of a 12.8% YOY loss in 4Q live prime total viewership among 18-49s, according to Nathanson. **Crown, News Corp** (with big help from **FX**), **AMC Nets** and indies collectively were the only parent companies to post gains in the metric, while **Discovery** (-0.5%), **Scripps** (-2.3%), **A&E** (-3.7%), **TWX** (-6.7%), **Viacom** (-6.9%) and **Comcast/NBCU** (-7.1%) also posted declines. 1 quarter does not a trend make, of course, but the trending away from live TV viewing has been happening for years and will only intensify. It's an authentic threat that necessitates authentication. *CH*

Highlights: "America's Most Hated Family," Fri, 10p, **Nat Geo**. Brit documentarian *Louis Theroux* re-visits **Westboro Baptist Church**, as they spew venom at multiple targets, including gays, Jews and the president. Theroux mostly contains his disgust in this balanced, scary piece about people who seem like solid citizens—until they speak. *SA*

Worth a Look: "Operation: Osmin" Season 2 premiere, Fri, 10p, **nuovo TV**. The definition of a total hoot might well be *Osmin Hernandez*, muscled, 30-something, clad in black spandex, constantly shouting in accented English at poor souls struggling through grueling work-outs. In the victims' meager down time, Osmin barks: "Keep moving! 10 push-ups! Water! Salad! Fish!" For some reason, it's entertaining. -- "Royal Pains," Wed, 10p, **USA**. The Hamptons summer romp with unusual medical conditions appears here as a mid-winter escape. It works, thanks to gorgeous summer footage and a likeable, photogenic cast. "Pains" plods occasionally when seeking gravitas. -- "Black Wings," Mon, 8p, **Smithsonian**. We know the Tuskegee Airmen, but they followed *Bessie Coleman* (1892-1926), the 1st female black pilot. Coleman's story and others are expertly told. -- Thurs, **FX** teams the Season 2 debut of hilarious spy spoof "Archer" (10p) with "Unsupervised" (premiere, 10:30p), a humorous send-up of unparented adolescents. It can't reach Archer's heights, but that's a high bar. *SA*

Basic Cable Rankings			
(1/02/12-1/08/12)			
Mon-Sun Prime			
1	ESPN	3.9	3855
2	USA	2	2023
2	DSNY	2	2012
4	HIST	1.5	1484
4	FOXN	1.5	1453
6	TBSC	1.4	1425
6	A&E	1.4	1365
8	TNT	1.3	1317
9	DSE	1.2	85
10	DISC	1.1	1107
10	FOOD	1.1	1078
12	HGTV	1	955
12	MTV	1	947
14	ADSM	0.9	885
14	FX	0.9	879
14	FAM	0.9	872
14	TRU	0.9	846
14	AMC	0.9	837
19	TLC	0.8	836
19	LIFE	0.8	817
19	SYFY	0.8	806
19	BRAV	0.8	713
19	NKJR	0.8	571
24	NAN	0.7	712
24	TVLD	0.7	697
24	ID	0.7	549
27	VH1	0.6	607
27	MSNB	0.6	605
27	SPK	0.6	583
27	CMDY	0.6	573
27	EN	0.6	540
27	LMN	0.6	519
27	HALL	0.6	505
27	BET	0.6	505
35	CNN	0.5	504
35	APL	0.5	452
35	NGC	0.5	402
38	ESP2	0.4	438
38	HLN	0.4	347
38	OXYG	0.4	306
38	OWN	0.4	290
38	HMC	0.4	174
43	TRAV	0.3	316
43	CMT	0.3	258
43	WGNA	0.3	240
43	GSN	0.3	237

*Nielsen data supplied by ABC/Disney



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