

CableFAX Daily™

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What the Industry Reads First

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Summit Summary: Marketing in a Down Market

With the economy in turmoil, how will the cable industry change its marketing messages? It's a subject that we expect to surface many times over the course of **CTAM Summit** this week (Sun-Tues, Boston). With companies making dramatic cuts in expenses, it's no surprise that the confab is expected to see a drop-off in attendance. CTAM pres/CEO *Char Beales* said the group expects 2,200-2,400 to head to Boston, down from 2700+ attendees for last year's Summit in DC. But the economy is also helping to spur some attendance, she said, noting that some execs are attaching greater urgency to participating because of the current marketplace challenges. While cable is considered pretty recession proof, there are already a few signs of the industry altering marketing strategies, such as economy tiers for cable services and more emphasis on retention. Many are wondering what it means for the holidays, with consumer spending expected to be sluggish. "We're changing how we speak about high-def, particularly as we go into the holiday season and more people are buying high-def sets," **Comcast** COO *Steve Burke* said during 3Q earnings. Comcast didn't elaborate on how it's changing that messaging. **Mediacom** has announced that it will remove voicemail from its bundle of features for digital phone and sell it a la carte beginning Nov 15. "Rather than pay to provide voicemail for all of our phone customers when most were not taking advantage of it, we decided to start selling it as an additional option," a MCCC rep said, adding that a "large majority" didn't use the feature. "This will help keep our wholesale phone costs low and allow us to continue offering low retail phone prices into the future." Customers who sign up for voicemail by Nov 15 will pay \$1.93/month vs the standard \$4.95/month rate. CTAM organizers have asked many speakers to change their presentations in order to address marketing during the downturn. Sessions that seem especially likely to delve into the topic include Mon's afternoon general session dubbed, "Phone+Mobile+Internet+TV—Does It Add Up?" and Tues' closing lunch, whose speakers include **Cablevision** COO *Tom Rutledge*, **Discovery** pres/CEO *David Zaslav* and **Canoe's** *David Verklin*.

Cable Ads Resilient: Even amid a roiling economy in which US companies are reigning in spending, many cable programmers are riding successful '08 upfronts to deliver quarterly ad increases and remain reasonably optimistic about the next several months. To be sure, ad growth has slowed, and some nets haven't fared as well, but **Discovery Comm** took Fri to join several others in reporting positive results. Domestic ad rev rose 5% in the Q and would have matched 2Q's 9% growth were it not for lower audience delivery at **TLC** and **Discovery Channel**, said pres/CEO *David Zaslav*, who expects ad growth to continue in 4Q. The scatter market is slowing but remains above both upfront pricing and year ago levels, he said, noting that cancellations of upfront commitments are "still at normalized levels" despite a YOY increase. Zaslav cited cable's value proposition as a key macro reason for Discovery's continued ad growth. "Price compared to audience delivery on cable is averaging one-third less than broadcast," he said, so cable "advertisers get a more efficient

10 Original Movie Premieres in 4Q



Hallmark Channel is the leader in original movie production, airing an original movie every Saturday night at 9/8c.

insidehallmarkchannel.com

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buy and much more bang for their buck.” **Crown Media’s** ad rev increased nearly 5% in 3Q, and pres/CEO **Henry Schleiff** believes his company is well equipped to battle flagging sales. “In the first half of 2009 the solid foundation we have built with the upfront season combined with our strategic decision to sell a higher percentage of inventory will help offset what we see as a softening in the scatter market,” said Schleiff during a Thurs conference call. He said Crown has benefited from strength in recession-resistant sectors such as packaged goods, pharmaceuticals, and discount retail. **Scrrips Nets** also reported 3Q ad growth (+5.4%). Results were mixed, however, for **Disney’s** cable nets. For example, **ESPN’s** ad sales dipped last Q, said Disney CFO **Tom Scaggs** Thurs, and the “pace of scatter sales [for the current Q] are down appreciably.” However, ad sales at **ABC Family** “are up nicely so far” this Q, he said.

Competition: **DirecTV** has inked an agreement enabling **Perfect 10** to expand its business of distributing DirecTV systems into the MDU market. -- Residential **U-verse TV** customers will receive access to broadband speeds of up to 18Mbps. The service runs \$65/month as part of a bundle with video, and eligible existing **U-verse Internet** subs can upgrade their package at any time without additional installation costs. -- **DirecTV** has launched at **DirecTVAdSales.com** a comprehensive media kit to apprise existing and potential advertisers of ad sales offerings including traditional spots, interactive ad campaigns and long-form programming. -- **FIOS TV** has added in Hampton Roads, VA, 53 additional HD nets such as **Animal Planet**, **Fox News** and **Smithsonian Channel**, plus standard-def channels **Current TV** and **RFD TV**.

Carriage: **Hallmark Movie Channel** recently shored up distribution launches in all of the top 10 markets in the US, totaling nearly 7mln subs. The top 10 markets carrying the net are NYC, L.A., Chicago, Philly, Boston, San Fran, Dallas, DC, Atlanta and Houston. The net is now available to 12mln homes. -- **Charter** has launched **AmericanLife TV** in WI and MI.

Quotable: “There is simply no basis for challenging Chairman Dingell. In fact, there is a clear need to keep the gavel in Dingell hands, and I’m pleased by the strong support that Dingell has received in the last couple of days.” – Rep **Mike Doyle** (D-PA), co-chmn of the Whip Team for Rep **John Dingell’s** (D-MI) re-election as House Commerce chmn. Rep **Henry Waxman** (D-CA) is challenging him for the seat.

Ratings: **Comedy Central’s** “Indecision 2008: America’s Choice” on Tues was the net’s highest-rated and most-watched election special, notching 3.1mln total viewers. -- **AMC** scared up solid viewership for its 12th annual “Fearfest” movie marathon (Oct 24-31), which delivered its strongest year ever among 25-54s (704K), 18-49s (429K) and men 25-54 (221K). HH ratings rose 39% over last year.

Programming: **Time Warner** chmn **Dick Parsons’** life will be chronicled during an episode of **PBS’** “The HistoryMakers.” The interview, dubbed “An Evening with Richard Parsons,” will be taped Sat in front of a live studio audience at George Washington Univ in DC. The special will air in Feb nationally on PBS. **HistoryMakers** is a non-profit, 501(c)3 representing the largest African American archival collection in the world. -- **Sarah Palin’s** first post-election interview will be with **Fox News’** **Greta Van Susteren**, Mon, 10pm ET. ---**HBO** has acquired the US TV rights to Class 5 Films’ as-yet-untitled doc highlighting President-elect **Obama’s** campaign and his rise to the White House while examining American politics and culture through his candidacy. Actor **Edward Norton** produced the film.

Public Affairs: **Comcast** entered into a 3-year, \$10mln partnership with **Big Brothers Big Sisters of America**, including PSA air time, program sponsorships and leadership development.

The image displays a collection of logos for various cable channels and networks, organized into four distinct sections:

- OlympusSat:** Features the OlympusSat logo with a blue and yellow arc above the text. Below it, the text reads: "To learn more about us please visit: www.olympusat.com".
- Hispanic Pack:** A collection of logos for Hispanic-oriented channels, including Cine Mexicano, Latele Novela, TV Pasa, TV Colombia, Momentum, La Familia Cosmopolitan, Ulla Latino, Estar Cine, and Cable Noticias.
- Digital I:** A collection of logos for digital channels, including Funimation Channel, Colors, and a logo featuring a shopping cart.
- Faith & Families:** A collection of logos for faith and family-oriented channels, including TBN, 3CTU, The Church Channel, 360 Bible Channel, zLifeTV, GEB, WHT, SABNO, FamilyNet, CHN, BYU, and Daystar Television Network.

CableFAX Week in Review

Company	Ticker	11/07 Close	1-Week % Chg	YTD %Chg	Company	Ticker	11/07 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS					ARRIS GROUP: ARRS 6.31 (8.7%) (36.8%)				
BRITISH SKY:	BSY	26.73	9.60%	(41.9%)	AVID TECH:	AVID	14.58	(1.7%)	(48.6%)
DIRECTV:	DTV	21.94	0.20%	(5.1%)	BIGBAND:	BBND	4.57	23.50%	(11.1%)
DISNEY:	DIS	23.36	(9.9%)	(27.6%)	BLNDER TONGUE:	BDR	1.10	31.00%	(33.7%)
ECHOSTAR:	DISH	15.52	(1.4%)	(54.3%)	BROADCOM:	BRCM	16.59	(2.8%)	(36.5%)
GE:	GE	18.86	(3.3%)	(41.6%)	C-COR:	CCBL	11.00		
HEARST-ARGYLE:	HTV	13.36	(10.8%)	(37.4%)	CISCO:	CSCO	17.58	(1.1%)	(35.1%)
ION MEDIA:	ION	1.44		11.60%	COMMSCOPE:	CTV	15.31	4.10%	(68.9%)
NEWS CORP:	NWS	8.48	(20.2%)	(58.7%)	CONCURRENT:	CCUR	3.97	8.10%	400.00%
MSOS					CONVERGYS: CVG 6.83 (11.2%) (58.5%)				
CABLEVISION:	CVC	15.59	(12.1%)	(36%)	CSG SYSTEMS:	CSGS	15.66	(5.8%)	6.40%
CHARTER:	CHTR	0.43	(2.3%)	(63.2%)	ECHOSTAR HOLDING:	SATS	18.40	(5.3%)	(44.1%)
COMCAST:	CMCSA	17.41	10.50%	(2.7%)	GOOGLE:	GOOG	331.14	(7.9%)	(52.1%)
COMCAST SPCL:	CMCSK	16.97	10.10%	(4.3%)	HARMONIC:	HLIT	6.09	(14.3%)	(41.9%)
GCI:	GNCMA	7.48	(2.6%)	(14.5%)	JDSU:	JDSU	4.79	(11.8%)	(63.9%)
KNOLOGY:	KNOL	4.71	(2.7%)	(63.1%)	LEVEL 3:	LVLT	0.94	(10.5%)	(69.1%)
LIBERTY CAPITAL:	LCAPA	6.07	(10.9%)	(73.9%)	MICROSOFT:	MSFT	21.50	(3.7%)	(37.4%)
LIBERTY ENT:	LMDIA	16.39	1.80%	(32.2%)	MOTOROLA:	MOT	4.79	(10.8%)	(67.3%)
LIBERTY GLOBAL:	LBTYA	16.12	(2.2%)	(58.9%)	NDS:	NNDS	48.18	1.00%	(18.7%)
LIBERTY INT:	LINTA	4.57	(6.4%)	(76%)	NORTEL:	NT	1.17	(8%)	(92.4%)
MEDIACOM:	MCCC	4.22	(5%)	(8.1%)	OPENTV:	OPTV	1.26	(5.3%)	(4.5%)
ROGERS COMM:	RG	42.97			PHILIPS:	PHG	19.21	3.80%	(47.9%)
SHAW COMM:	SJR	18.65	5.50%	(15.4%)	RENTRAK:	RENT	11.20	(1.3%)	(22.5%)
TELEWEST:	TLWT	24.20			SEACHANGE:	SEAC	7.63	(0.1%)	5.50%
TIME WARNER CABLE:	TWC	19.09	(2.5%)	(30.8%)	SONY:	SNE	23.29	0.20%	(56.1%)
VIRGIN MEDIA:	VMED	6.10	5.90%	(61.5%)	SPRINT NEXTEL:	S	3.37	7.70%	(74.3%)
WASH POST:	WPO	439.00	2.90%	(42.4%)	THOMAS & BETTS:	TNB	23.89	0.60%	(51.3%)
PROGRAMMING					TIVO: TIVO 6.21 (9.5%) (25.5%)				
CBS:	CBS	8.16	(16%)	(63.3%)	TOLLGRADE:	TLGD	4.59	4.30%	(42.8%)
CROWN:	CRWN	2.66	(14.5%)	(59.1%)	UNIVERSAL ELEC:	UEIC	16.32	(22.8%)	(51.2%)
DISCOVERY:	DISCA	14.09	3.30%	(43.9%)	VONAGE:	VG	0.93	5.70%	(59.6%)
EW SCRIPPS:	SSP	3.81	(18.1%)	(86.2%)	YAHOO:	YHOO	12.20	(4.8%)	(47.5%)
GRUPO TELEVISIA:	TV	16.18	(8.4%)	(28.9%)	TELCOS				
HSN:	HSNI	4.38	(28.8%)	(70.6%)	AT&T:	T	27.00	0.90%	(24.4%)
INTERACTIVE CORP:	IACI	16.64	(0.7%)	(29.6%)	QWEST:	Q	2.98	3.10%	(50.6%)
LIBERTY:	L	30.19	(9.1%)	(39.8%)	VERIZON:	VZ	30.05	1.30%	(21.2%)
LODGENET:	LNET	0.87	(13%)	(95%)	MARKET INDICES				
NEW FRONTIER:	NOOF	1.94	1.00%	(50.5%)	DOW:	INDU	8943.81	(4.1%)	(32.6%)
OUTDOOR:	OUTD	7.26	(9.3%)	5.20%	NASDAQ:	COMPX	1647.40	(4.3%)	(37.9%)
PLAYBOY:	PLA	1.94	(21.5%)	(78.7%)	THIS WEEK'S STOCK PRICE WINNERS				
RHI:	RHIE	9.64	(28.1%)	(23.7%)	COMPANY				
SCRIPPS INT:	SNI	25.06	(11.8%)	(38.2%)	1. BLNDER TONGUE:		1.10	31.00%	
TIME WARNER:	TWX	10.10	0.10%	(36.3%)	2. BIGBAND:		4.57	23.50%	
UNIVISION:	UVN	36.23			3. COMCAST:		17.41	10.50%	
VALUEVISION:	VVTV	0.53	(23.2%)	(91.6%)	4. COMCAST SPCL:		16.97	10.10%	
VIACOM:	VIA	19.85	(7.5%)	(54.9%)	5. BRITISH SKY:		26.73	9.60%	
WWE:	WWE	13.08	(8.1%)	4.10%	THIS WEEK'S STOCK PRICE LOSERS				
TECHNOLOGY					COMPANY				
3COM:	COMS	2.23	(18.3%)	(50.7%)	1. HSN:		4.38	(28.8%)	
ADC:	ADCT	6.80	7.20%	(56.3%)	2. RHI:		9.64	(28.1%)	
ADDVANTAGE:	AEY	1.75	(12.5%)	(71.6%)	3. VALUEVISION:		0.53	(23.2%)	
ALCATEL LUCENT:	ALU	2.71	5.40%	(63%)	4. UNIVERSAL ELEC:		16.32	(22.8%)	
AMDOCS:	DOX	19.94	(11.6%)	(42.2%)	5. PLAYBOY:		1.94	(21.5%)	
AMPHENOL:	APH	26.22	(8.5%)	(43.1%)	WGN AMERICA ORIGINAL COMING IN JANUARY				
APPLE:	AAPL	98.24	(8.7%)	(50.4%)					



A WGN AMERICA ORIGINAL COMING IN JANUARY



MaxFAX...

Veterans' Day...

Is Tuesday... reminds me of why I voted last week (early and often, of course). Check out the **American Life TV Network** on Vet's Day. Taking it to an extreme (but missing my war, the last one and the current two), the net is running a



Paul S. Maxwell

14-hour marathon featuring great old combat series: *Twelve O'clock High*, *Combat* and *Rat Patrol*. And I thought war itself was hell.

Speaking of old series, I watched

the first James Bond movie—*Dr. No*—the other evening (on FX I think?)... all the clichés were there, but the special effects were particularly amusing. So was *Jack Lord*. *Ursula Andress'* bathing suit still looked pretty good.

Been listening to patriotic songs as I drove back and forth to the front range earlier last week... the best was by *Steve Earle* with "When Johnny Comes Marching Home Again," and one great line in another song: "You got no place to fall—when your back's to the wall."

Got bless all of our troops... no matter where they're serving. And to all who came before them. Next time in DC—for the spring cable

week—I'll be sure to visit that wall (again).

Random Notes:

• **Why Context Matters:** Just for nostalgia's sake, think back a couple of weeks and remember all of those annoying political attack ads... you know, the ones that took some phrase some candidate said out of context and time and tried to make it mean something entirely different. Almost every campaign in America was guilty of thinking you – the voters – were stupid.

• **He Might Be Back:** OMG! Heedless Hundt was one of our president-elect's advisors. Just a warning note; makes me think of the **DirecTV** ad with the poltergeists.

• **Private:** *Forbes* (11/17) ranks **Cox** at #15 on its list of private companies. **Advance Publications** ranks #28. **Bloomberg** #57. **Tribune** #66. **Hearst** #82. Anybody out there jealous? (Except, of course, for *Sam Zell's Tribune*).

• **Ad Strategy:** Was skimming through the latest *BusinessWeek* (11/10) and read an article about **Coors** (have a soft spot for them; knew the family... and Coors bought the back page of the first newspaper I started—at CU in the late '60s) and its ad strategy... "mind-numbing." What caught my eye was the note that at 4:53 pm, the brewer runs happy hour ads on

web sites... might be a smart way to promote television shows.

• **Change:** Whoa, it's coming!

• **"Blessing":** I was reminded in an email from a friend in Africa: "ba-rack" in Swahili means "blessing." Since that's a fact and President-Elect *Obama* is going to president of all of us... may it truly be a blessing we—and the world—can bank on.

• **Speaking of Blessings:** I'd say the Republican party has some work to do... and time to take a look at its soul. (Full disclosure: eight years ago, I sent as much money as possible to *John McCain's* campaign. I didn't this year. Had the same McCain run, I would have). I say this because, as I watched election night, I was quite taken by the classy concession speech the Senator gave at the Arizona Biltmore to an invitation-only, almost all white, almost all affluent audience... that booed when he mentioned his opponent. Meanwhile, that mass of humanity Grant Park in Chicago cheered and clapped when the President-elect praised his opponent. Tsk, tsk.

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