

THE HARMELIN MEDIA REPORT

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The New World of Television Delivery by Jennifer Harmelin

Television has been changing from the time it was born. It went from a few broadcast networks telecasting in black and white to almost a dozen networks broadcasting in vibrant color. Cable with its hundreds of channels were added to the medium over two decades ago. VCRs, DVDs, video games, and DVRs came along. Every year, technological changes improved the sound and video quality for the viewer. These changes have happened gradually over the past sixty years. They're about to pick up at a break-neck pace.

Some say that the change about to take place will be so extensive that television is actually morphing into a new medium altogether. Television as we know it will soon be a thing of the past. It's about to be replaced by a medium that will be anything but boring. Imagine turning on your television and ordering any program or movie you feel like watching – all in high definition. Imagine wirelessly connecting your TV to your computer and displaying a slideshow of your photos on the jumbo high-definition TV screen, while playing a new album you just downloaded at speeds up to 100Mbps on an incredible sound system. Or say you want to have your friends over to watch the HBO fight tonight – only you're not a current HBO subscriber. Just make a few clicks with your remote to add the one show; your bill will be adjusted immediately. Imagine all of these TV enhancements bundled with your phone, internet and cable service at a better price than you are paying now. This is all in the works from a host of providers. Cable, satellite, internet and phone companies are all working to find bundled solutions for tomorrow's television.



This edition of the Harmelin Media Report will examine television's new delivery systems.

Tech gets Comcastic by Lauren Cohen

Keeping up with the Joneses is becoming a greater challenge every day in our technologically savvy society. Even in the area of media service providers, the options continue to increase and become more complex. Cable delivery is holding its own as evidenced by Comcast who continues to roll out more and more options for the gadget guru.

In 2008 Comcast will release Wideband, a new super-high speed internet connection that will offer 160 Mbps. Less technical translation - subscribers will have the ability to download a two-hour movie in high definition in three minutes and 56 seconds. This is up to ten times as fast as the current 16 Mbps "high-speed" connection available. Wideband will initially be available in select markets. Chief Executive Brian Roberts told the

(Continued on page 3)

Dish the Bunny Ears... by Ryan Beck

The rumor was that satellite TV reception was great as long as it wasn't snowing, sleeting, rainy, cloudy, or perhaps even too sunny. But for those people who have been courageous enough to take a chance on this "unpredictable" service provider, they may have found there were more pros than all of the cons everyone else spoke of. In fact, J.D. Power and Associates has given both DirecTV and Dish Network high ranks in customer satisfaction every year for the last five years. Satellite providers have become quite adept at keeping their signals strong, and are now using them to transmit more than your run-of-the-mill local channels.



Both DirecTV and Dish have branched out and

(Continued on page 4)

FiOS

by Jennifer Harmelin

A new step in television delivery has been laid by Verizon with their fiber to the premises (FTTP) service, which they call FiOS (Fiber Optic Service). FiOS brings broadband connection into the home over fiber optic lines instead of with coaxial cables or DSL lines. Verizon maintains that traditional co-ax cable and phone lines were not created to transfer HD or to handle the capacity of high-speed internet, so the company decided to scrap



them completely and replace them with fiber optic lines that will give them more opportunities to expand services over the next few years. So far, it has proved very reliable and the benefit of the new infrastructure means that it has almost limitless potential, with added capacity for HD channels, online gaming, the fastest broadband on the market, excellent picture and sound as well as digital video recorders that can record in one room and be available for playback throughout the house.

Once the fiber is installed, all Verizon needs to do to upgrade the capacity is add a different set of electrical components. For example, the company is already upgrading its network to a technology called GPON, or gigabit passive optical network, which will quadruple the capacity. Currently Verizon offers a 50-megabit-per-second high-speed internet service, faster than any current provider. With GPON it will be able to offer 100 Mbps to the home. To give a frame of reference, this is over 130 times fast than entry level DSL, which is about 768 Kbps.

Verizon is banking on the idea that if it can pull these services together better than anyone else, it will differentiate its services from its cable competitors. "All the



major phone companies and cable operators see this strategy of integration as the future, so that content can be delivered on any device whether it be the TV, PC, or cell phone," says Charles Golvin, an analyst with Forrester Research. Verizon has an advantage in its ability to integrate across wireless platforms. Using advanced "presence" technology, which essentially knows whether a person is available, the network can route the message in the appropriate format to whichever device that per-

son is using. "Today services are tied to a device," said Michael Weintraub, director of business services innovation at Verizon. "What would be better is if services were tied to the user, so that when the user accesses a service, he can do it from any device depending on the need."

The down side is it takes a lot of effort in the installations. First, Verizon has to run the fiber optic line to your home, then they need to install it, which can take an entire day. To offset the hassle of the homeowner hanging around all day while his home is wired, Verizon has made the installation free of charge for all of its new customers who sign up for a one-year contract. This is a big expense for Verizon considering that their installation costs Verizon about three times as much as its cable competitors. FiOS customers seem to be happy with this and with the service.

To date, FiOS has only been offered in 13 states and in six of the top 10 DMAs, mostly on the east coast and in parts of Texas and California. At the end of 2007, Verizon had 107,217 subscribers out of the 2,939,500 TV households in the Philadelphia DMA. They had roughly one million customers out of the 112 million TV households nationwide. While this is a drop in the bucket compared to Comcast's 24.1 million customers, Verizon's long-term goal is to alter the balance of power among cable, telephone and satellite TV companies by trying to offer more attractive combinations of TV, phone and high-speed internet services. Until recently, cable companies have dominated these non-television areas, with a 54% share of the high-speed internet market and with about 12 million phone clients out of the roughly 90 million households

(Continued on page 3)

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(Continued from page 2) **FiOS**

who have the capability to get phone service from their cable operator. As Verizon expands into urban markets this year, it plans to add another million FiOS TV customers by the end of 2008, which will make it the ninth-largest provider of



television service in the country. Verizon executives believe that the company's focus on customer service and its unique ability to bundle services geared toward the customer will make FiOS a success. It is already adding

new features such as the ability to program your DVR from anywhere through one's computer or cell phone, 150 HD channels by 2008 and customizable widgets that display local weather and traffic.

What does this mean for advertisers? Verizon is working toward a more customized approach to reach its viewers by selling ad space targeted to specific zip codes. It is also considering a new phase of television advertising: interactive functionality. This means that when a commercial comes on, the viewer can click on the ad with the remote. This can link directly to the company's web catalog where the customer can order the product with the click of the remote and have it added to their Verizon bill. Or it could link to a list of information about the product or the retail locations where it can be purchased.

This is a brave new world for advertising. The key will be finding creative ways to use it. For example, the FiOS button could be used for more information during programming, such as a listing of books for Oprah's book club or descriptions of kitchenware for a favorite cooking show. This could also include where and how to purchase these items or could link directly to an order site. The fact is, much of what is to come has yet to be invented or created. But Verizon is trying to establish itself as a major player in deciding how TV will look in the future — as are its competitors.

(Continued from page 1) **Comcast**

Associated Press, "If it's as successful as we hope, in 2009 and beyond we will have it available in millions of homes."

To bridge the gap between the internet and TV, enter Comcast's Fancast.com. This site incorporates Fandango.com, a movie-ticket purchase site which it acquired in 2007. Fancast has the ability to generate TV programming recommendations based on personal TV genre preferences. The site also helps consumers sort through On-Demand programming that is tedious to locate on-screen. Certain programming is also available to watch on the web site. Eventually, users will be able to program their DVR device through Fancast from any remote location with an internet connection. Comcast also hopes to incorporate IMDB.com, the celebrity TV and movie database.

Comcast is in the early phases of a television plan dubbed Project Infinity. In an interview with the *New York Times*, Brian Roberts shared his goal to "give consumers the ability to watch any movie, television show, user-generated content or other video that a producer wants to make available on demand. . . Comcast wants to make it crystal clear that we have the best TV product." A primary component of Project Infinity lays in its high definition programming. Currently, Comcast offers 10,000 high definition options - far more than most cable systems. They hope to increase the number this year.

With all of these programming options, it seems only fit that Comcast partners with one of the most cutting edge DVR devices: TiVo. The two companies formed a partnership and launched the device in New England. Subscribers pay an additional fee to utilize the DVR. Both TiVo and Comcast have agreed to share the net profit. Widespread availability is expected soon.



Comcast is the nation's largest cable television company with approximately 24.1 million customers. The Comcast DMA footprint includes 7 out of the top 10 DMA's.

What does this mean for advertisers? Comcast can target ads down to very small regional clusters. This makes Comcast appealing to both regional and national advertisers. The increasing presence of the DVR continues to threaten ad effectiveness, but no real impact has been felt at this point.

As Comcast grows, advertising opportunities will increase beyond network programming. On-Demand content sponsorships are rapidly growing as well as new online opportunities. Comcast may be called the powerhouse of the cable providers available to consumers. They have grown to this magnitude through strategic business models executed with precision. By continuing to expand their service options, Comcast has intrigued the Joneses and keeps them guessing, 'What will they come out with next?'



FANDANGO®

(Continued from page 1) **Satellite**

changed their offerings in hopes of pulling more viewers from the traditional cable operator giants. They offer an extensive amount of channels for the consumer's viewing pleasure with available networks and stations numbering in the hundreds. Additionally, both providers have continued to increase their high definition programming with Dish's 39 HD channels leading the way. In their continued fight for customers, both providers have begun to move beyond merely providing television programming.

There is no need to have multiple bills for both your satellite cable TV and internet service anymore as DirecTV and Dish offer internet service to their users. Much like Comcast and Verizon's FiOS, consumers can create a package deal which will ultimately lower the total monthly price for the two services combined than if they were purchased separately. An interesting twist to this concept is that should the user want wireless capabilities, the internet signal can actually be transmitted through the satellite dish rather than using a phone or cable line. However, one downside is that DirecTV and Dish each provides an internet speed of just 1.5 - 2 Mbps compared to the much faster speeds of Comcast and Verizon. Dish Network has even gone beyond providing internet and has added phone service as well to compete with FiOS and Comcast's Triple Play. Currently, DirecTV does not offer telephone service to their customers.

The satellite providers have begun to utilize interactive television offering various services, games, and programming to their customers via interactive menus. This goes beyond the traditional DVR type of fare which allows people to watch programs long after they have ended. Both providers allow for personalized selections that can provide everything from the winning lottery numbers to weather forecasts for the upcoming week. Other features include watching multiple news feeds on one screen from Dish or previewing up to eight sporting events on one screen from DirecTV. Additionally with Dish Network, users can avoid a telephone call and possibly waiting on hold to handle any standard changes or payments to their accounts by making the necessary adjustments directly through an interactive menu.

Marketers cannot advertise locally on satellite TV. However, national advertisers can purchase inventory on Dish Network and DirecTV that will reach a national audience, i.e., the 27.3% of US households that have satellite TV. Cable networks, such as TNT or A&E, have 'breaks' where local cable providers insert local spots. In the case of Dish Network and DirecTV, these breaks are filled with national spots. Each provider has various 'bundles' of inventory that they sell to advertisers. They have news bundles with spots on news networks, sports bundles, entertainment bundles and other bundles that bunch together similar types of cable networks and programming.

With an excellent customer satisfaction history and an increasingly large selection of programming and features, satellite providers will not be leaving the television wars anytime soon.

Harmelin Media Welcomes CBS 3 and CW Philly

Harmelin Media is pleased to announce that we've been named the media planning and buying agency for KYW-TV (CBS 3) and WPSG-TV (CW Philly). KYW-TV and WPSG-TV are owned by CBS. KYW-TV became a CBS station in 1995. WPSG-TV became Philadelphia's CW station in 2006 when the WB merged with WPSG-TV's then-network affiliate, UPN. CBS, WPSG-TV's parent, owns 50% of the CW network.

This past April, both CBS 3 and Philly 57 moved into their new state-of-the-art studios near Spring Garden Street in Philadelphia's Art Museum area. Both stations are dedicated to bring news, sports, and other programming that will capture the Delaware Valley television audience. Harmelin Media looks forward to a long-lasting relationship with CBS 3 and Philly 57.



Around the Harmelin Water Cooler

A Completely Unscientific Survey of Harmelin Media Employees...

Who were you with when you watched this year's Super Bowl?

Family	65%
Friends	60%
Alone	4%
Didn't Watch It	2%

Where did you watch this year's Super Bowl?

At home	48%
At a Party	36%
Friend's House	12%
Didn't Watch It	2%
Other	2%

