

WRITTEN TESTIMONY OF

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**TO THE
COMMITTEE ON THE JUDICIARY
UNITED STATES HOUSE OF REPRESENTATIVES**

HEARING ON

“PROPOSED COMBINATION OF COMCAST AND NBC-UNIVERSAL”

June 7, 2010

Mr. Chairman, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the proposed combination of Comcast and NBC-Universal and its potential impact on Minority-Owned Media companies.

By way of background, I have seen the inner workings of most of the major media companies. While, in law school, my faculty advisor was current Deputy Commerce Secretary Dennis Hightower, who was the first African-American President of Walt Disney Television. As the Director of the Harvard Consultation Project, I was advised by former Motown Chairman, Clarence Avant, who opened the door of access into the CEO's of the major record labels which started my career in the media industry. Subsequently, at McKinsey & Company's entertainment and media group, I worked on projects at Time Warner during its post-merger integration with Turner, and then later joined News Corp. in the Strategy and Marketing Group. For the past ten years, I have been an entrepreneur in African-American media producing film with Reuben Cannon and Bishop TD Jakes, and ultimately running a film and television production company in partnership with Russell Simmons and Stan Lathan, where we created and launched Hip Hop OnDemand on Comcast five years ago.

These experiences have led me to support this Joint Venture with Comcast as the controlling partner for two overwhelming reasons: 1) Comcast has the best Infrastructure of Inclusion to build upon in the media industry, and 2) African-Americans consumers and policy-makers have more potential leverage over Comcast than any other media company. I do not come to this conclusion lightly, because there is no doubt...

**THE HISTORY OF AFRICAN-AMERICANS AND MEDIA CONSOLIDATION CREATES A VISCERAL
NEGATIVE REACTION TO ANY MERGER OR CONSOLIDATION**

When I watch Congresswoman Waters' hearings on the lack of diversity in financial services I applaud. Likewise, I believe this hearing is vitally important because I remember sitting in my dorm room in 1992 when Bill Cosby expressed his desire to purchase NBC (a network that he turned around with African-American programming) and was told it was not for sale. And it begged the existential question "Why?"

Many African-Americans remember when Fox launched with a focus on African-American programming. They had iconic shows like Queen Latifah in *Living Single*. *Martin*. *Roc*. *New York Undercover*. Then through a series of acquisitions, mergers, stock swaps and expansion into Fox News, the company has morphed into the monstrosity that we see today. From Queen Latifah to Glenn Beck. Why?

More recently, when Viacom's UPN and Time Warner's The WB merged, the first casualties were the African-American shows --*Girlfriends*, *Eve*, *All of Us*, *Everybody Hates Chris*-- that made up the bulk of UPN's line-up. Why?

Here's my answer: because advertisers have only been willing to pay for a limited amount of African-American impressions and will not pay for every African-American view generated. It is why African-American icons like *Ebony/Jet* are in decline and should be the subject of future hearings if we are to remove the primary barrier to the growth and sustainability of minority media companies. Your intervention and oversight of the advertising industry is sorely needed.

This is true of my own experience with Hip Hop OnDemand. At about the same time that we launched on Comcast, three other African-American channels also entered into long-term distribution agreements with Comcast: Vibe OnDemand, Quincy Jones III's channel, and TV One. Two of the other companies quickly folded because they could not secure advertisers. Fortunately we had General Motors, The Coca Cola Company, and Reebok as charter sponsors. Then foreign-owned Adidas acquired Reebok and zeroed out their African-American marketing budget. Then GM experienced their problems, came to Congress to bail them out, and re-emerged to profitability, and they have not come back to our channel - despite the fact that we have experienced viewership growth in each and every quarter. If my company was paid for every one of the 500 Million potential ad impressions generated, I could have made my own run at NBC!

The root of the problem is this: advertisers' unwillingness to allocate minority marketing budgets in proportion to viewership ratings -- which brings me to why I support this transaction.

COMCAST HAS THE BEST INFRASTRUCTURE OF INCLUSION TO BUILD UPON

IN THE MEDIA INDUSTRY

Some of the very systems at the core of the Comcast media empire were birthed by African-American media owners. The Washington DC cable system was founded by Bob Johnson and funded by Herb Wilkins and Syncom. Syncom, along with John Johnson of Johnson Publishing, founded the Chicago Cable System. I liken this corporate family tree to the Thomas Jefferson/Sally Hemming descendents -- it's in your DNA, you might as well embrace it.

I believe they have. In its official response to this committee's questionnaire, Comcast has quantified its thousands of minorities in management positions and its tens of thousands of minority employees. Moreover, in each of the last five years, that number has continued to grow at a rate greater than that of whites in its corporate structure. This minority composition is vastly superior to any other media company and is eons ahead of the advertising, telecommunications, and financial services industries. That context is extremely important. But I'd like to highlight some examples of how having thousands of minorities in leadership positions at Comcast have been invaluable to me as an African-American Media owner.

When we launched along with three other African-American channels, it was because a Comcast Corporate Vice President, Payne Brown, came to dozens of African-Americans in the creative community to educate us on the video on demand platform and the multi-billion-dollar investment that Comcast was making to become the industry leader in VOD. When we saw the ability to get distribution and programming directly to our core viewers, we were one of the few who actually raised the capital (from Syncom and Pacesetter Capital Group) and secured the advertisers to pursue the opportunity. Once on the platform, we began to market our channel and get support from the African-American General Managers who run the cable systems in Chicago, Washington, DC, Houston, South Florida and the entire Western Region of the United States. It is no coincidence that the larger markets with African-American GMs are our top performing markets. As part of our ongoing process of making viewers aware of our channel, we have supplied information to Comcast's customer service teams who are largely African-American and supervised by an African-American Female SVP. It certainly helps when explaining our channel to subscribers.

The result is that, according to a study conducted by Starcom Media Group, African-Americans are more than twice as likely to use VOD than any other demographic.

Finally, when our channel had trouble securing sponsors, Comcast packaged our channel along with some of their properties and was able to secure sponsors for us, which subsequently decided to advertise directly with us because of what we were able to deliver.

Moreover, Comcast has served as our syndicator and secured us distribution on Cox, Insight, Bresnan and other cable systems, almost doubling our distribution reach –despite the fact that Comcast has no equity position in our company.

This brings me to my second reason for supporting this transaction...

**AFRICAN-AMERICAN CONSUMERS AND POLICY MAKERS HAVE MORE POTENTIAL LEVERAGE
OVER COMCAST THAN ANY OTHER MEDIA COMPANY**

As a result of its origins in urban population centers, the bulk of Comcast's early and current subscribers are African-American -- the estimates range from twenty to twenty-five percent of Comcast's subscriber base. If Comcast fails to live up to its Voluntary Commitments to add more independent channels, promote African-Americans into leadership positions, or allow minority media owners to purchase assets they divest, these consumers could be mobilized and have a direct impact by switching service providers.

This is far more direct and immediate market leverage than minorities have over other media companies through the indirect impact of boycotting advertisers of networks.

A second layer of leverage unique to Comcast is that in each of its markets, Comcast must get its franchises renewed and many of these major markets are run by African-American and Hispanic state representatives, mayors, city councils and directors of cable franchising commissions at both the state and local levels. If Comcast fails to live up to its commitments, we can prevail upon these officials to act and apply greater conditions upon renewals of cable franchise agreements.

This leverage is effective and even more potent when combined with the Hispanic influence at the state and local level in the Western and Southern regions that represent the core sources of Comcast's future growth plans.

Now some have called for Congress and the FCC to exercise regulatory leverage at the federal level by mandating that Comcast set aside twenty-five channels for African-American media owners, defined as 100% African-American owned. It is not that the demand is too high, it is that the demand is unworkable for a couple of reasons.

If you define African-American Media Ownership at 100% , that undercuts the long-standing and important work that Congresswoman Waters and Conyers have fought for for years -- namely, getting Public Pension funds to invest in minority asset managers who in turn invest in minority media firms like Radio One and Hip Hop On Demand. Although we control the voting equity (and in our case almost all of the equity), we are still not considered African-American owned by some. This untenable definition may explain why we have not received an invitation, call, email, or even a Facebook friend request to join the Coalition of African-American Media Owners. The definition creates a coalition that is so exclusive that there is nobody there. The idea that the Company that Cathy Hughes founded and she and Alfred Liggins built that reaches tens of millions of African-Americans each day through Tom Joyner, Roland Martin and thousands of African-American employees is not Black enough almost disqualifies someone from a serious discussion of African-American media ownership. This line of racial purity in public policy almost cost us a chance at American History. Our President is Black enough. And so is TV One and so is Hip Hop On Demand.

This proposed myopic approach attempts to measure African-American media ownership with a protractor, when what is truly needed is a compass. The True North is heading in the direction of greater distribution access on more platforms, increased leadership inside of media companies, and combining our influence to secure our fair share of advertising dollars. True North is also exercising our potential leverage by staying connected to our viewers and communities and working together to develop the next generation of African-American media owners to the travel along the trails we blaze today.

For all the reasons stated above, I believe the proposed Comcast-NBCU Joint Venture is a step in the right direction.