TBI TELEVISION BUSINESS INTERNATIONAL

JULY/AUGUST 1994

A Passage To India

Plus: The Global News Market

New This Month: Programming News

TBI CONTENTS

TBI TELEVISION BUSINESS INTERNATIONAL

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Open Goal

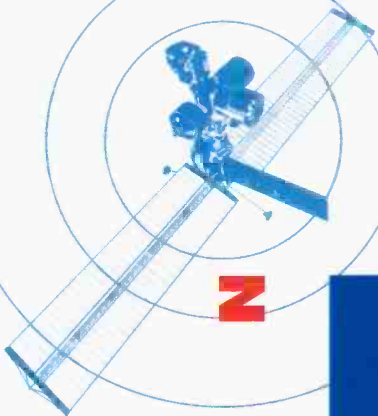
About a year and a half ago I had dinner with the folks from Group W Satellite Communications. Everybody was in a good mood. Country Music TV, the video music channel Group W and Gaylord Communications were bringing to Europe, already looked a success. We celebrated that night; champagne followed the meal, and has happens at the best of business dinners, we stopped talking about business.

I brought up my personal obsession – football – an obsession I'd been able to indulge since moving from the U.S. to Britain. Lloyd Werner, Group W Satellite's executive vice-president, offered that he had played soccer as a kid, in fact that he'd probably won the national scoring title playing for Colgate University. He was only pretty sure about the title because no-one kept track of statistics then. Amazed, I asked if he'd brought up his football exploits as he met European tv execs. He hadn't even thought to. It was then that I told him about the most important attribute I found I had as an American doing business in Europe: I love to talk about football. Dutch distributors, British broadcasters, Spanish salesmen, they'll all talk with me for hours about football. Over Mip dinners, once we've bored each other to death with what we know about Lithuanian barter regulations, the real conversations can begin. We talk football.

So why all this football talk? I've spent the past seven weeks in Dallas working for the host broadcaster at the World Cup. In that time, I've watched as ABC and ESPN missed a colossal marketing opportunity. My work-place was the International Broadcast Center, headquarters for companies TBI covers all the time. TV Globo, ITV, France 2 and 3, ARD and ZDF all had studios in the IBC. They and others were interested in American reactions to World Cup football. They kept asking to meet with ABC and ESPN; some wanted interviews with U.S. tv people. But though ABC and ESPN controlled U.S. rights to the tournament, both had stayed home, ABC in New York, ESPN in Connecticut. It got so bad, I called the ABC and ESPN press offices to point out they were passing on an international PR event of some importance and maybe they might want to send down some executives and on-air types to do interviews in the 100 or so tv and radio studios pumping feeds out of Dallas day and night. ESPN listened politely and said they'd think about it. In the end, they held a conference call aimed mainly at American print journalists. ABC was more blunt: "They know our phone number." I pointed out you can't do a tv interview over the phone. "They know our phone number." Both networks, with all their global aspirations, faced an open goal and missed. If they knew what that was, they'd know how much they screwed up.

The Editor

P.S. My thanks to Paul, Sally, Tim, Sarah, Caroline and everyone else at TBI for helping a little kid's dream come true.



LONDON

A TELEPORT FOR LONDON

Starbird Satellite Services and its parent company, Worldwide Television News (WTN), together now operate a Teleport facility at their London headquarters.

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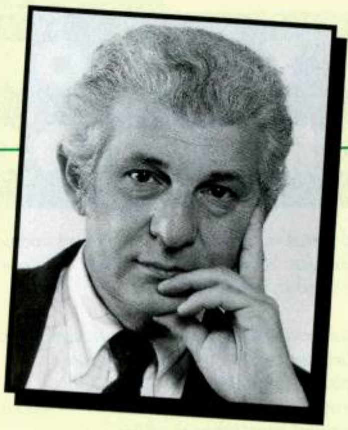
The Networks Stage A Comeback



BY LES BROWN

Rupert Murdoch's audacious June raid on affiliates of CBS, ABC and NBC had its heartening aspect to the shaken Big Three. In spending $500 million to bag 12 affiliates (eight from CBS alone), Murdoch showed the world that he was betting on the future of old-fashioned broadcast tv at a time when other big players are putting down chips on almost anything interactive.

When Murdoch struck, the major networks had been enjoying heady times. After a decade in a free-fall, during which their ultimate survival was in some doubt, the three had pulled out of it and became masters of the universe again.

This spring they had whopping advance ad sales for their fall line-up, a positive sign if ever there was one. With some $10 billion in advertising for them to share this year, or more than a third of the total for all television, all are on track to top the record profits their companies enjoyed in 1993.

Yet as recently as three years ago their outlook was grim. Ten of the leading cable channels were each making larger profits than any of the three established networks, at least one of which was losing money. And at a time when program costs were continuing to spiral upwards, network audiences were spiraling downward from the competition of cable, barter syndication, the Fox network, the VCR, video games and everything else that was spilling into the marketplace.

So how to account for the miraculous turnaround? I believe it was plain dumb luck. The networks seem to have come by their new-found success through some diametrical swing in public taste, rather than through any calculated strategy of their own.

To be sure, the big three helped their profit picture by cutting costs on every front. This has included peppering primetime with in-house programs from their news divisions. But cutting costs is a negative response to the competitive challenges. You don't regain dominance through fiscal austerities. Winning requires a positive response.

Clearly it wasn't their cost-cutting that suddenly caused cable's steady draining of network audiences to level off a year or so ago. Nor was it the networks' diligent belt-tightening that kept the obstreperous Fox network from gaining more ground in the ratings.

My theory is that the U.S. Congress played an unwitting part in the networks' comeback when it turned up the heat on tv violence three years ago. This led the three to grudgingly select programs suitable for family viewing, and that may well have been the positive act that made the surprising difference.

The networks thus became differentiated from cable in being somehow more germ-free (one hesitates to say more wholesome), at least in the public's mind. And I think it can be proved that violence-for-its-own-sake had already begun to pall on the larger audience when Congress took up the cause. The timing was exquisite; the networks had to give up what the public had got sick and tired of anyway.

The U.S. Congress played an unwitting part in the networks' comeback when it turned up the heat on tv violence three years ago

As it turns out, family-centred programs, led by the sitcoms, *Home Improvement* and *Roseanne*, are among the most popular in the U.S. today. Getting the message, all three networks are adding new family comedies in the fall, with ABC choosing the genre in five of the six series it's installing and eager to be known as the family network.

Already one senses complacency setting in. Top network officials talk as if they believe the market has posted the final score, and this is the way it's going to be for a long time to come. "Free television is here to stay," Laurence Tisch, chairman of CBS, crowed on a note of financial triumph, weeks before Murdoch underscored the message.

The networks' return to power could be momentary, however. The forces of change are still at work, and the market has lost none of its volatility.

DTH is just getting started in the U.S., and if it should find significant numbers of subscribers in the places cable doesn't reach, the networks will surely feel the bite. Cable, meanwhile, is tooling up with digital compression for its next big push. According to a recent survey, as many as 125 new cable networks are ready to roll out when channel capacity warrants.

Video-minded telcos, like Bell Atlantic and Pacific Telesis, have targeted 1995 for the start of their thrust into mega-channel interactive cable. And then there are the new terrestrial networks being assembled by Paramount and Warner, and the growing lure to young people of the Internet and the online computer network.

Can the traditional tv networks withstand all this? Every new thing will be tugging at their life-line. I confess to hoping they make it, because I believe in mass-audience tv. But if their response to the new storm of competition is only to continue down-sizing, I wouldn't bet the ranch on their chances. TBI

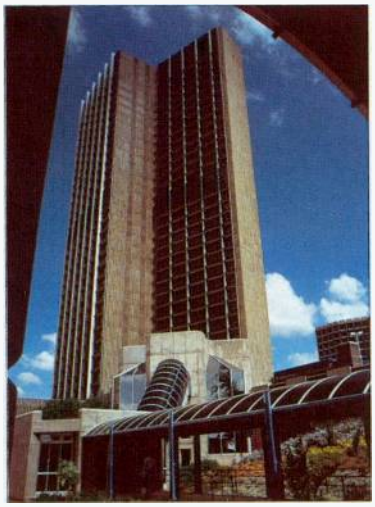
MONITOR

STAR LINKS UP WITH CABLE TV

Cable TV, Hong Kong's first subscription network, has given the strongest indication so far it is about to sign an agreement to offer Star Movies as a premium channel on its 20-channel service.

Cable TV's owners, the Hong Kong trading company Wharf, has been negotiating with Star TV for several weeks. Although both sides were reluctant to give details, Cable TV managing director Stephen Ng said: "There is mutual commercial interest involved here... Star TV is redefining its strategy and with this new encrypted premium movie channel is obviously looking at other sources of income than advertising."

Cable TV has also secured a deal to broadcast four hours a day of BBC World Service Television news on its International Channel. More than 60,000 of Hong Hong's 1.5 million households subscribe to Cable TV.



SABC: ad-free future?

SOUTH AFRICA

Broadcasting Body To Free Up The Airwaves

IBA hearings will map out new democracy's tv landscape

As South Africa takes its first steps toward democracy, freeing up the airwaves has become a priority. The eight-member Independent Broadcasting Authority (IBA), appointed before the March elections, started hearings at the end of June aimed at mapping out the future of broadcasting in the country.

At the top of the IBA's agenda, apart from the award of local radio licenses, will be the future financing of public broadcasting services, regulations on cross-media ownership, local television content quotas and independent production.

At the same time as it investigates these issues, the IBA must prepare a frequency plan that will allow for the maximum number of frequencies to become available for broadcasting. Any recommendations by the IBA will be passed on to the National Assembly via the Ministry of Post and Telecommunications. The IBA is expected to grant the first licenses in May 1995.

As befits the new atmosphere of the country, virtually every organization involved in film and television production and in the cultural life of South Africa is expected to have a say. A wide range of bodies including the umbrella group the Film and Television Federation (FTF), human rights, educational and religious groups, combined to make a joint submission to the IBA

Their submission called for a commitment to public service broadcasting from the giant South African Broadcasting Corporation (SABC) and for it to cease operating as a commercial broadcaster. It also outlines a two-tier structure for broadcasting operating at national and provincial levels. Given that the constitution gives the provincial governments legislative competence over provincial public media, this will provide an opportunity to establish a public broadcasting corporation in each province, separate from the SABC

Willie Currie, a media consultant who helped draw up the FTF submission, said the IBA should clearly differentiate between public and commercial broadcasting. "One cannot really talk about the SABC as a public broadcaster at the moment. The issue needs to be sorted out before new commercial players enter the environment. Also, the frequency plan was designed for the SABC – which occupies the vast bulk of available frequency in urban centers – and must be redesigned to accommodate the new dispensation."

Currie said the elimination of advertising on SABC – currently the source of 80% of its income – would "remove the commercial influence" from the broadcaster and allow for the emergence of a healthy independent network along the lines of Britain's ITV. The FTF submission suggests a direct state grant as an alternative means of funding.

The submission also calls for the SABC to be opened up to independent production and for local tv content quotas to ensure that "the changing reality of South Africa" gets an airing on South African screens. "It is difficult to compete with the U.S. television industry. In South Africa U.S. television drama programs can be acquired for as little as R300 ($75) per minute, while the cheapest local television drama costs upwards of R4,000 ($1,000) per minute," the submission outlines.

Although the prospect of new licenses still appears distant, would-be foreign investors are already showing a keen interest in South Africa. One, Sweden's Kinnevik group, started negotiations with the ANC and local partners even before Nelson Mandela took the presidential oath in May. Representatives from the ANC visited the UK studios of Kinnevik's TV3 channel in the spring.

by Dezi Rorich — SOUTH AFRICA

HONG KONG

License Bids Held Up By Sino-U.K. Standoff

Broadcasters are considering move to Singapore for uplinking

Star TV is one of only two uplink licensees

The continuing political row between the UK and China is undermining Hong Kong's attempts to attract international broadcasters looking for a regional base in Asia.

Despite a claim from the colony's administration last year that Hong Kong could become "a broadcasting beacon" for south-east Asia, bids by overseas broadcasters to get uplinking licenses have been delayed by the Sino-British impasse.

Beijing has to be consulted before any licenses are awarded because they will straddle the handover of Hong Kong to China in 1997. The licensing process is also bound up in Hong Kong's planned Broadcasting Bill that should have gone before the Legislative Council before the summer recess started in July. The Bill, which would have drawn together overlapping legislation, is now unlikely to reach legislators before late 1994 because of China's failure to respond to amendments.

Among the issues to be discussed is the removal of a 49% cap on foreign ownership of satellite broadcast licenses. Although Rupert Murdoch bought 63.6% of Star TV, he was only able to purchase 48% of the license, allowing the original owner, Hong Kong billionaire Li Kashing, to retain control of the signal.

Until the Broadcasting Bill becomes law, Star TV and Hong Kong Telecom are the only companies holding uplinking licenses.

Complicating matters is China's crackdown on foreign media, including the removal of privately-owned satellite dishes and a ban on joint venture film productions with foreign companies.

Potentially the most high-profile casualty is Turner Broadcasting's TNT/Cartoon Network, due to begin transmissions over Asia via the ApStar 2 satellite in the last quarter of 1994. ESPN, Discovery Communications and Walt Disney are also thought to be looking at Singapore as an alternative; the republic's broadcasting authorities have been lobbying hard for the last two years for companies to use Singapore Telecom's facilities.

In 1993, TV New Zealand opted for Singapore over Hong Kong to uplink signals to the Palapa B2P satellite for Asia Business News (ABN) in which it has a 29.5% share. Paradoxically, ABN, like HBO which is also uplinked from Singapore, cannot be seen by the republic's viewers because of strict content policies.

by Owen Hughes — HONG KONG

SPAIN

U.S. Investors Eye Up Spanish Cable

Cable legislation and investment will challenge the DTH market

Spain's long-awaited cable law, due to be unveiled by the minister of public works, Jose Borrell, at the end of July, is expected to trigger heavy foreign investment in the sector. In May, executives from Time Warner and U.S. West visited Barcelona to publicize the creation of a joint venture, Cable y Television de Europa SA with Spanish partners Multimedia Cable. The object of the new company is twofold: first to become an umbrella through which all interested parties can co-operate in the huge initial outlay on infrastructure, and second to begin cabling Barcelona, which Richard Callahan, president of U.S. West International, said has all the qualities for the making of a good market.

What form the cable law takes is the only remaining uncertainty over whether the U.S. companies will actually make the investment. As far as the project in Barcelona is concerned, which alone would involve an $100 million investment on infrastructure, U.S. West and Time Warner are in a strong position for winning government approval. Barcelona City Council is a 24% shareholder in Multimedia Cable's parent company and it is almost certain it will be the city halls across Spain who will decide who gets the franchises for cable networks.

Arthur Barron, president of Time Warner Entertainment, said he expected the Spanish cable market to generate considerable interest. "If the legislation is right I think there will be many others who will come here and want to invest," he said.

by Justin Webster — BARCELONA

A FIRST FOR MALAYSIA

A consortium of Malaysian businessmen operating under the umbrella name of Binariang is set to launch the country's first satellite in 1996. The C- and Ku-Band satellite's launch will herald in part a lifting of Malaysia's satellite dish ban, although in theory only Ku-Band dishes with Binariang decoders will be permitted. The satellite will also be allowed to carry international programming, but not before it has been vetted by the Malaysian government which observes strict rules as to the content of programming acceptable in the mainly Muslim nation.

OWN GOAL FOR IBA?

The privately-owned Channel Two picked up the rights to show Israel Football League matches for the next three years after the Israel Broadcasting Authority (IBA) declined to bid for the rights in May. Moti Kirschenbaum, director-general of the IBA, which controls the government-owned Channel One, said it did not have enough money in its $15 million budget to meet the asking-price of $5 million a year. The decision was criticised by the director of the IBA's sports department, Yoash Elroi, who said: "Whoever owns the rights to local professional basketball and football will be the sole winner in the ratings. Other sports have no meaning for Israelis." The IBA lost the rights to basketball two years ago. Kirschenbaum, who was appointed in March 1992, has come under fire for doubling the duration of the evening news bulletin to one hour, eating up 40% of the IBA's budget, and introducing political talk-shows which perform poorly with viewers.

CANADA

New Cable Nets Favor Domestic Content

Canadians form a consortium to counter the U.S. satellite invasion

Two preoccupations above all loom large in Canada's burgeoning tv business: resisting the industrial might of its friendly but giant neighbour to the south and, less urgently, the 500-channel universe.

In June, the two converged when regulator the Canadian Radio and Television Commission (CRTC) issued ten cable licenses, to increase the offer of national channels available to the country's nine million cable households to 21. Shortly before, the biggest cable operators announced a plan to meet the challenge of U.S. direct-to-home services such as DirecTv with a Canadian satellite package.

The ten licenses, issued on June 6, ranged from old movies to country music, health and women's interests. By the time they run out at the end of the decade, most Canadian homes will have access to around 100 channels and, according to CRTC chairman Keith Spicer, the regulator will have no job to do – at least in terms of awarding licenses.

"In three to seven years, we will see the disappearance of channel scarcity," said Spicer. The CRTC will "intervene" for the last time next year before leaving market forces to go to work.

Eight of the licenses went to English-language services, most of which will be basic cable, and two will be pay-tv services. Two licenses went to French-language channels. Spicer invited the 38 unsuccessful applicants, which included arts, news, comedy and sports channels, to resubmit their applications, promising a final round of licenses by the end of June 1995.

"We don't apologise for loading the dice in favor of Canadian artists, consumers and broadcasters," said Spicer. With all of the new channels pledging a high percentage of Canadian content, and investment in programming totaling Can$518m ($375 million), regulators believe the country's production sector is well-set.

Cable operators Rogers, Shaw, Astral Broadcasting, JLL Broadcast Group and CTV's Quebec affiliate, CFCF, are all involved in the plan to market direct-to-home services. They have agreed to work with Western International Communications (WIC), Canadian Satellite Communications (Cancom) and telco BCE group to market direct-to-home services within Canada.

"It is expected the new Canadian DBS service will be up and running by mid-1995, when the digital video compression set-top boxes and receivers are expected to be available," said Andre Bureau, Astral Broadcasting's CEO.

Shaw, Astral, JLL and CFCF, also agreed to set up a separate entity to market a complete line-up of programming services to areas not currently served by cable. Astral and WIC/Cancom will offer a national pay-per-view programming feed. Programming services will be digitally compressed and delivered via the Anik E satellite.

by Karen Murray — TORONTO and Tim Westcott — BANFF

Banff: ten new channels got the green light during the festival

ITALY

Time To Change TV, Says Ad Association

Ad revenue is static and viewers are swamped with too many spots

While Italy's political parties are engaged in a war of words over the amendment of the tv law, a strictly "business-oriented" warning came from the National Association of Advertising Agencies (Assap), whose members control over 70% of the national market.

"The current structure of the Italian tv industry cannot last much longer. It must be radically changed," said Assap president Alberto Contri. "Tv advertising revenues decreased in 1993 and will grow by only 1.5% this year, which is less than the rate of inflation. This is not enough to keep all the broadcasters in a healthy state."

At the same time, he said the number of

advertisements aired by the main networks had became "unacceptably large." In 1993, Rai, Fininvest, Italia7 and TeleMontecarlo broadcast nearly one million ads – 60% more than in 1987.

According to Assap, such an excessive level of advertising concentrated in so few hands (4% of total airtime for Rai and 14% for Fininvest) is detrimental to the market: "Not only because it is damaging for small and potential new broadcasters, but also because viewers remember less and less of what they see."

Assap proposed a reshaping of the tv landscape, with more national thematic channels and more syndication betweeen local stations.

Perhaps more importantly, Assap said the big broadcasters, and Berlusconi's Fininvest in particular, must end their policy of selling advertising space at generous discounts of up to 70%. "We want a smaller offer of advertising time and 'normal' rates, as in the rest of Europe," said Contri.

However, Assap rejected the suggestion by Marco Taradash, a Forza Italia MP newly-appointed as president of the Parliamentary Commission for Rai, that the state broadcaster should be forbidden from selling advertising.

Such a move would be "crazy," said Contri. "The effect of taking away from Rai revenues of 1.4 billion lire ($850 million) a year is unimaginable."

The association, would welcome the entrance of "international broadcasters" on to the scene. "If Italian investors and entrepreneurs are not able to create a third, strong tv group to compete with Rai and Fininvest and so better balance the national market, why not think of foreigners?"

by Cecilia Zecchinelli — MILAN

as China's 1.2 billion people.

At the launch of Star Movies, the network's first subscription channel, in the Taiwanese capital Taipei, general manager Tony Watts said 60% of the films broadcast would be in Mandarin, although all offerings would be subtitled. Estimates put the number of homes with access to the service at one million – about 40% of Taiwanese cabled homes.

Channel V is running 60% Mandarin videos and 40% English-language after reaching deals with record labels in the region. Both the interstitial material and the language used by the bi-lingual VJs have also seen a big increase in the use of Mandarin. "It has had an immediate effect in Taiwan; Channel V has attracted more viewers than our Chinese Channel at times and that is unprecedented," said a Star TV spokesperson. "We are keeping our options open about how to balance the language content because we have to see what the effect is on places like the Philippines where English is the preferred language."

Mandarin is now Prime Sport's primary soundtrack on Star TV's northern footprint covering countries such as Hong Kong, Taiwan, China, Japan, Korea, Vietnam and the Philippines. Programs with a clear niche like Australian rugby league are run in English, but large events go out in Mandarin, unless cable operators and satellite dish owners adjust the frequency of their audio channel. The southern beam, covering India and the Middle East, has not been affected.

by Owen Hughes — HONG KONG

Now playing in Mandarin

ASIA

Star TV Boosts Mandarin Broadcasts

The pan-Asian broadcaster is prioritizing Taiwan and China

Star TV, clearly focusing on the Taiwanese and Chinese markets, has emphasized Mandarin-language programming on its two recently-launched channels, Star Movies and the music service Channel V TV. Prime Sports has also added a second soundtrack. It now runs high-profile events like Grand Slam tennis, Formula One motor racing and gymnastics with Mandarin-speaking commentary.

Although English and Mandarin are the *lingua franca* of south Asia, Star TV is going after the 20 million-strong population of Taiwan, as well

AUSTRALIA

Big Players Scramble For Pay-TV Market

Over 100 channels are planned via satellite, cable and MDS

The latest phase in the market-driven introduction of pay-tv to Australia is likely to trigger a scramble for cable carriage, with the potential to create as much embarrassment as last year's auction of satellite licenses.

Australis Media and Continental Century, the two successful bidders for licenses to offer digital satellite services via the Domsat satellite, plan to launch this year. Both are offering four-channel packages which will be received direct-to-home in most of the country and, in the major east coast cities, via cable and microwave (MDS). The remaining two channels are allocated to the Aus-

SWEDISH TV TITAN PLANS NEW CHANNEL

TV4, Sweden's national commercial network, is planning to launch a second, satellite-delivered channel consisting of reruns, movies and news, managing director Bjorn Nordstrand told a meeting of investors in June. Launch is anticipated in 1995 or 1996 if the government gives its approval. Nordstrand said the major cost for the channel would be rental of a satellite transponder for Skr30 million ($4 million) a year and expected turnover was Skr300 million ($40 million).

TV4, the only commercial network to be distributed terrestrially, has upgraded its 1994 profit forecast to Skr175 million ($23 million) after a better than expected performance in the first quarter.

tralian Broadcasting Corporation (ABC).

Backed by a successful share placement and major finance from TCI/Liberty Media, Australis plans to offer the subscriber management system and MDS infrastructure for all satellite licensees, including the ABC.

A partnership between Australis and Liberty Media will deliver the U.S.-based Prime Sports channel, while a TCI/Australis joint venture company will offer movies.

Australis and the other four-channel satellite licensee, Continental Century, have established links through small cross-shareholdings. Finance for Continental Century has been provided by a small U.S. cable operator, Century Communications, and a local venture capital company.

Another move that will strengthen the position of Australis is a possible joint venture with the ABC to offer its two satellite channels, one covering news and the other children's/documentary programming.

An auction for the remaining MDS frequencies is scheduled for July, but gaining access to the fiber-optic cable network, currently under construction by telephone company Telstra in the high-density eastern cities, is proving more controversial.

The first customer to sign up in May was Cable Television Services (CTS), a small entrepreneurial company headed by Lynton Taylor, a former Nine Network director. Armed with licenses for 20 cable channels, CTS reserved about one-third of Telstra's cable capacity which is limited to about 60 channels.

At press time, the broadcasting authority had licensed eight companies planning a total of 166 cable tv channels. Would-be investors including U.S. cable companies Cox and Time Warner, who are seeking a slice of the pay-tv market using cable, satellite, microwave (MDS) or all three options. However, the authority has chosen not to release details of the coverage areas or foreign control arrangements of some licensees.

Given Australis and the powerful PMT consortium (named after its partners Kerry Packer, Rupert Murdoch and Telstra) have also applied for Telstra capacity each to offer up to 20 more channels, demand has clearly overtaken supply. Telstra has now cancelled discussions with customers other than CTS while it addresses the potentially explosive issue of channel allocation.

To add to this confusion, Optus Communications, the second telecoms carrier which already owns the Domsat system, has decided to build another cable-to-home network in partnership with Continental Cablevision. Further, Optus has recently acquired Packer's Nine Network as a shareholder. No timetable has been released for the Optus/Continental network which will provide a range of services, including local phone calls. Continental Cablevision, meanwhile, has already secured licenses for 35 cable channels with another local partner.

by Liz Fell — SYDNEY

JAPAN

Odd One Out In The Ratings Game

Japan still measures tv viewing by households, but changes are afoot

More than four decades after the beginning of commercial broadcasting in Japan, broadcasters and ratings services still measure tv viewing by households. This leaves Japan the international odd man out; 37 countries in Europe, North America and Southeast Asia have switched to individual ratings. Under pressure from advertisers, who feel they are being charged unfairly for inflated ratings, moves are being made that may enable Japanese broadcasting to join the majority by the end of the year.

The leader in the struggle for change is the Japan Advertiser's Association (JAA), which represents 308 companies, including most of the major tv advertisers. At the end of 1990, the JAAannounced a proposal for the introduction of individual ratings. Television networks, however, balked. "The current system results in higher ratings," explained JAA director Akihiro Ito. "Also, it makes it easier for networks to arrange their schedules and promote their programs."

But following the bursting of Japan's bubble economy in the early 1990s, sponsors watched their profits plunge – and as such became more concerned about the bang they were getting from their pitches.

At the beginning of the year, JAA, the major networks and ad agencies began talks on how to make the changeover. The system ratings companies and networks are now considering, developed by Data Access, requires household members to push individual buttons when they begin watching a program. Ultrasonic and infra-red sensors then detect whether the number of viewers is the same as the number of buttons pushed. If the number is not the same, a warning light is flashed.

"We are still in the process of negotiating, but by mid-July we should be ready to announce a clear-cut policy," said Ito. "The ratings companies have made considerable progress in determining how they want to measure individual ratings. There are still problems that have to be ironed out, but we are definitely moving forward with this. By fall we should begin tests and by the end of the year introduce the new system. Japan is clearly behind the rest of the world on this issue. Individual ratings are an irreversible trend; Japan cannot continue to cling to its current system."

A spokesman for Video Research, one of

Japan's two major ratings agencies together with AC Nielsen, admitted there is movement in the direction of individual ratings but was not quite so emphatic as to when it would be implemented. "First, we have to arrive at a consensus between the advertising agencies, tv broadcasters and advertisers," he said. "Things may change in two years or so, but for the time being we intend to stick with our current system."

by Mark Schilling — TOKYO

GERMANY

RTL Youth Channel Relocates To Munich

In co-operation with Bavaria Film, RTL2 will up original production

Cologne's loss is Munich's gain. The first employees of commercial channel RTL2 began arriving at their new headquarters on the Bavaria Film lot late in June, in what will be the studio's first full-scale co-operation with a privately-run group.

Along with private channel Pro 7 and pubcaster ZDF, youth-oriented RTL2 is the third general interest broadcaster to be located on the periphery of Bavaria's state capital. Kabelkanal and the sports niche channel DSF are already based in the greater Munich area.

Although more of its activities will be at Bavaria Film, RTL2 will continue to be aired from a studio in Luxembourg (CLT has a 24% stake). The channel's sport and news divisions are to relocate this summer to the Cologne-Ossendorf broadcasting center.

RTL2 has agreed to invest some DM20 million ($12 million) over the next three years to expand Bavaria Film's centers for video and design. The channel has earmarked DM80 million ($48 million) for productions this year, about a quarter of which will go for use of the studio's facilities.

Bavaria vied with rival media states North-Rhine Westphalia, Baden Württemberg and Hamburg for the contract with RTL2. But the others lost out when, at the urging of the state government, which has a 20% stake in Bavaria Film, the media authority BLM granted the channel two coveted terrestrial frequencies. Release of the frequencies expanded RTL2's reach in ten of the state's cities, upping the potential viewership another two million viewers and increasing the channel's overall penetration to nearly 19 million.

As managing director Gerhard Zeiler explained: "For us, Munich was a purely economic decision, since Bavaria's offer was the best."

Zeiler: leaving RTL2 for ORF

Under Zeiler's management, RTL2 achieved a market share of 3.4% by the end of its first year last March, and will reportedly book a total of DM400 million ($245 million) in gross ad revenues by the end of 1994. Start-up costs were originally projected at DM500 million ($300 million), but later reports put the figure at DM300 million ($183 million), which could be paid off in three years, putting RTL2 on the threshold of profit. As revenues increase, RTL2 intends to up production of its own product. Said Zeiler: "You can only create a good image with your own productions."

The Vienna-born Zeiler, now leaving RTL2, has been tipped to succeed Gerd Bacher as head of Austria's ORF public network, a post he will officially take over in October. Rudi Reischi, who handled RTL2's account at the IPA advertising marketing company in Frankfurt, takes over from Zeiler this summer.

by Jack Kindred — MUNICH

UK

Channel Five Back On Agenda

ITC "concerned" by government plan to encourage digital tv

The UK's fifth terrestrial channel may be available to only 50% of the population according to a frequency plan decided by the UK government. One of the frequencies originally earmarked for Channel Five will instead be allocated to digital broadcasts.

The Independent Television Commission, the regulator which will be responsible for licensing the channel, had asked the government to clarify which frequencies will be available. After the government annoucement, it said it was "con-

ANTENA UP FOR GRABS

Six potential buyers have put offers on the table for a 24.9% stake in Spanish network Antena 3 TV, according to Antonio Asensio, president of the private broadcaster.

Asensio made the statement in answer to shareholder questions at the recent general meeting. Negotiations with the three U.S. groups interested – Time Warner, Disney and ABC – are reported to be at an advanced stage. An unnamed member of Antena 3 TV's board, quoted in the Spanish press, named two European groups, media giant Bertelsmann and the private French channel TF1, as additional bidders for the stake. CLT has also been indentified as a possible buyer. Asensio has guaranteed the sale, provoked by the collapse of shareholder the Banesto bank, will be completed in three months. As yet no news has emerged over what will happen to the 29.3% of Antena 3 TV controlled by Banesto as security against a loan. Banco Central Hispano is reported to be maintaining its 10% holding. The results for 1993, including profits before tax of Ptas1.65 billion ($12.2 million), and a number of appointments to the board, were approved at the general meeting.

Meisel: working on bid

cerned" by the reduced coverage, which it believes can only make the prospects of Channel Five more difficult. The successful bidder will also have to bear the cost of retuning video recorders where they conflict with Channel Five broadcasts. The ITC will consider whether to readvertise the license in September.

The ITC decided to reconsider an advertisement for Channel Five at the instigation of a consortium formed by Time Warner, ITV broadcaster Meridian and the publishing group Pearson earlier this year. Since then two further groups, NBC and Virgin Communications, have declared their interest. Virgin owns a small stake in satellite service NBC Super Channel.

"If they want a genuine national channel, they are going to have to give it national coverage," said Patrick Cox, chairman of NBC Europe. "If they reduce the coverage of the channel, it obviously affects the amount of revenue we can expect and the amount we are able to bid."

Cox said that there was a possibility of using further frequencies to fill in parts of the country not covered, although some urban areas which would not be served – such as Manchester, Newcastle and Norwich – are cabled to varying degrees.

Farrell Meisel, senior vice-president of Time Warner International Broadcasting, said that it was still interested in the opportunity despite the lower coverage but that it too was investigating how to boost coverage.

The ITC said it wants to discuss the implications of the government's digital plans on the commercial broadcasters. As well as the analog Channel Five, the government wants to use frequencies for up to 12 digital services. Four are likely to be simulcasts of the four existing terrestrial channels, with eight channels covering 80-95% of the country used for new national or local channels, including Channel Five. After a transitional period of "perhaps 15 years", the government wants broadcasts to move to all-digital transmission.

Possibly mindful of the BSB fiasco – the DBS service was saddled with the obligation to use the British-developed DMac transmission standard – the ITC is unlikely to make any stipulations about Channel Five experimenting with digital.

Cox said NBC's studies in the U.S. and in Europe indicated that it will in any case be "a long way down the road." Robert Devereux, managing director of Virgin, said: "The key question with digital is not the technology, but how quickly the consumer is going to take up digital tv sets. There's not much point in transmitting digital signals to analog sets."

If the ITC decides to go ahead with the license advertisement, Channel Five could be on the air by the end of 1995.

by Tim Westcott — LONDON

FRANCE

French Cable Says Oui To TF1 Channel

Private tv giant is investing $46m in France's first news channel

La Chaîne Info (LCI), the first French round-the-clock tv news channel, launched to 400,000 cable homes in the Paris area on June 24. Promising to offer French news junkies the latest news every quarter of an hour for 24 hours a day, LCI is 100% owned by TF1, France's leading private broadcaster.

Although Paris Cable was the only network to make room for LCI at launch, all four of the major cable operators have agreed to carry the channel as part of their basic packages, even though its fee of FFr6 ($1.09) per subscriber per month makes it one of the most expensive. Availability is expected to rise to 1.1 million homes by the beginning of 1995.

Etienne Mougeotte, second in charge at TF1 and president and chief executive officer of LCI, said the annual budget will be about FFr160 million ($29m), with 160 employees out of which 80 are journalists. Although the new channel will operate independently from TF1 and is based in another part of Paris, some of the broadcaster's top stars such as anchorman Patrick Poivre d'Arvor will appear on LCI.

Revenue expected for 1995 is FFr15 million ($2.7m) from advertising and sponsorship, FFr70 million ($12.7m) from cable fees and FFr35 million ($6.4m) from TF1, for which LCI will produce the weather reports. With these figures, a deficit of around FFr40 million ($7.3) is expected in the first year and given the slow rate of cable growth, LCI is not forecast to break even for four or five years. Cable subscriptions will probably not exceed two million before the year 2000.

Keen to see its FFr250 million ($45.5m) investment is money well-spent, TF1 is likely to benefit the channel with promotional support. It has already suceeded in rallying national and local politicians to overcome the reluctance of some cable systems to pay the high fee to carry the channel. The channel will, at least in early stages, be cable-exclusive.

LCI marks TF1's second foray into new media. It already operates and owns a 30% stake in pan-European channel Eurosport, and plans to launch a cable shopping channel. However, unlike LCI, this will be forced to compete with at least two other operations.

by Serge Siritzky — PARIS

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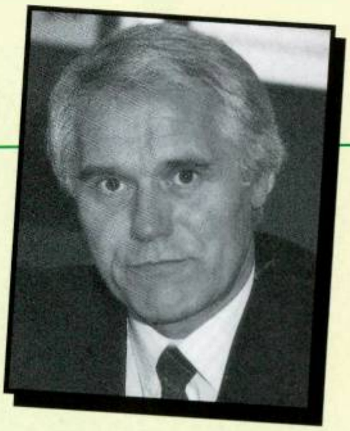

BY WILFRIED AHRENS

What is more dangerous: commercial television or advertising? To ordinary people – that is, to the majority of those not initiated in the cerebral rites of progressive intellectuals – that question may make no sense. To the specialists in apocalypse, the question is as elementary as the answer is clear: commercial television and advertising, of course, are equally dangerous, but even more dangerous in combination.

A representative of the naïve majority might ask: dangerous? why and to whom? Poor stupid, that's the point, the noble elite will answer. Advertising is doubly damnable. For one, it is the means of financing the electronic corrupter, and, secondly, it is an instrument of manipulation, aiming at transforming innocent people into consumers.

Exaggerated? Well, look at the catalog of regulations thought up to fetter both commercial television and advertising. Many of those regulations are justified as being necessary for the protection of the public from all kinds of evils.

Underlying those efforts is a strangely split perception of humankind. On the one hand, the individual is portrayed as being autonomous, responsible, independent and enlightened. These beautiful attributes are freely allotted to ordinary people, for example, in their role as voters or recipients of political propaganda. But as soon as those same individuals are confronted with commercial advertising, they are supposed to undergo a mysterious metamorphosis that turns them into brainless brats.

Take the case of one of the latest European advertising regulations. It forbids producers of baby food to advertise their product using baby photos and obliges them expressly to stress the superiority of mother's milk. It also prohibits the direct marketing of baby food to young mothers still in the hospital in order not to divert them from breastfeeding their babies.

So, the theory is that women cannot and will not responsibly decide for themselves what is healthy for their new-born baby.

Yet the same school of self-styled protectors of humankind have no such doubt when it comes to abortion. In that case, the same female who cannot be entrusted with the choice of the right diet for her baby, is regarded as responsible, intellectually independent and morally autonomous when it comes to the choice between life and death.

The European Parliament and Commission have been concocting many more advertising restrictions along the same lines. It is true, some regulatory propositions have been blocked by individual governments or the European Council, like outright censorship of all advertising by a central Brussels bureaucracy or the idea that ad messages should always carry a general warning against the possible risks of the product. The Greens of Belgium even vented the idea of forcing the auto industry to paint – in large letters – across their vehicles: "Driving is dangerous to your health and ruins the environment."

A strangely split perception of humankind underlies the catalog of regulations aiming to fetter both commercial tv and advertising

Still looming are prohibitive restrictions on advertising for food, medicine, alcohol and tobacco. Last month, the German government decided tobacco advertising should not generally be verboten. The Italians have been fighting on the other side of the barricade – professedly in order to protect the Europeans' health, in reality because they want to protect their state tobacco monopoly.

While intellectual do-gooders may be motivated in their fight against advertising by ingrained anti-capitalistic reflexes, the question is what makes the rest of European advertising regulators tick?

The aim of the Common Market is to free commerce from barriers and restrictions. Competition is at the heart of a free-market economy, and advertising is an indispensable function of competition. Consumer protection and the protection of our economies are equally important. As things stand, those in charge have tended to protect less the economy than the consumer – from himself.

In Germany and elsewhere, hundreds of politicians and supervisory bureaucrats have been wasting their time and taxpayers' money pondering whether the television viewer should be exposed to two or three spot interruptions of a movie. Nobody seems to trust the tested rules of the market which would automatically switch off any program overloaded with commercials.

The political treatment of advertising, especially that on television, spells a lot of trouble for business in unified Europe. It is ironic that after the breakdown of the centralised Socialist economies their main traits of dirigisme and interventionism should surface again in the traditional free part of the continent. The way advertising is handled will be symptomatic if not decisive of the direction the European economy is going to take. Without free advertising, that is, information, there will be no free flow of goods and services. TBI

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The A-Zee of Indian TV

The Indian tv market is booming, with private channel Zee TV in the forefront and foreign operators bursting to get in on the act. Chris Dziadul begins TBI's focus on India with a look at the rapidly expanding private sector

The revolution currently sweeping through the Indian television industry is being driven by the success of one broadcaster: Zee TV.

Launched in late 1992, Zee TV quickly found its niche by targeting viewers starved of entertainment and has since become one of the world's most popular satellite channels.

The service, which is backed by the chairman of the Essel group of industries Subash Chandra, is owned by Hong Kong-based Asia Today Limited (51.1%) and, since early this year, News Corporation (49.9%). Its programming is supplied by ATL's subsidiary Zee Telefilms Limited in Bombay and beamed as part of the five-channel Star package to almost 50 million people in India and a further 39 countries within Asiasat's massive footprint.

According to Subodh Lal, Zee Telefilm's executive president, the service is about to enter a period of considerable growth which should see its daily airtime increased from 12 to 24 hours and the introduction of one or two more channels by the end of the year. While the proportion of its programming which is produced in-house and acquired will roughly remain 40:60, the volume required is likely to double at least. In anticipation of this, Zee TV has already set up its own production company which "will generate for Zee 1, 2 and 3 and meet other requirements."

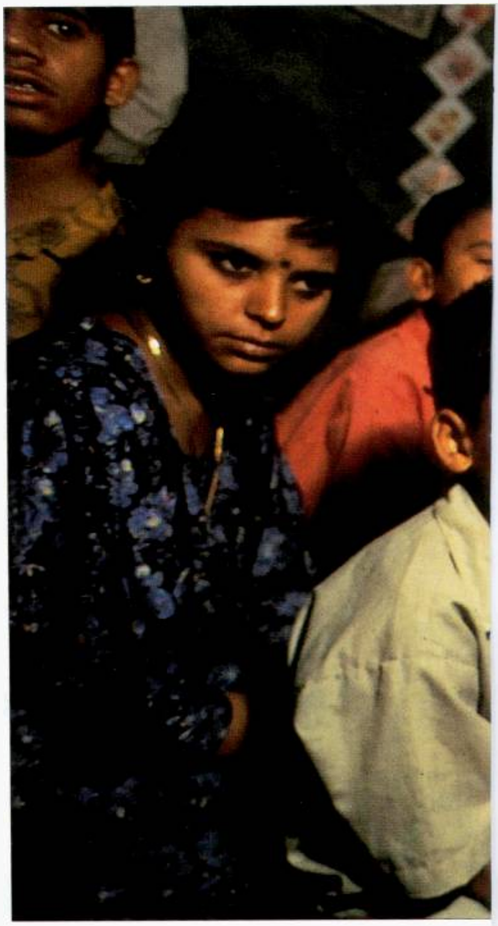
Furthermore, although the channel will continue to cater principally for Hindi speakers, it has "recognised a great demand for south Indian languages." As a result, it expects soon to employ producers (either in-house or on a commission basis) in Madras and Hyderabad to increase its output of programs in Tamil, Telugu, Kanarese and (at a later date) Malayalam.

Zee also acknowledges Calcutta as a major film production centre and has come to agreements with two unnamed companies which will both produce programs in Bengali and access others in such north east Indian languages as Assamese and Origo.

Lal added that Zee TV's plans extend beyond India, where it already has sizeable audiences in Pakistan, Bangladesh, Nepal, Burma and the Gulf. In Sharjah, for instance, it recently set up a limited liability company named Zee Arabia which Lal expects will be producing at least two hours of programming daily for the network within the next six months. There is also the possibility of undertaking joint productions with Pakistan in both Sharjah and neighbouring Dubai, something which he feels would be a major development.

Elsewhere, Zee TV is likely to take over the new Mauritian terrestrial channel TV5, while in Africa it has already held talks with South Africa's SABC and M-Net, along with broadcasters in Kenya and Tanzania. Indeed, while conceding Zee TV's success has been sudden and wanting the broadcaster to be seen as "a stable, consolidated and reliable software supplier," Lal feels there is "no way we can confine ourselves to just Asiasat. This is a one-way street and once we are in this medium we have to go on and on."

This is perhaps one reason why Zee TV has recently branched out into film production and is currently working on 13 titles which will be both shown by the service and sold to other broadcasters. Although it currently has 2,000 hours of programming (excluding films) in its library, Lal thinks the volume needs to be taken up to at least 6,000 hours in the next one and a half years. The cost of producing a half-hour studio based talk show ranges from less than Rs100,000 ($3,226) to Rs250,000 ($8,065), with programs shot on location costing between Rs300,000 ($9,677) and Rs500,000 ($16,129); the price of first-



Box Wallah: The BBC is just one broadcaster biddir run productions made exclusively for Zee TV is even slightly higher, so the service can expect to pay Rs50 crores ($16.1 million) plus a similar amount for hardware to meet the target.

Furthermore, there are lingering doubts over whether the independent production sector can rise up to the challenge of supplying a large amount of programming to Zee TV and its competitors. Kamlesh Pandey, Zee Telefilm's vice-president of programming, said that "the entertainment industry has to gear up to orientate itself to the demands of television and the work culture has to change. It has to learn how to meet deadlines and also needs financial discipline, something that does not exist in the country at the moment."

In his view Zee TV is in fact the first company "to introduce this serious commitment into the entertainment industry. That is why we are able to produce programs at about a half to a third of the expense of others and we are proud of this."

The service's professionalism is borne out by a number of impressive statistics. Besides now having an audience share of over 50% of all television households in primetime, it broadcasts seven of the top 10 (and 12 of the top 20) programs on all channels in India. Its gross monthly advertising revenue of over $2 million is meanwhile obtained from more than 320 companies and accounts for about 20% of television ad spend in India.

While unable to provide an exact national viewing figure for the service (it has been recently estimated to reach 10.84 million households in India), Pandey believes it is growing by the equivalent of the population of Australia (over 17 million) each year. Moreover, this is not at the expense of Doordarshan and its Metro Channel since the public broadcaster "is more like an elder brother, not a rival." Indeed "they have their own standards, we have ours. They are very strong and powerful but the market is big enough for everybody, be it for Zee, Metro or other channels, and especially for people who can give good quality."

Whether the latter is true, however, will only become clear over the next year or two. Subodh Lal, for instance, is convinced there is a future for pay-tv in the country and says Zee TV will shortly launch such a service for cable subscribers since "networks show movies without authorisation. They are mostly fly-by-night operations, have a lot of advertising but leave the viewer dissatisfied."

He also feels the terrestrial and satellite channels most likely to survive in the long term will be dedicated to only certain types of programming (such as sports, features and entertainment) and target regional rather than national audiences.

Although he adds that Zee TV is "working in perfect co-ordination" with Star TV, the latter appears to have its own specific plans for India. According to Robert Bland, Star TV Network's director of advertising sales, the country is currently (along with the Middle East, Taiwan and China) one of its major markets and will "by this time in 1995 be a very important source of revenue."

Having recently launched a pay service aimed at Taiwan and the Philippines, Star TV is also expected to introduce one either targeting India exclusively or along with some neighbouring territories later this year. In Bland's view, "by introducing pay-tv we hope to introduce some sensibility to the (Indian) market and indeed turn it into a market."

Other players also believed to be interested in launching a pay-tv service in the country include the UK-based satellite channel TV Asia. Although now only using India as a source of programming, its long-term plans envisage serving Asian communities beyond the UK and rest of Europe.

The greatest challenge to Zee TV, however, is likely to come from a new satellite network operated by Business India Television (BITV). Due to launch later this year, the service will be structured along similar lines to the Star channel with BITV (itself owned by the powerful Business India Group, which publishes a string of successful publications including Business India and produces the weekly *India Business Report* program for BBC World Service Television) providing software to International Communications Network (ICN), a subsidiary company (in which the Nepalese government will have a 25% stake) based in Nepal to circumvent the Indian government's ban on private broadcasters uplinking from the country.

Ashok H. Advani, Business India Group's publisher, expects BITV to

0 million Indian tv consumers

Managing change: Zee TV's Saneep Seedi (left) and Jungle Todfar Tyre (right), Plus Channel's Sangeet Sitaare (center)

operate up to five channels and have a general 70% Hindi to 30% English-language content. The first three will offer entertainment, news and current affairs and film and music respectively, while the others will transmit programs in regional languages other than Hindi.

He also estimates the cost of setting up the service (which may use a Russian satellite and be uplinked from Moscow) over a three-year period will be at least $100 million, of which up to 90% is likely to be spent on programming. Indeed, BITV's wish to obtain 2,500 hours of pre-packaged material by launch day has already brought in a flood of offers from independent producers and those who have been commissioned are being asked to work exclusively for the network.

Advani thinks that the industry is big enough to support Doordarshan and two to three satellite networks, "of which we hope to be one." He adds that "our logic is that there is a market which can be ad-driven. Let us go out and see if we can get it."

Whether the service succeeds or not, however, remains to be seen. Advani concedes that "if we want to compete we have to make programs people want to watch. We are therefore talking to various foreign companies about collaboration and looking at all possibilities."

Yet while BITV still remains at the planning stage, a more immediate threat to Zee TV has for some time been posed by another satellite broadcaster which hopes shortly to start India's first DBS service. Asia Television Network (ATN) began life on Russia's Gorizont satellite and initially offered a Hindi-language channel (ATN Gold) in addition to one showing programming obtained from Reuters Television, ABC and Thames TV (ATN-One). With cable operators unwilling to purchase additional dishes to receive and distribute it (perhaps at the expense of the popular Zee TV), however, its future looked uncertain.

The service's fortunes nevertheless improved earlier this year when its switch to another Russian satellite (Statsionar-3) located nearer to Asiasat enabled operators to offer both ATN and Star without employing any extra equipment. Although it has since gone off the air, ATN recently obtained marketing rights to a former Russian military satellite (Gals-1) being leased by the London-based company Unitel and soon hopes to operate a DBS service on it and two further satellites in the series (due to be launched later this year and sometime in 1995).

P.K. Dixit, ATN's chief general manager, concedes that one of the broadcaster's major tasks will be to decide on the bouquet of programming it will offer. Yet while he is confident about the prospects of DBS in India, the country has an extremely low level of individual dish ownership (compared to a cable penetration of over 17%) and this is unlikely to rise much in the future due to the high cost of satellite reception equipment.

"For others India is a market... for us it is a case of developing Indian tv for Indian needs"

Elsewhere, competition has been offered to Zee TV by the Joint American Indian Network (Jain) TV. India's first 24-hour satellite broadcaster, it was launched in January this year and is currently distributed to 56 countries from the Gulf to the Pacific by the Russian Statsionar 21 satellite.

Besides already having a wider reach than all other satellite channels targeting India (including Zee TV and Doordarshan), the service is distributed terrestrially in Sri Lanka by Maharaja Television (MTV) and Extra Terrestrial Vision Ltd (ETV) and will soon also be carried by the new Nepalese microwave service Shangri La.

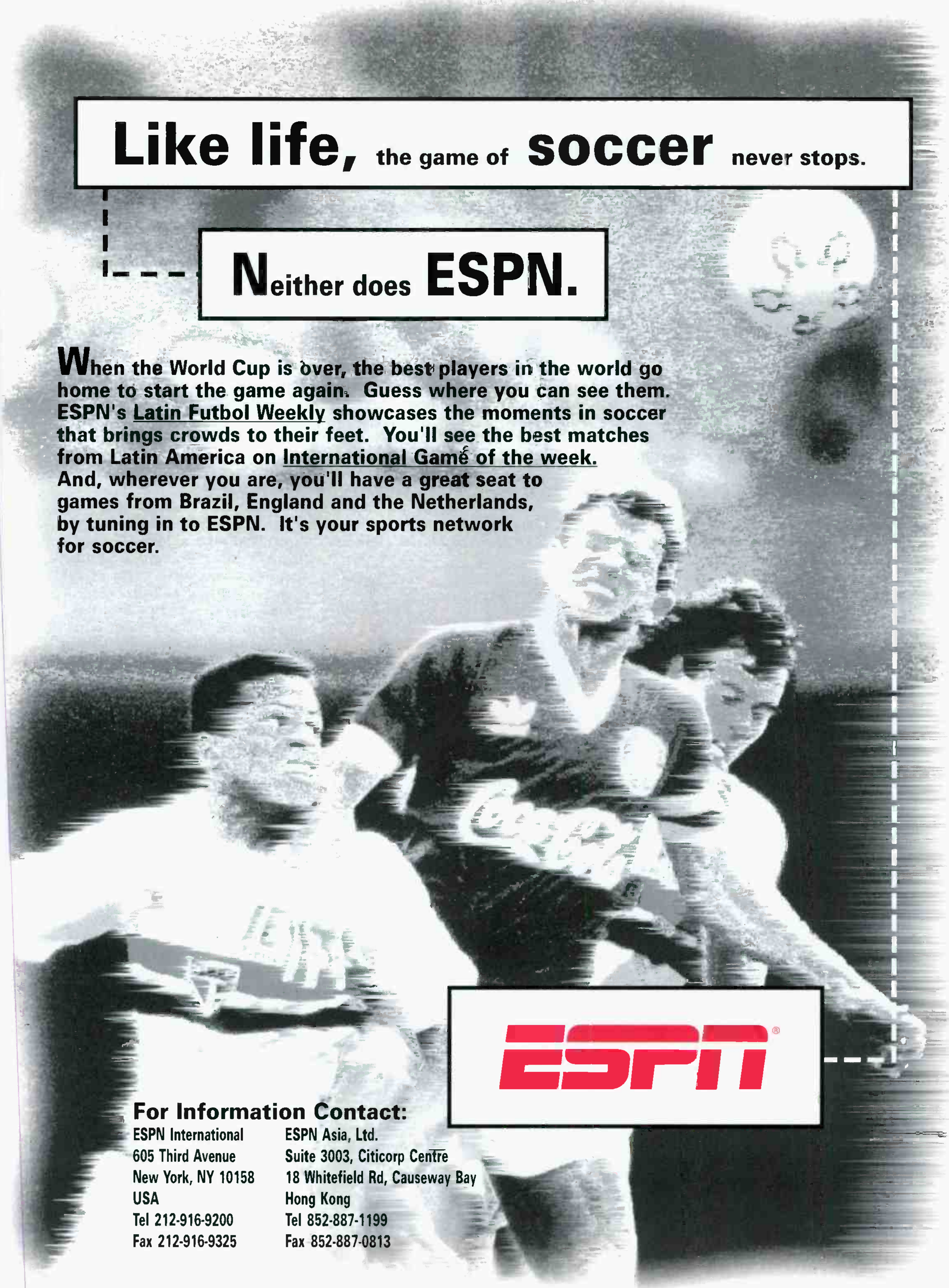
According to Dr Jinendra Kumar Jain, the president of Jain TV and a former Bharatiya Janata Party (BJP) politician, the service is a purely commercial joint venture between Indian and U.S. /Indian interests and offers viewers a nine-strand package of religious, political, children's, sports, entertainment, business, health and population, current affairs and development and environmental issues based programming. It is carried by up to 65% of India's cable operators and has a potential audience of up to 21 million viewers in the country.

Although he considers the service to be a channel "of Indians, by Indians and for Indians" and describes multinationals as a "threat" to cable operators in the country, Jain also "welcomes the idea of foreign investors," some of whom are now talking to Jain TV. However, he also warns that "for others India is a market... for us it is a case of developing Indian television for Indian needs."

Foreign companies are nevertheless likely to invest in ever greater numbers in India's booming television industry. Following closely on from News Corporation's acquistion of 49.9% of Zee TV, the U.S. cable operator Falcon Cable TV entered into talks with Asianet, one of the country's leading regional language services, which are likely to result in it taking a 40% stake in the venture for around Rs7 crores ($2.25 million).

Asianet currently uses a transponder on the powerful Russian Ekran-M satellite to beam programs in Malayalam, Tamil and Telugu to a predominantly south Indian audience estimated to be around 1.5 million.

Although it is already installing the country's first ever statewide cable network in Kerala and could have up to 300,000 connections by the end of the year, the agreement with Falcon Cable TV is likely to lead to the construction of a fiber-optic system similar to one it has already built in the Philippines which offers both cable television and telephony services. TBI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Producers Are Serious About Software

Demand for programs is surging in "the most organised entertainment industry in Asia"

The future of India's burgeoning television industry will largely be determined by the ability of the country's independent production sector to provide it with programming. And with demand for software already beginning to soar, many producers can look forward to a period of unprecedented growth.

BR Films, for instance, began life as a film production company in 1954 and branched out into television 30 years later. It has since supplied Doordarshan with a wide range of programming including the highly successful *Mahabharat*, a 94-part epic which cost around Rs9 crores ($2.9 million) to produce and was subsequently sold to Europe, Asia and North America.

According to Ravi Chopra, BR Films' joint owner, the company sells its programming to the public broadcaster as only it can afford to pay the sums of money which should be spent on quality productions. In his view, Zee TV is unwilling to spend heavily and therefore do not reap the benefits of such programs as *Mahabharat*.

While BR Films is currently producing two further series (the 104-part *Mahabharat 2* and a 132-part soap named *Bada Aadmil* for Rs9 lakhs ($29,000) and Rs3.5 lakhs ($11,290) an episode respectively) which it also hopes will be highly successful, other shows continue to provide the mainstay of its programming. These include the musical program *Cibaca Geetmala* and courtroom drama *Kanoon*, both of which are 52-part series.


Plus Channel soap Zameen Aasmaan: Long runner?

Chopra feels BR Films is "now geared up for a certain type of production" and is likely to increase its output to around 300 half-hour episodes a year. As the company's background is in film, however, most productions will remain story-based.

United Television (UTV) meanwhile describes itself as one of the few multidivisional companies in India and produces a wide range of sitcoms, children's programs and game and chat shows in addition to commercials and corporate videos. Its television programming, which is expected to rise from 700 half-hour episodes in 1993 to 600 hours this year, is bought by almost all broadcasters in India.

Zee TV is nevertheless one of its best customers and currently acquires 500 half-hour programs a year. Like all UTV's other television output, however, it is produced at a cost of $2,000 to $8,000 per episode which the company's joint owner Ronnie Screwvala describes as "conservative."

Yet while conceding soaps alone should ideally cost $15,000 an episode to produce, he adds that UTV supplies even Doordarshan and its Metro-Entertainment Channel with a variety of programming. Indeed, in the latter's case (and like other producers) it pays the public broadcaster a telecast charge of Rs1 lakh ($3,226) per gameshow (including the popular *TV Dhamaka*) or Rs3 lakh ($9,678) per film based program and then sells its own ad time.

Moreover, UTV has started marketing its programming to foreign cable channels despite having a library of only 60 to 70 hours and also looked into the possibility of co-productions with the BBC and Channel 4.

While Screwvala feels "there will not be an upper limit for good software" to supply India's television services, his optimism is not shared by the production company Plus Channel. Despite overseeing the largest in-house production facility in the country, its joint owner Amit Khanna maintains lack of money will lead to the closure of most satellite services within the next two years.

Plus Channel's own position in the market, however, may by that time have strengthened. Launched in 1989, it currently produces 60 hours of mixed programming a month for Doordarshan's national service, Metro-Entertainment Channel and revamped third channel DD3. It sells to an export market which includes South Africa's SABC, Mauritius Broadcasting Corporation and London-based TV Asia which accounts for 10% of all its revenue. Among its better known productions are *Business Plus* (a weekly review of Indian business, economy and politics), *Business Baatein* (a daily economic magazine including latest stock market reports) and *Bolly wood Plus* (a weekly report from Bombay on the world's largest movie industry which offers exclusive interviews, location reports and news about premieres).

Foreign services are meanwhile attempting to make their own presence felt in the industry by establishing production bases. BBC World Service Television, for instance, signed an agreement with Asian News International (ANI) in March which should strengthen its news-gathering capacity across the region and lead to the production of several new programs. These may in turn build on the success the service already enjoys with *India Business Report*, a weekly show compiled in Delhi by the independent production company Business India Television (BITV).

Although CNN has a lower profile in India than the BBC, it should improve considerably once the channel becomes widely available through Apstar (and possibly Insat) later this year. Ashis Ray, CNN's south Asia bureau chief, said: "We are looking at Bombay as a production base. It has occured to us that it has quite a reservoir of skilled technicians available at a reasonable price compared to the U.S. If we can utilize this skilled manpower our production costs will come down."

In his view, India has the most organised entertainment industry in Asia and it is already harnessed to great effect by Zee TV.

The Elephant Dances

India's state broadcaster has shaken off its boring image in response to private competition. Chris Dziadul reports

Doordarshan was until recently considered by many observers to be an inefficient, politically biased and out-of-touch public broadcaster eschewing entertainment and hiding behind a facade of education and culture.

The appearance of Zee TV and other competitors has forced it into a series of remarkable changes which initially included the introduction of a five-channel satellite-delivered package and now seem likely to culminate in the privatization of at least some of its services.

At the heart of these changes has been the creation of the Metro-Entertainment Channel, a market-led service supplied by independent producers and aimed largely at a young and urban audience. Broadcast on Doordarshan's second channel DD2, it is currently distributed by India's Insat satellite system and also terrestrially in at least 15 main population centres. Indeed the latter, which have recently been joined by Ahmedabad, Trivandrum, Cuttack, Jalandher and Bhopal, will eventually be extended to include every state capital and major city in India.

The success of the Metro-Entertainment Channel, which is watched in up to 10 million homes and has achieved audience figures (in the case of feature films broadcast at weekends) of almost 20 million, can most clearly be seen in its ad revenues. These amounted to Rs54 crores ($17.4 million) in 1993, while Zee TV's, though expected to top Rs100 crores ($32.3 million) this year, only reached Rs35 crores ($11.3 million).

The public broadcaster has nevertheless found itself facing competition from several other new satellite channels including Jain TV and the soon to be launched BITV. As a result, it is revamping some of its other services.

While DD1 (where information and education account for almost two-thirds of output) will remain the flagship national channel reaching almost all of India's estimated 40.3 million television households, DD3 (which until recently showed mostly music and sport) is expected to be relaunched later this summer as a service targeting up to six million upmarket viewers in the four "Metros" (Delhi, Bombay, Calcutta and Madras) and two other cities.

According to Bhaskar Ghose, the secretary to the ministry of information and broadcasting, "it is going to emerge ... as a channel aimed at a more discriminating and articulate viewer, at people who are decision-makers or in government and less forgiving. Its programming of films, news and discussions will be of quite a different nature and we want it to be the very best."

He adds that although the broadcaster's three other services DD4, 5 and 6 (which are what remain of the five-channel satellite package launched in 1993 and currently carry regional programs on a time sharing basis) will continue as they are, longer programs in different languages may be brought in "at a later stage." This will presumably happen once Doordarshan introduces digital compression some time this year (it is currently believed to be working closely with the U.S. company Scientific Atlanta) and could eventually result in everyone in India being able to watch a channel in their own tongue.

Ghose nevertheless insists the broadcaster will not lose sight of its objectives. Private stations are "in the business to make

BR Films' 94-part epic Mahabharat aired on Doordarshan and has attracted worldwide interest money. Our main mandate is information, education and entertainment as a third dimension and we take it seriously."

Indeed, the government treats Doordarshan "like any other ministry" and provides it with an annual grant of Rs300 crores ($96.8 million) "to keep going."

Whether this will continue for much longer, however, remains to be seen. The Prasar Bharati bill, which has already been passed by India's lower house of parliament (Rajya Sabha), is currently being discussed by the upper house (Lok Sabha) and will, after some modifications, transform Doordarshan from a government-owned broadcaster into a state-funded corporation. The next step is arguably privatization, and with it the prospect of opening up the Indian television market to further foreign investment following initial forays earlier this year by News Corporation and Falcon Cable TV.

Moreover, Ghose believes the government does not have a closed mind about the introduction of privately-owned terrestrial services, although this would require the framing of a broadcasting bill (no such legislation yet exists in India) and would take a long time.

While refusing to discuss the possibility of privatization, Doordarshan's deputy director-general R.K.Singh feels turning the broadcaster into a corporation will make it "less regimented, more open and market-perceptive." It may also help the service "harness to the utmost" its "limited production capability," which has hitherto kept co-productions confined to those of an "esoteric" nature.

Although one of the world's largest broadcasters, it is currently working on only one joint production (a documentary named *Bodhi Dharma* with China's CCTV) and has none planned for the future.

Doordarshan nevertheless recognizes the importance of marketing and in 1992-3 earned $270,000 in program sales to terrestrial and cable networks around the world. Furthermore it may, in Singh's view, also start targeting services such as the revamped DD3 at audiences outside India.

Indeed, the broadcaster has an arrangement with the London-based transmission company GSTV which began test broadcasts in early July. Using a Eutelsat satellite, GSTV will initially transmit a daily three-hour package of Doordarshan's output in English and a range of Indian languages to Europe

Doordarshan will be "more market-perceptive"

and the Middle East, while a Galaxy satellite will offer viewers in the U.S., Canada and Mexico six hours of its programming.

The key to Doordarshan's future, however, could ultimately lie in advertising. Although the public broadcaster's ad revenue of Rs400 crores ($129 million) in 1993 represented an 11.1% increase over the previous year, that of cable and satellite services, though only amounting to Rs60 crores ($19.4 million), grew by 100% over the corresponding period.

Yet while this could serve as a warning of things to come, Doordarshan's Metro-Entertainment Channel should for some time still be able to offer advertisers the kind of geographical selectivity satellite-delivered services cannot match. In Madras, for instance, the latter's penetration currently stands at around 12%, but almost all households are able to receive DD2.

According to Noshir Desai, the senior director of regional offices and media at Lintas India, the channel is "the best thing (the broadcaster) has done and very relevant to the time we are passing through." In his view, the service reflects a change in the broadcaster because "it has finally realised that television cannot be anything else than pure entertainment."

He adds that there is a universe of 250 million people in the country (out of a population of 900 million) who can be considered to be "core potential television consumers." Besides being able to afford consumer products and durables, all are "hungry as hell" for the sort of entertainment Doordarshan has at last begun to provide.

Furthermore, while most of the new satellite services now available in India are tending to segment the market (and in the case of English-language channels attracting only small audiences), the public broadcaster can still reach 220 million of these core consumers and will remain the first choice for advertisers selling popular products.

In targeting these consumers, however, they will need to bear in mind that in India all viewership is program and not time-led. Popular films and sports events, for instance, attract huge audiences from all age groups irrespective of the time they are broadcast. TBI

Letter from India: Star TV's Channel V is new to the landscape

Open All Hours

Marketskaya, the Nordic Screenings and Discop made June a busy month for the conscientious tv buyer. With more and smaller markets opening up all over the world, is there enough business to go around? asks Sarah Walker

To the industry outsider, working as a television buyer or distributor must appear one big jaunt around the globe. However there are far more taxing elements involved in the business of buying and selling programs than drinking champagne and swanning around on a company yacht in Cannes.

The market circuit can be tough and exhausting. And everyone agrees: there are just too many. "Too many, too close together and too expensive!" said Scott Hanock, managing director of U.S. distributor Unapix International. Hervé Michel, commercial director of France Télévision Distribution, echoed Hanock: "There are too many markets for the amount of production taking place. We need to have shows to sell and we need to have time to visit people in their offices."

Such is the volume of markets, festivals and screenings, buyers and distributors could find themselves constantly on the road. The reality is, of course, not everyone attends everything. The most popular markets remain the National Association Of Television Program Executives (Natpe) which takes place in the U.S. during January, February's Monte Carlo Television Festival, and the granddaddies of them all for international buyers nd sellers: MipTV and Mipcom in Cannes. Reed Midem's first Mip Asia, scheduled to take place in Hong Kong in December, is also expected to be well-attended.

The BBC's acquisitions department, headed by Alan Howden, regularly attends Natpe, Monte Carlo, MipTV, Mipcom, the May Screenings, the American Film Market and the Cannes Film Festival, but Howden is loath to single out the most important. "No one market will make or break anyone's way of work," he said. "Natpe is still aimed at the U.S. marketplace. We buy a lot from the U.S. but most of our acquisitions take place at the May Screenings. Natpe is more an opportunity to meet people and see what is going on."

The increasing presence of Europeans at Natpe, however, has begun to undermine the Monte Carlo market. While many executives, such as Multimedia Entertainment's senior vice president and managing director John Ranck, maintain Monte Carlo is worthwhile because it is relatively small and intimate, others question the wisdom of continuing to attend. "We are going through some very intense soul-searching as to whether we will be attending next year," said Ted Riley, president of Canada's Atlantis Releasing. "Last year it [Monte Carlo] wasn't very good and so many Europeans attend Natpe now."

As the major markets continue to grow and encroach on each other, a recent trend has been the proliferation of smaller events aimed at specific regions. For eastern and central Europe there is Discop (Warsaw) and Marketskaya (St Petersburg). Discop has also targeted Asia Pacific, South America and North Africa. Mip Asia will cater for southeast Asia, while China already hosts its own Beijing TV Festival in May. In addition, some countries hold their own events such as the Paris Screenings, the German Screenings, the Nordic Screenings and The London Program Market. While many are established and successful events, attempts to set up markets for the less developed regions have been met with mixed reactions.

The first Marketskaya, held in June, disappointed some exhibitors by the lack of Russian buyers and, more so, by the lack of available dollars.

"Although we are not looking for short-term dollars and merely trying to get acquainted, it is not as active as we thought," said Hervé Michel. "I expected it to be more like the Beijing TV Festival where I met representatives from about 20 different tv stations."

As most of the buyers from the major Russian stations go to MipTV and Mipcom, Marketskaya was mainly attended by representatives from some of the former Soviet Union's 700 or so local stations, who could only afford to spend at most $100 an hour for programming. And although the market saw the creation of TVS, a syndication arm for 60 local and regional channels, little business was done. For those exhibitors wishing to offload their catalogues it was a disappointment. But for those who had already forged relationships with Russian broadcasters either directly or via sales agents, it was a chance to build on existing contacts.

Ufa, the television distribution arm of German media giant Bertelsmann, has already established links throughout the

Russian Roulette: Gambling on new events like Marketskaya in St Petersburg can bring mixed results

region and works closely with its Russian consultant Andrei Orlov. Aside from having strong contacts at the major broadcasters, Orlov acts as a syndicator for the small channels. "It allows us to combine $15 buyers to make Russia into a territory and not just a tribal situation," he said.

"You should go to markets when you want to demonstrate something," said Ufa's program manager Delf Ness. "Our attendance at Marketskaya shows we have a dedication to this market. We will be following it up by travelling to the individual regions."

Many Marketskaya attendees bemoaned the lack of organization and foresight in creating dedicated markets for this particular area. Both buyers and distributors were torn between going to Marketskaya, to Discop, which took place in Warsaw directly after the St Petersburg event, or to July's Moscow film and tv festival.

Aideen Leonard, head of sales at ACI International, reckoned she spent three months of last year travelling, of which a great proportion was market attendance. ACI goes to all the major markets but also has a presence at the smaller ones. "Events like Discop and Marketskaya are good opportunities to meet people who don't go to the other markets – you have time to sit down and discuss things properly with them," she said. "We concluded deals after Discop last year, in fact we sold out in most of eastern Europe largely as a result of that trip." Despite this, Leonard is not sure about the practicality of doing the rounds of the small markets every year. "Once you have had the initial meetings you can travel to the individual territories to keep the relationships going. If you do the job right in the first place you don't need to keep going back."

If the territory-specific markets are currently in vogue, the number of genre-specific festivals and markets such as the documentary market Sunny Side Of The Doc in Marseilles and the veteran entertainment festival Golden Rose Of Montreux are also on the increase. The Golden Rose is trying to attract entertainment buyers to the festival via its video kiosks, where this year 3,000 cassettes were screened. "We provide each distributor with the names of all the people who screened their show so they can follow up after the event," said Golden Rose secretary general Pierre Grandjean. Expanding further, next year's Golden Rose will be run concurrently with The Comedy Festival and the International Electronic Cinema Festival.

The genre that has attracted the largest number of specialist markets and festivals is undoubtedly children's programming and animation. Children's buyers and executives can attend a multitude of events, including the Cardiff International Animation Festival held in the UK during March, the bi-annual Prix Jeunesse in Munich, September's Cartoon Forum and the pre-Mipcom youth screenings. Such events provide buyers and executives not only with an opportunity to buy, but to discuss the current state of the children's market.

Joan Lofts acquires about 600 hours of programming a year as head of acquisitions and development at the pan-European satellite service the Children's Channel, and attends as many markets and festivals as possible. However, she is concerned about the increasing number of children's programming markets. "We don't want children's programming to become ghettoized in a marketplace where it is not necessarily seen as the most important genre of programming," she said.

If the Europeans are embracing the smaller markets, many North Americans are not so enamoured and were conspicuous by their absence at events like Marketskaya.

Ted Riley said the setting-up of local Atlantis offices in Sydney, Amsterdam and LA means sales executives can be in constant contact with buyers. "You have to question the usefulness of the markets in this situation," he said. "Small markets are good if you don't want to make the effort to travel to the small territories, but individual sales trips are better. Nothing beats eye-to-eye contact in a buyer's office."

Scott Hanock is more enthusiastic, however: "These little markets may well become just as important as the others. All regions have to be focused on and if the marketplace changed so we only saw little conventions then I would be perfectly happy. Mip and Mipcom are a real scheduling finesse. If I had the ability to focus on each region individually then there would be fewer people and buyers could focus on distributors." TBI

Appealing Margins

QVC is boldly driving the infomercial culture where no shopping channel has gone before

The infomercial business is coming of age. Production values and the quality of brands on offer is improving and broadcasters are overcoming their qualms as they realize that there is money to be made, discovers Paul Nicholson

There is more to teleshopping than the mop that makes tea and the car wax that keeps animals off the lawn. Real products with recognisable brand names are finding their way into infomercials. They are proving themselves as part of the marketing mix. And as manufacturers learn what infomercials can do, so advertising agencies are reacting as their fears grow that they could lose spend to the infomercial sector. Even mainstream broadcasters, traditionally caught with their noses high in the air, are picking up the scent of the opportunity.

It may not have come of age, but certainly infomercial production is maturing into an acceptable way of doing business. Production values are improving, products that are sold over the air are gaining in quality and range, and many of the world's leading mutinationals are experimenting with infomercials as part of their overall marketing strategy.

Procter and Gamble recently tested the infomercial genre in the U.S. with a 30-minute show produced by ad agency D'Arcy Masius Benton & Bowles for its top-selling denture adhesive Fixodent. Game, set and match to the infomercial sceptics who refuse to take infomercials seriously, perhaps - if you are prepared to ignore the fact that P&G is the world's largest advertiser, spending

American Telcast's Peter Rabbit Informercial, hard sold by Angela Lansbury

almost 90% of its annual $3 billion budget on tv.

The recent NIMA International conference in Amsterdam (NIMA stands for National Infomercial Marketing Association) demonstrated a growing interest in infomercials from European broadcasters, as well as being a rallying-point and bonding exercise for Europe's growing band of infomercial and home shopping producers with their American colleagues and mentors. Quite clearly some major European terrestrial broadcasters and broadcasting groups were seeing how far and fast direct response was developing and what it could mean to them.

Infomercials are not new to Europeans. Indeed, they have proved vital revenue streams for many of the new commercial broadcasters (particularly the cable and satellite-delivered channels). And as such, inevitably, they have attracted the attentions of the regulators. The EC broadcasting directive says that a channel can air up to one hour of programming a day that is making a direct offer to the consumer. For some channels this has created some large revenue gaps – not to mention holes in the schedule to be filled as slots for infomercials are axed.

NBC Superchannel used to air up to 21 hours a week of infomercials. This has been reduced to just an hour a day. The loss of up to $6,000 an hour soon builds into a significant sum for a channel struggling to find its niche. The cost of producing or acquiring programming to fill this gap could prove impossible.

Wherever regulators create rules to attempt control, there are always entrepreneurs to interpret the rules in a way that shows them how misguided they are in their protectionism. In France, where television home shopping rules imposed locally are more restrictive than any other EC country, TF1 has broadcast a teleshopping program that has become an institution.

Called Teleshopping and produced by a TF1 subsidiary of the same name, the show airs for 30 minutes, five days a week at 8.30am and generates $50 million a year from sales to viewers, and a further $10 million from sales from catalogs sent to 300,000 clients. Not bad considering no brand names may be mentioned on air. Fabrice Mollier, Teleshopping's export manager, reckons that over a year, more than 1,400 different items will be offered over the air, and that over seven years more than 5,000 products have been screened. The price range of the products offered vary from $40 right up to diamond rings at $25,000. Middle price for most products is reckoned to be about $100.

Mollier is expanding the format to other countries, working wih local broadcasters on program production as well as product selection and fulfillment of orders. There is also a home shopping channel planned for cable in the wings. A cable license has been granted but Mollier says his company will not go ahead until the rules stipulating that brand names cannot be mentioned on-air are lifted.

Elsewhere in Europe, home shopping programs and channels are forcing their way past local preconceptions and regulations. Terrestrial broadcasters in Spain, Portugal and Greece have all been reliant to varying degrees on revenues generated from selling their time to infomercial producers. Kinnevik-owned TV-Shop has blazed a trail for the infomercial/teleshopping culture in the Nordic markets and on into Germany and the Baltic states. Under the direction of managing director Jan Sjöwall, the company is currently working with more than 20 tv and radio stations in these markets, offering brand manufacturers a service that will take them through all the infomercial stages from the production of the program through the placement on the channels to the fulfillment of orders when the tv viewers start to respond.

Meanwhile, Regal Shop International, the London-based arm of U.S. parent Regal Communications Corporation, and National Media's Quantum International have pursued global strategies that have seen them put products and shows on television networks across the world. These are multi-million dollar companies that are prepared to stake millions on their ability to get the product and the media buy right. Last year, Regal was responsible for more than 100,000 hours of broadcasts on more than 1,200 stations in the U.S. alone.

It is reasonable to expect an influx of big brands and ad agencies into the business

Other infomercial producers, like Bob Woodrooffe's Interwood Marketing, are slowly building networks of partners across the world from South Africa to China. In each market there are the inevitable local difficulties with regulation and what is going to work culturally, but Interwood is getting infomercials on-air – often seling very basic products – in what would seem the most unlikely places.

Back in the U.S. the rise of home shopping channels like HSN and QVC, and their headline-catching management

– Barry Diller in particular – is familiar through all forms of the press.

The infomercial business is less well-documented, particularly internationally. Sam Catanese, publisher of research firm the Infomercial Monitoring Service (IMS), and an infomercial producer himself, reckons that more than 25% of all broadcast airtime in the U.S. is paid. According to IMS more than 270 new half-hour infomercials have debuted since the beginning of the year.

Infomercials are not a marginal activity. Jeff Knowles, NIMA International general counsel and head of the Electronic Marketing Practice Group at Washington-based law firm Venable, Baetjer Howard & Civiletti, says that last year direct response television generated $2.2 billion of home shopping sales (via broadcasters like QVC and the Home Shopping Network), $900 million of infomercial sales and $700 million of commercial spot sales.

Sjöwall: blazing the trail in Nordic countries

These are figures that are unlikely to decrease depite fears that the home shopping channels will consume all the revenue available. With many of the Fortune 500 companies either on-air with infomercails or starting to explore their marketing possibilities, it is reasonable to expect an influx of big brand marketers and their advertising agencies into the business.

Katie Williams, whose company Williams Television Time acts as a management consultant to brand manufacturers on their infomercial activity, has worked successfully with Philips, Braun, M&M Mars as well as more recently having just completed an infomercial for Hoover. Williams says an infomercial can fulfill a number of roles for marketers from product explanation and generating awarness to the more traditional hard sell. An infomercial for Philips CD-i is an example of a show which sold nothing directly but which was designed to help sales at retail outlets.

Structuring an infomercial deal is not cheap. While an infomercial marketer need not make much upfront commitment to a brand manufacturer – a usual upfront commitment would be between $25,000 and $50,000 with the deal structured to make further on-target payments or lose the rights to that product – costs start to escalate rapidly when it comes to producing the show and buying the airtime. A simple 30-minute demonstration show might cost between $100,000 and $175,000 to produce, while a show with celebrities or special effects could run as high as $800,000. To buy a comprehensive national campaign in the U.S. will cost between $6 million and $10 million. Big costs, but the win can be big. Infomercial producers typically expect to generate in gross sales two to three times the media dollars spent.

Williams says it is not unusual for a product to generate $60 million a year and on to $100 million and $150 million over its lifetime.

While infomercials may still upset the television purists, those who have to make television pay can't fail to be interested in those kinds of returns – whether it is to assess how they price their airtime or to negotiate revenue-sharing relationships with the infomercial marketers.

The potential for direct marketing is increasingly exciting brand manufacturers and advertising agencies as technology drives television into a new transactional era. Already direct response tv is having a major impact on spot advertising. So much so that recent research conducted by Channel 4 in the UK found that 12% of all ads aired on British commercial tv carried a telephone number.

Small comfort for an infomercial sector all fired up but with limited places to go. However, as QVC continues to drive itself deeper into Europe and its U.S. counterpart the Home Shopping Network plots its own European entry, so the infomercial producers can expect the opening of a new frontier. TBI

All the world wants news. The market, in the era of global news networks, stretches from Tucson and Buffalo to Tirana and Beijing and the field of all-news broadcasters and all-news suppliers is growing, even if the financial rewards are limited. But some governments still want to control access to news, and news moghuls appear to be willing to compromise their ambitions to build global coverage, reports Tim Westcott, kicking off TBI's focus

The information Circus

Reporting restriction: live news from the world's trouble spots

The league of truly global media companies is a small one, and arguably it includes only two players – Rupert Murdoch and Ted Turner. Murdoch has already beaten Turner to one of his prized goals – owning a Hollywood studio – and has all but secured another – a network. The Australian-American has also out-mogulled Turner in Asia with last year's takeover of Star TV.

In one area – news – Turner can claim to have the edge. CNN International, launched nine years ago, has built up a worldwide audience of nearly 80 million households in 200 countries. Murdoch's Sky News, launched in 1988, is still predominantly a UK service, despite continued pledges that it would enter the international market.

Given Murdoch's newspaper background, it is a strange disparity. After all, the pre-CNN Turner used to make a point that his stations did not "do" news. Now, at least in the international arena, Turner is doing the news while Murdoch does films, sport and entertainment.

But Murdoch's speech in London last September at the launch of Sky Multichannels highlighted the revolution in global information distribution. George Orwell, who depicted "the possibilities of totalitarian control" in *1984*, had, he said, been "proved wrong" by advances in communications technology.

"Fax machines enable dissidents to by-pass state-controlled print media; direct dial telephony makes it difficult for a state to control interpersonal voice communications. And satellite broadcasting makes it possible for information-hungry residents of many closed societies to by-pass state-controlled television channels," said Murdoch.

In the same speech, Murdoch announced that plans were well advanced to launch Sky News, or a complementary service, in every continent. A few months on, that dog has not been heard to bark, while BBC World Service TV, beaming news to the information-hungry residents of Iran, Saudi Arabia and China, has been axed from the northern beam of the Asiasat satellite to be replaced by a film channel. Murdoch, never one to worry much about officialdom, noted that "there had been some sensitivity, particularly about beaming foreign news into China," and pledged: "We certainly intend to do everything we can to resolve certain difficulties with the government of China." On April 17, WSTV was dropped from the Star TV package.

Commentators were quick to seize on Murdoch's failure to practise what he had been preaching. Did the interest in keeping access to a country which contains a fifth of the world's population outweigh that of freedom of information? If so, it seems, Murdoch isn't the only one to be affected.

At the March pan-Asian satellite conference, Ted Turner indirectly blamed the Chinese authorities' crackdown on the installation of satellite dishes on Murdoch. Noting that CNN had been transmitting to the region for 12 years, enjoying "an excellent relationship" with China, Turner suggested that perhaps "the other party has another agenda... talk to the other guy, he's the one who is causing all the trouble."

Dropping the BBC was not the hardest decision Murdoch has taken. The BBC already has a particularly poor relationship with China, which was not helped by last year's *Timewatch* documentary about Chairman Mao's sex life (not, incidentally, broadcast on WSTV). But although the WSTV channel has proved a honey pot for advertisers lured by its upmarket audience, even corporation executives agree that the replacement of WSTV with a Chinese channel made sense on commercial grounds.

"... talk to the other guy, he's the one who is causing all the trouble"

The launch of an Asian Sky News, according to John O'Loan, Sky TV's director of news development, would be a matter of "what transponder space was available and what the economics of the situation were at the time." Whether there is room in an extended Star TV for a news channel may well be the real test of Murdoch's credentials as a global news mogul.

The dilemma of reporting the news while remaining on good terms with the authorities is not confined to countries where press freedom is frowned on. When Larry King's interview with Sinn Fein spokesman Gerry Adams was broadcast on the European feed of CNN International earlier this year, Adams' voice was dubbed in lip-synch by an actor to comply with the British government ban on interviews with Adams' organization.

CNNI, which is licensed in the UK, obeyed the ban, no doubt to the bemusement of the more numerous body of viewers outside the UK. To flout the ban would have put it in a tricky situation at a time when the UK government is fighting its corner in the dispute over EU program quotas.

"Our policy is to respect the laws and the communications regulations in each country in which we operate," said CNN president Tom Johnson. CNN's experience of "complications" is not confined to countries with a history of press censorship, Johnson pointed out. Israeli authorities warned the network not to report on the location of Scud missile attacks during the Gulf War. More recently, it was obliged to concur with reporting restrictions on a Canadian murder trial.

"[CNN] is purely a news reporting channel and I think that [it is] because we really adhere to very solid standards and try to incorporate both sides of the issue that we are able to continue to operate in some very complicated environments around the world." Johnson said no journalist has ever been able to point to an example of the channel pulling its punches as a result

Johnson: solid standards

of official pressure.

As a commercial operation, however, hotel and cable carriage and access to satellite transponders are CNN's lifeblood. Like international print media such as *The Economist, Time* and *Newsweek*, it must continually run the guantlet of bans and censorship. In addition CNN has reciprocal agreements with over 200 broadcasters worldwide – including Chinese state tv – enabling them to exchange footage.

Eason Jordan, head of newsgathering at CNN, insisted that "journalists are not in the business of worrying about distribution" of the channel. He added: "Time and time again our reporting irks officials and government leaders, what have you. Sometimes they express their displeasure by just telling us they are unhappy with our reporting... sometimes they ban us from a particular country for a certain amount of time.

"It's especially challenging to us because people are watching us everywhere. In North Korea, we're being closely monitored by the leadership there. The leader of the Korean Workers' Party told me he's a fanatical CNN viewer."

Jordan: North Koreans tune in

"journalists are not in the business of worrying about distribution"

John Ramsland, editor of BBC World Service Television News, pointed out that the Corporation's radio service has been dealing with the problem for 60 years. "We are maintaining a core of correspondents and stringers worldwide who are there on the ground and there for the long term.

"Our approach is built on the expertise of these people and the criteria we set ourselves are to report things fairly and even-handedly. It's very hard for people to say we don't want you around if you give them the opportunity to express their own view as well as those who are expressing a contrary view."

Since forming its global alliance with Pearson, the Corporation is aiming to build WSTV's coverage further than its current claimed level of 60 million viewers to something approaching the radio service's 130 million.

The funding structure is designed to ensure that neither the Corporation's license fee nor Foreign Office money which funds the radio World Service finance the television operation. Ramsland said this system meant the commercial side of WSTV is totally separate from the editorial side.

"Commercial considerations do not impact on the editorial decision-making at all." Although he conceded that the tv and radio news staff which WSTV can access would not have been there had it not been for Corporation money, WSTV will pay for using Corporation and World Service staff and facilities and will now shoulder part of the cost for developing the BBC's newsgathering.

In Asia, the BBC's main priorities are to find a way back in to northern Asia and to resolve what happens when its contract for the southern beam expires in March 1996.

Geoff Hazell, manager of sales and distribution for WSTV, said it had "made a awful lot of progress" in looking for alternative satellite delivery vehicles. "Although Asiasat has become the hot bird for the region, there is a whole bunch of satellites going up in the next few months. Our intention is to get back in there and make sure we get a ride on the best satellite."

Hazell added that 70% of the WSTV audience in Asia can still receive the channel on the southern beam, but that the northern beam gave access to important markets: Taiwan, Hong Kong, the Philippines, Korea and China. Hazell even suggests that the news channel could work together with CNN in the region. "We would be happy to be on the same satellite as CNN. Wherever possible, broadcasters should co-operate in the sky even if they compete on the ground."

John O'Loan said of the global news service Murdoch talked about in his September speech: "We still have that hope and desire. It's just that we haven't worked out how to do it yet. Sky News

O'Loan: news partnerships

is a worldwide news service now. We obviously have a gaping hole in that we're not in the United States and we're not on in Asia yet. Rome wasn't built in a day."

Without confirming the reports that Sky has spoken to both CBS and ABC about a global service, O'Loan agreed that "no-one can produce a news service by themselves. There are various forms of partnerships that we could use to achieve the same ends." Sky News already has a relationship with CBS News in the shape of the European Satellite Newsgathering consortium operated by the two networks as well as Germany's RTL, Belgium's VTM and TBS Japan. Sky also has "quite an extensive agreement" with Reuters.

Although it recently closed its Budapest bureau, O'Loan said Sky News had "greatly increased" its infrastructure for international newsgathering over the past year.

Since then the global news service appears to have been relegated to the back-burner. The appointment of Kelvin McKenzie, doyen of British tabloid journalism, to head Sky TV, does not seem to fit in with a plan to combat Turner and the BBC at global level.

first quarter, Johnson said it would have reached its objective of carrying 70% original output, part of it produced by a new Hong Kong production center which will come online by then.

The BBC is also looking to launch a service for the U.S. and is reportedly negotiating with Cox Cable, its partner in European satellite channel UK Gold.

There are also possibilities outside the cable environment. Johnson said that CNN could, in the long term, provide a news service to one of the networks to save costs.

Meanwhile Murdoch's swoop on the New World stations has revived speculation about Fox launching its own news service, and *Sunday Times* editor Andrew Neil has been drafted to the U.S. to add weight to the Fox news operation. Significantly, Murdoch said at an L.A. news conference earlier in the year that the stake held by cable operator TCI in CNN made it impossible to launch a rival news network in the U.S.

William Shawcross, who subtitled his biography of Murdoch "Ringmaster of the Information Circus," writes that the "information area" has now replaced agriculture and industry as one of the major engines of social development. "They are being replaced by a force which is still undefined. It draws on human resource capital to transfer knowledge into many kinds of physical and social activity, to generate wealth in new ways, and in doing so to alter profoundly goals and values. We are moving towards a world in which information production and distribution will overshadow material production."

Turner's frequent unprompted references to "the other party" in interviews and speeches suggest that for him, Murdoch looms large as a competitor. So far, however, the other party has given no indication of where his true role in the information circus really is. TBI

Ramsland: Commercial considerations do not impact on editorial

Three Is A Crowd


A Reuters cameraman keeps filming while police fire on ANC demonstrators in South Africa: news agencies ensure no story is left uncovered

The television news agency business is hotting up, with Associated Press launching a tv service later this year to compete with Reuters and WTN and changes in major alliances between agencies and broadcasters. Nick Bell looks at a market where both the suppliers and the buyers are in flux

Until recently the television news agency business has been a quiet backwater of an industry undergoing revolutionary change.

For as long as television memories stretch back there have always been just two specialist companies wholesaling international news footage to broadcasters and, despite the exploding number of channels over the past few years, they are still the only players in the game. But that is all changing. The business has entered a period of upheaval that is shattering a status quo four decades old.

A third television news agency will be operational later this year backed by Associated Press, the world's oldest and largest news organization. AP believes televison to be a strategic imperative for future growth, and it is clearly prepared to make the necessary investment to break into the market. A recent order it placed with Sony for equipment to kit out the new venture ranks as the biggest the Japanese electronics corporation has ever received.

Although Reuters TV and Worldwide Television News are making up-beat statements about welcoming new competition, there is plenty of cause for concern, with some observers doubting whether the market has room enough for three players.

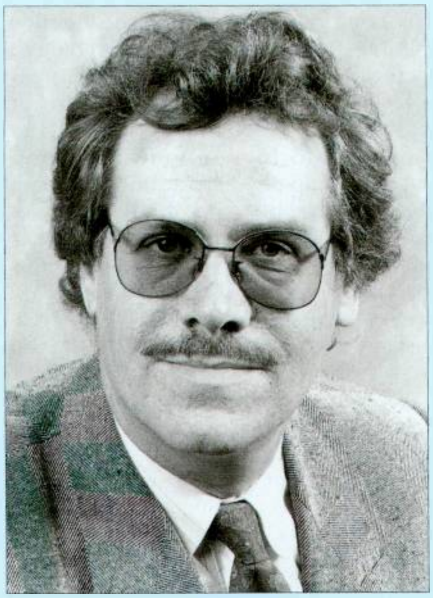
WTN has 38 principal bureaus around the world, while Reuters (which also

Claypole: "We're coming in here with the intention of staying"

owns a press agency) has 120 bureaus, and both have access to 400 camera crews who are linked back to headquarters via global satellite networks. They churn out a vast amount of news and sports footage – Reuters is adding about 15,000 items to its library every year – to clients who pay a subscription fee to access them. Subscribing channels will usually add their own voice-overs and editorial slant. WTN claims around 1,000 customers in 80 countries and Reuters 200 broadcasters plus their affiliates (the figures are not directly comparable) in 84 countries.

AP, which has 229 press bureaus around the world, is recruiting 150 people worldwide for tv, with each staffer backed up by about two part-timers. This quantum jump in the capacity of the agency business is inevitably going to lead to a fierce battle for market share even if the number of tv channels around the world continues growing rapidly. "We're not expecting to be established in six months; there's a ten-year development plan behind this [venture]," said Steven Claypole, head of APTV. "We're coming in here with the intention of staying."

Broadcasters need agencies because being completely self-sufficient in international news gathering would be economic lunacy – even for a 24-hour, global network like CNN. The costs of running an international network of journalists and cameramen are very high, and even if a network did make a massive investment it still wouldn't be able to cover every good



Cramer: looking for partnerships

ferentiate one service from another, so the competitor offering the cheapest service will win market share. "Clients are telling us that news distribution and syndication is all beginning to look the same," said APTV's Claypole. "Thirty to 40% of one feed will look pretty much the same as the next. APTV will be very competitive on the top stories and active in certain niches."

Claypole isn't disclosing what niches APTV has identified, though

news story breaking around the world. In the main, it is only the public broadcasters and the U.S. networks who have sizeable international news operations; for the rest it is simply not worth it.

International news does not pull in high ratings and so newsroom editors tend to adhere to the principle that there is only one kind of news – there's domestic news happening at home and there's domestic news happening abroad. Viewers watching CNN or any other U.S. network last year during the policing of Somalia would be ignorant of the fact that there were just as many Italian and Pakistani troops involved as Americans.

"The value of international news is low, except in the case of exclusives of major events and they're pretty rare," said Tony Naetes, head of the news division of the European Broadcasting Union. "Most stories are so well covered now, nothing in this world can happen without at least one of Reuters, WTN, an EBU member or someone else covering it."

Ths implication is that the news agencies are operating in a commodity-type business in which it is difficult to dif-

obviously providing a greater national and regional feel to news would be attractive to broadcasters. However, doing so will also add to the costs of the operation, and it is something that Reuters and WTN are also doing.

Last year WTN reportedly made profits of $5 million, up 36% on the previous year, from revenues up 11% to $63 million. Reuters does not break out figures for tv, but the business is profitable and bigger in revenue terms than WTN's. Although both companies are involved in businesses other than the core news agencies (such as non-news programming, library sales and satellite services), they probably do not have a large cushion against losses in the event of a price war, judging by WTN's modest 8% net profit margin.

The uncertainty created by APTV's imminent arrival is not the only change that the two agencies are having to grapple with. International newsgathering operates through a complex web of alliances and co-operation agreements among broadcasters and the agencies, with new ones forming and old ones breaking up.

The EBU is the premier example of a newsgathering co-operative between broadcasters. It played a pioneering role in newsgathering when in 1953 it set up its own terrestrial communications network able to relay pictures of Queen Elizabeth's Coronation from the UK to broadcasters throughout Europe. This became a permanent network paid for by the EBU members, and the two agencies were allowed to use it to distribute coverage to their subscribers.

The EBU's Eurovision news exchange is the biggest sharing arrangement among broadcasters, with its members distributing news footage to one another free of copyright. Every day there are six fixed times when members review footage, each session lasting for between 20 and 45 minutes, plus an average of about three flash items. Reuters and WTN pay a fee to access material which they then distribute on to their non-EBU subscribers. "Altogether there are about 20,000 items exchanged per year. I can't think of any broadcaster in the world with an appetite for that amount of news," said Naetes.

Although the EBU is a resource for the news agencies it is also a competitor, and if more broadcasters club together it could make for a tougher marketplace. News-sharing alliances have always existed outside the EBU, but recently alliances have started forming between the younger and growing commercial broadcasters.

Luxembourg media group CLT recently announced the creation of a newsgathering arrangement between the half-dozen European channels in which it is a shareholder. In another deal CBS, Sky News in the UK, VTM in Belgium, Germany's RTL and Tokyo Broadcasting Systems have agreed to share satellite transponders and ground hardware equipment, which not only eats into the business of third party facility services provided by the agencies but could also evolve to include news sharing.

In 1992 a major realignment between broadcasters and agencies occured, the

Jare: news is seen as an integrated package

knock-on effects from which have yet to fully run their course. It was triggered when Reuters wholly acquired Visnews, re-naming it Reuters TV, by buying out the BBC and the U.S. network NBC, who were minority shareholders. "The BBC's and NBC's interest in Visnews was to underwrite the cost of their international coverage," said Enrique Jare, director of Reuters TV. "They weren't really interested in selling its services."

A few months later, Reuters became an 18% shareholder in Independent Television News. Traditionally ITN only syndicated news programs to the UK's commercial broadcasters, who also owned it. But a change in regulations freed it from these constraints and ITN is now operating as a profit-making commercial enterprise selling programming to other broadcasters such as NBC Super Channel.

As a result of these changes ITN's close relationship with WTN, dating from 1956 and formalized through a 10% shareholding in the agency, looks like coming to an end. This would mean that ITN will no longer use WTN's services and WTN will stop distributing ITN's material worldwide.

In the meantime the BBC announced a news-sharing agreement with NBC's rival ABC, which in turn is an 80% shareholder of WTN.

"The reason that the BBC News signed with ABC is that we want to form partnerships around the world with like-minded broadcasters who have the same commitment to, and willingness to invest in, international news," said Chris Cramer, head of BBC newsgathering. "We're not divorcing [our previous partners], it's just a cooling of relationships."

All this activity points towards a close co-operation between Reuters and ITN (who share the same building in central London), perhaps recreating the sort of relationship that ITN had with WTN, while the BBC appears to be drawing closer to WTN via ABC.

Reuters and WTN are steering markedly different strategic courses through the turbulent waters of the news agency business. WTN has been diversifying into other forms of programming specifically targeted at the new international television market of young stations. Leveraging off its existing relationships with hundred of channels, the company is producing programs like *Earthfile*, about environmental topics, the news magazine *Roving Reporter*, the youth-oriented *News Wrap* for MTV and the crime series *Crime International*.

Reuters TV is also moving into programming but remaining within the field of news. It is moving downstream from its agency business by creating customized programs for broadcasters such as the daily Breakfast News it produces for GMTV in the UK and a weekly current affairs show for the Russian broadcaster Ostankino. It also plans to launch a Spanish-language 24-hour news network delivered by satellite to Spain and Latin America. Called Telenoticias, the service is being launched in partnership with Telemundo Group. Starting in September, Reuters is acting as a distributor for a weekly 15-minute news feed supplied by a specialist UK-based agency, World Environment News, to Europe and the Americas.

Television is also central to Reuters' multimedia strategy. The Reuters Group not only operates one of the largest press agencies, but it is also a leading supplier of information and dealing products to the financial community. "As a news organization it is also appropriate to incorporate moving pictures," said Jara. "Content is converging into a single stream of bits, and the customer is beginning to look at news not in its individual formats but as an integrated package."

Reuters critics say that the company will alienate its news agency clients by moving downstream into broadcasting and, in effect, competing with them for audiences. Not so, said Jara:

"Telenoticias is at an arm's length. It will operate as if it's a company on its own and it will subscribe to WTN."

Reuters recently launched a financial television news service, delivering live coverage of key market events and commentary from leading financial analysts to information screens in dealing rooms. Reuters will eventually create a multimedia database delivered on its telecommunications network (which is the largest privately-operated network in the world and already fully digital) to its clients in the financial markets. Dealers and analysts will, for example, call up real-time and historic data on a company's share price along with interviews of top executives.

Like Reuters, APTV is a believer in the multimedia future and that to continue thriving as a news organization it has to offer a video stream. Claypole envisages that within a few years the company will be offering news on demand and electronic encyclopedias updated on a daily basis.

But by the time these new products start making money it is quite possible that all three players will have spilt a considerable amount of red ink getting there. TBI

Making The Wrong Kind Of Headlines

Millions of dollars have been poured into European news networks aiming to steal some of CNN's thunder, but as yet the Turner channel is the only one making money, reports Marie Beardmore

There is still only one benchmark for tv news networks: CNN. After twelve years on the air, Ted Turner's channel may no longer be unchallenged in the 24-hour news game but it is almost certainly the only one showing a profit.

In Europe, where awareness of CNN reached near-saturation point in the wake of the Gulf War, the network has steadily built up availability and revenue from advertisers. But competition has sprung up in the form of Euronews, a co-operative venture between public broadcasters part-funded by the European Commission, by Germany's n-tv and, from last month by La Chaîne Info, operated by France's leading private broadcaster, TF1.

By the end of the year, Telemundo and Reuters are planning a Spanish-language news channel which will be distributed in Spain and the BBC aims to convert World Service TV into an all-news format. NBC, having bought and rebranded Super Channel, has built up a schedule which majors on news and business to pitch for the high-demographic audience reached by CNN. Last, but not least, Sky News, on the air since 1988, serves the burgeoning UK direct-to-home and cable market.

"We expect intensified competition in the international marketplace," said Tom Johnson, president of CNN. "We will continue to do our very best to emphasise our competitive edge, which is live coverage of global news events."

CNN has so far exploited its major competitive edge over the new pretenders – its practically unchallenged dominance of the 60 million-home U.S. cable market – to invest in its overseas distribution and production facilities. According to senior Turner Broadcasting executives in Atlanta, CNN International posted profits of $45 million in 1993 on revenue of $110 million.

CNN has proved that there is money to be made from what cable distribution there is in Europe and from the underdeveloped pan-European advertising market.

News, however, does not come cheap. LCI, the least costly of the four all-news channels currently offered to European viewers has an annual budget of $28 million, while that of n-tv weighs in at $62 million. Unlike the U.S., the advertising community has still to be fully convinced that the news channels, which typically register small daily viewing figures, are worth their money, and access to a second stream of revenue from subscription and cable fees is problematic.

In Germany n-tv has registered viewing of only 30-40,000 on the Gfk audience measurement system – hardly enough to inspire confidence among advertisers and offering nothing to back up the claim that the channel is delivering a predominantly upmarket audience.

Henning Oppermann, head of research at Hamburg media buyer debis G.F.M.O., said that advertisers are using the channel more or less on trust that the viewing will have a greater representation of the "higher target group" than other channels.

Dr Karl-Ulrich Kuhlo, founder and managing director of n-tv, has unsurprisingly taken issue with the Gfk system, arguing that much of n-tv's viewing takes place in businesses and hotels which are not measured. Kuhlo maintains that in reality four million people watch n-tv for at least 15 minutes per day.

Nevertheless n-tv, which is now being marketed by the Holtzbrinck publishing group, has seen fit to slash advertising rates to a guaranteed cost per thousand of DM16 ($10). Oppermann said that the rate now compared favorably with the main networks and that his agency, which buys for Mercedes Benz, Beiersdorf and Henkel, would now consider using the channel.

The bargain-basement approach contrasts with the upmarket pitch of the channel, which devotes around a quarter of its schedule to finance and business and is linked by satellite to the Frankfurt money markets.

A similar pitch has underpinned the overhaul of NBC Super Channel, which has entirely scrapped music

Kuhlo: Claims four million viewers for n-tv videos from its schedule and bolstered its business programming supplied by CNBC and Financial Times TV.

NBC Super Channel chairman Patrick Cox believes that the market of light viewing executives is largely untapped in Europe, and that the cost of using general entertainment channels to reach them is prohibitive. The channel is preparing to spend $4 million in a consumer advertising campaign this fall aimed at hoovering up any advertising dollars that are available.

The decision about whether the best market for news channels is pan-European or national is a crucial one. NBC Super Channel is available in 30 million homes, while CNNI currently reaches 25 million and Euronews 13 million. Greater distribution, it is argued, compensates for the low ratings and offers access to the kind of advertisers – finance, travel, computers and luxury goods – which already use the international print media.

However, with the size of the pan-European market generally estimated at no more than $100 million, there is not much to go around. Sky News, which is generally sold as part of a package with the other BSkyB channels, seems to sell out most of its slots while CNN breaks are full of endless channel promos and direct response ads. Even so, few observers believe that Sky News is making enough money from advertising to cover its annual budget of £25 million ($36 million).

Euronews, which already broadcasts in five languages, is looking to increase the amount of "local" programming in France and Germany by establishing national windows. So far it has not met with a great deal of success. A rift between the French government and TF1, Euronews' would-be partner in the venture, and the advent of TF1's own news service LCI has effectively sounded the death knell of Euronews Français. And Euronews Deutschland is in disarray because, although it has a partner in ARD subsidiary Taunus Film, under German law public broadcasters cannot receive state handouts, putting the future of the venture into doubt.

"It would be a miracle if n-tv went into the black this year or even next year"

In addition, national channels can automatically jump the queue for cable carriage. In France, LCI secured commitments from all of the big four cable operators before its launch. Lyonnaise Cable shunted BBC WSTV (at present an entertainment service) out of its basic service into extended basic, where viewers will need a Visiopass decoder to see it at a cost of an extra FFr30 ($5.50) per month. Euronews was moved to squeeze in the newcomer, although it stays in the basic tier.

If n-tv has failed to find its feet in a market of 17 million cable homes, what are the chances for LCI in a country where cable reaches only 1.2 million households? LCI is making up for the problem by charging cable operators a fee of FFr6 ($1.50) per month, and there is also a possibility of carriage in the Canal Satellite DTH package, which reaches 122,000 homes.

Sylvain Gouze, deputy managing director at LCI is convinced that the relationship between LCI and its distributors can only be symbiotic: "Cable needs us as much as we need cable," he said. "We have conducted research and each time it has shown that people would subscribe to cable first for movies and second for information."

Another advantage that LCI has is the comforting partnership with a very big broadcaster. "LCI will have all the resources of TF1 at its disposal," said Gouze. "It will have its own identity and presenters but will also be able to call on the technical services and pictures of TF1." The channel is expected to cost an estimated FFr120-FFr150 million ($22-28 million) per year. But analysts reckon TF1, which posted profits of FFr459 million ($83.5 million) in 1993, can sustain a loss of FFr100 million ($17.9 million) a year on the project.

Sky News, which did not have the same advantage, has a technical reach of 3.6 million households, all but 730,000 via DTH. Its share of total viewing in a typical week is around the 1% mark in satellite homes; an estimated 100,000 watched its most popular program in the week ending May 22, rather fewer than the number of people who read a quality newspaper. Estimates of Sky News' annual ad revenue range from £11 million ($16.5 million) a year (media buyer Initiative Media) and, according to a more optimistic City analyst, £22.5 million ($33.75 million) out of total ad revenue of £80 million ($120 million) for the whole BSkyB package.

Like LCI, the profitability Sky News will be enhanced as the universe expands, but its prime function is not to generate major profits. As one of six BSkyB channels, Sky TV director of news development John O'Loan said "Sky News is important because it completes the BSkyB package, enabling us to carry a well-rounded service." While the film and sports channels rake in subscription revenues and advertising, Sky News, which is still in the clear, acts as a loss-leader which is good for the credibility of the overall service.

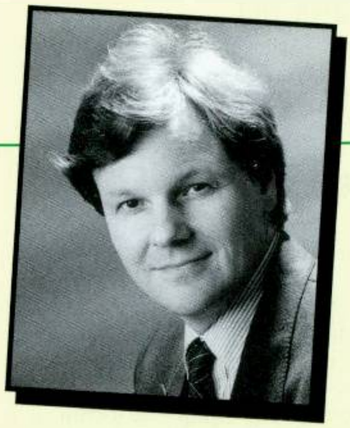
Likewise the presence of CNN and Time Warner on its board appears to be n-tv's best hope of survival. "They support us because we have something to offer them, we are a good product with an important audience," said Kuhlo.

CNN has also talked to LCI and although it is keen to be involved with the channel, the dispute over its sister channel TNT/Cartoon Network has made it a difficult time for the French company to make any commitment.

The real tester for CNN will come in five or six years' time when the up and coming channels have built up a loyal following of their own. But the new players know that it will be a long and arduous battle. Kuhlo certainly knows it. "It can take years to get to black figures; it would be a miracle if we [n-tv] made black figures this year or even the next year." TBI

Gouze: Cable-friendly

IBM Predicament Is Not Unique



BY TOBY SYFRET

Account moves in advertising do not normally make international headline news. But they do if the company in question is the fifth biggest in the world, if the budget could be up to $500 million, and if the said company is reducing its worldwide roster of advertising agencies from more than 40 down to one.

The company in question is IBM. It awarded its entire business to Ogilvy & Mather at the end of May. Acts of globalization almost never come as big as that. It instantly prompts the question: are we witnessing a trend, and if so, what does it mean for tv companies?

One swallow does not make a summer, and it is surprising how little published evidence there is testifying to the existence of globalization. Intuitively, one suspects that internationalization, if not globalization, of brand communications is a current trend. Thus, commenting on the IBM decision to entrust its entire advertising account to one agency, Harry Reid, the European chairman of Ogilvy & Mather, was quoted in *The Wall Street Journal* as saying that "There's been an explosion in the amount of pan-European advertising." Because of the demands of major multinational advertisers for wider campaigns, O&M has "had to centralize more to serve their requirements. And we've put an enormous emphasis on productivity."

It is questionable whether globalization or internationalization *per se* are important. Much more interesting, and possibly significant, is why IBM and others are going down this route.

Where IBM is concerned the causes appear specific. It has been a colossus in the computer world for as long as anyone can remember. In the process of attaining giant status, the name of the company has become a symbol of technical excellence and steadfastness.

But, as everyone knows, IBM's legendary stature grew out of its dominance of the mainframe business; however, conditions have changed drastically in recent times owing to the phenomenal growth in computing power.

As a result, the core market for computer hardware and software products in value terms has become more fragmented and more differentiated. It seems that, in trying to keep up with the frenetic pace of change by scampering down every business corridor, IBM is in severe danger of losing its "IBM-ness" as its sprouting off-shoots go their own promotional ways. Hence, the latest bold and desperate gamble to pull everything back to the centre by re-asserting the IBM brands.

And yet, there does seem to be a parallel case for treatment. In T.S. Eliot's play *The Cocktail Party* the head of a sanatorium says to one of his patients, "All cases are unique, and very similar to others." Similarly, it could be said that IBM's predicament is unique and is shared by many other companies in unrelated product sectors. The problem, which the big television advertisers all face one way or another, is the diminishing effectiveness of spot advertising, caused by the growing cacophony of messages. More products and more labels on the shelves; more television channels and more media generally; and more advertising clutter.

Even if they are spared IBM's commercial traumas, advertisers are at risk over maintaining the identities of their brands

In short, it seems that advertisers have entered the age of the megaphone, where they have to shout louder in order to be heard, and the value of the advertising dollar is shrinking.

This undoubtedly is a global trend. In the case of advertising clutter, there can be very few countries, if any, where members of the public on average do not see more commercials a day now than they did ten years ago. Of course there is clutter and clutter. At the upper extreme, American and Japanese viewers are exposed to more than 100 commercials per day, which is still several times greater than the daily exposure of the Germans, Dutch and British. However, there seems to be only one direction in which the laggards are heading.

The outcome is that, even if the big advertisers are spared the commercial trauma to which IBM has fallen victim, they too are at risk over maintaining the identities of their brands. One strategy is to simplify communications by laying greater stress on the company name behind the array of product brand names. Indeed, I suspect that if you were to compare the sum of promotional messages from pack design to tv commercial for the big fmcg multinationals, you would find ample evidence of a recent and ongoing shift in emphasis from individual products towards the higher ground of product ranges and company brands.

Supposing that this shift in communications really is occurring, the question for tv companies to ask is whether their biggest clients will continue to rely so heavily on tv generally, or spot commercials in particular, as they try to come to terms with the megaphone culture; be this at the level of the globe, the continents, or the countries of the world. TBI

TV Is Dead...Long Live TV

A survey by the IIC mapped out the expected time of arrival of an array of new technologies. As Jean-Luc Renaud reveals, broadcasters still have some breathing-space

As the discussion about the deployment of advanced video technology reaches the popular press, the level of hype increases in proportion. Let's look at terrestrial digital television. Digital modulation techniques for this mode of transmission are still being tested in laboratories, but if one were to believe the press, terrestrial digital tv is around the corner, becoming fully operational in a couple of years, with the switch-off of the existing Pal norm predicted in seven to 10 years.

Whether those who expound this radical timetable believe in it is open to question. Their objective seems to be to frighten into extinction the conventional terrestrial generalist advertising or license-fee supported broadcasters – these alleged technological dinosaurs – and clear the way for the new digital interactive video world.

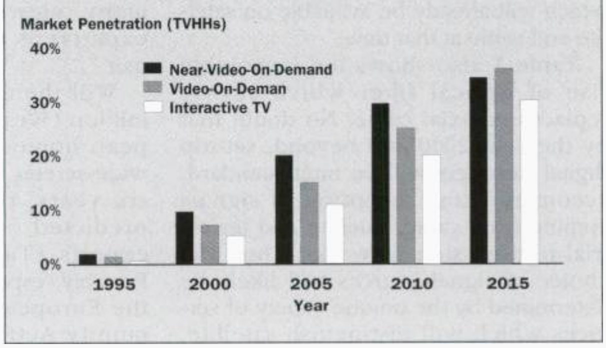
Should traditional broadcasters be worried that their "sell-by" date is soon approaching? Surely, no condition is permanent. The widespread use of the VCR has been challenging for quite some time broadcasters' ability to construct advertiser-friendly, linear tv schedules. With the explosion of the rental and sell-through video markets, time spent watching tapes is time spent away from the broadcasters' fare.

New systems will further challenge traditional broadcasters, fighting for the attention of the viewers. Interactive tv, satellite digital tv, near-video-on-demand, video-on-demand, but also "off-line" systems such as Video CD, CD-Rom, CD-i, and, why not, virtual reality, are bound to dent the traditional broadcasters' market.

But when will this challenge become irresistible? If one goes by the findings of a recent study carried out by the International Institute of Communications (IIC), broadcasters will still enjoy some breathing space for a good many years to come.

An independent, multi-disciplinary organisation with a world-wide membership representing a broad variety of interest in the communication field, the IIC designed "technology timelines," locating in time the expected introduction of various digital technologies and plotting their anticipated market penetration over the next 20 years.

Table 2 – Advanced Television Services



The timelines, covering 16 digital media, were based on questionnaires completed by some 40 international experts from 12 countries. Respondents were chosen by an IIC panel and included heads of laboratories, chief engineers, technology strategists and technology policy planners – all recognised experts in their field.

Technologies were divided into four broad categories: Advanced Television Services (interactive tv, VOD, NVOD); Distribution Technologies (digital cable, digital satellite, digital terrestrial, optical fibers); Advanced Media Systems (Video CD players, CD-Rom, CD-i, virtual reality); Image Display Systems (widescreen, flat panel display, HDTV sets).

It is clear that the size of a country, its level of technological sophistication and the presence (or absence) of an industrial/communication policy will very much impact on the deployment of advanced services. Because of the small size of the sample of respondents, it would have been unwise at this stage to identify distinctive trends in Europe, Asia, North and South America. In the context of this exercise, the figures relate to countries currently capable of developing and deploying the various services examined.

"Market penetration" in the tables means the proportion of tv homes which are equipped to receive particular digital services. Table 1 confirms the view that satellite will be the first distribution medium to use digital compression. Interestingly, the experts think that satellite-delivered digitally-compressed tv services will only be overtaken by coaxial cable after the year 2000 – despite cable's clear advantages in delivering interactive services. Maybe the experts think that compression advances will mean that the telephone system will be sufficient to provide all the return bandwidth anyone will require on satellite in

Table 1 – Transmission Media For Digital TV

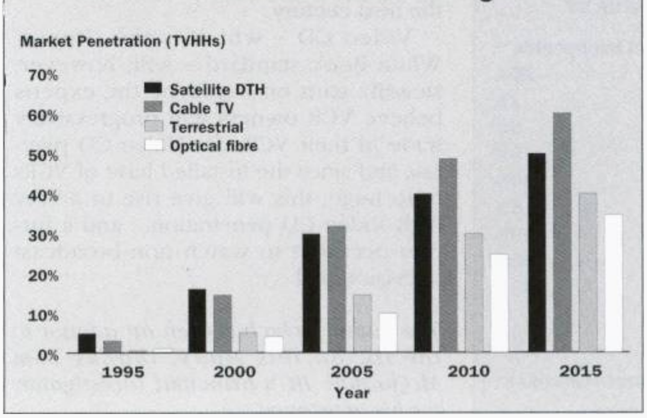
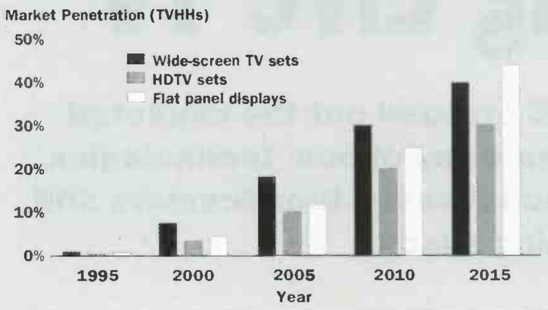


Table 3 – Image Display Systems



the short term.

Terrestrial digital broadcasting is a distant third. The slow penetration of digital set-top decoders for reception of terrestrial digital services – 25% of total tv homes by the year 2000 – may have to do with the rich service offering which will already be available on satellite and cable at that time.

Table 1 also shows the inexorable rise of optical fiber which slowly replaces co-axial cable. No doubt that by the year 2000 and beyond, set-top digital decoders will be multi-standard, accommodating reception of signals coming from cable, satellite and terrestrial transmission networks. Thus, the choice of signal sources will likely be determined by the unique variety of services which will distinguish satellite, cable and terrestrial program providers.

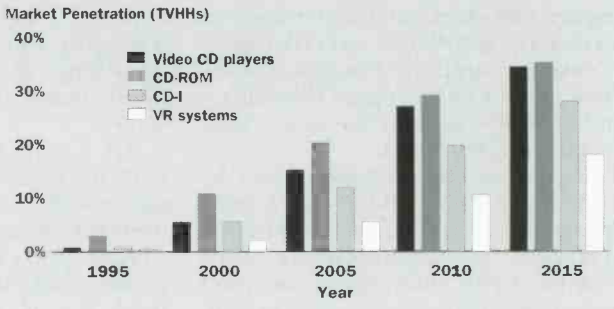
Table 2 is testimony to the fact that digital satellite programmers have been positioning themselves as providers of near-video-on-demand (NVOD) services *par excellence*. But they are about to face tough competition with the emergence of video-on-demand (VOD). The fact that VOD will beat NVOD in popularity some time between 2010 and 2015 strongly suggests that VOD services will be available via co-ax cable and optical fiber. After all, the telephone companies, who initially developed VOD, always said that the provision of the service via twisted copper lines using the ADSL technology was only an interim stage before the deployment of optical fiber networks. It could also well be that cable operators will move into the VOD business on their co-ax (or hybrid co-ax/fiber) networks. Although the architecture for the supply of VOD services is undoubtedly more complex than that for interactive television, the latter does not appear to seduce as many viewers (or experts) as the former.

Will there be ten million (West) European homes with a wide-screen tv set in six years' time, as predicted by the experts (Table 3)? Possibly, especially if the European Community Action Plan subsidies for the promotion of advanced television are converted into action. "Wide-screen" in the table means a 16:9 cathode ray-tube screen with conventional 625-line pictures.

When fully-fledged high definition television programming will start being transmitted, it will ignite a market for HDTV cathode ray-tube sets. More cumbersome than the emerging flat panel displays, HD sets are cheaper, and that may be the reason why their growth will keep up with that of high-resolution flat panel displays until 2004-2005. As the price of flat panel displays become more competitive, they will clearly overtake the bulky HD sets. Latecomers to HDTV may go directly for a flat panel HD display, whereas tv homes that adopted wide-screen tv early may buy an HD set as well. Multi-set tv homes will be the norm.

What about "off-line" or "in-house" video services, as opposed to "on-line" or "transmitted" services, examined so far? If the experts are rights, viewer/consumers will not rush to acquire the CD-based system – market penetration for Video CD players and CD-Rom is put at around 35% by the year 2015 (Table 4).

Table 4 – Advanced Media Systems



It would seem strange that CD-i, working in conjunction with a tv set whose penetration has reached saturation, is beaten flat by CD-Rom, which requires desk-top machines whose market penetration is at best a quarter of that for a tv set. It is not so if the CD-Rom category includes all the gaming systems, which are hot items. They are highly interactive, but currently offer lower picture quality than CD-i does. It remains that CD-Rom will maintain its present market lead over CD-i well into the next century.

Video CD – which is the "linear" White Book standard – will, however, steadily gain on it. Maybe the experts believe VCR owners will progressively trade in their VCRs for Video CD players, and since the installed base of VCRs is so huge, this will give rise to a very high Video CD penetration... and a further occasion to watch non-broadcast television. TBI

The author, who has been an advisor to the IIC on this study, thanks Tom McQuaide, IIC's principal investigator, for his assistance.

Table 5 – Projected 1999 Distribution Of U.S. TV Viewing Shares

With 40 million digital households		With 100 million total digital households*	
• **Digital services**	**8%**	• **Digital services**	**20%**
Interactive	1%	Interactive	2%
Movies-on-demand	4%	Movies-on-demand	9%
Other Video-on-demand	4%	Other Video-on-demand	9%
• **Cable TV**	**26%**	• **Cable TV**	**34%**
Pay channels	4%	Pay channels	5%
Basic channels	22%	Basic channels	29%
• **Broadcasting**	**66%**	• **Broadcasting**	**46%**
Network affiliates	51%	Network affiliates	40%
Other (independents & public tv)	15%	Other (independent & public tv)	6%

* excludes shares of viewing of HDTV services

Source: Discovery Communications Inc

PRODUCT NEWS

● NBC has joined forces with Canada's WIC Western International Communications and Catalyst Entertainment Inc to produce *the Martin Short Show*, which will be aired on the U.S. network and in Canada this fall. NBC has ordered 13 episodes of the sketch/comedy show starring the Canadian-born actor, which will be broadcast on stations owned by WIC, Canwest Global and CFCF in Montreal. Shooting will start at NBC's studios in Burbank before moving to Canada for the 1994/5 season. Catalyst has meanwhile sold an equity stake to the UK-based independent producer Britt Allcroft. The two companies already co-produce children's show *Shining Time Station*. Charles Falzon (above), president of Catalyst, said the new investment would go into financing distribution projects through a fund which will be renewed every five years and into development.

● Dutch independent production company Blue Horse Productions is developing an English-language feature film called *Cross My Heart and Hope To Die* with German media giant Bertelsmann and Dutch electronics firm Philips. The production will also be available as a three-part series for television and as a full-motion video CD-I, for which Philips is providing the expertise

French Indie Looks Abroad

FRENCH independent AB Productions has begun development of four foreign-language versions of its successful youth-oriented shows in France.

Four AB series dominate the 6pm to 8pm slot on French private broadcaster TF1. Thirty-minute episodes of *Le Miel et les Abeilles, Les Filles d'à coté, Premier Baisers* and *Hélène et les Garçons* are currently stripped across TF1's primetime-access schedule in a two-hour block.

Le Miel et les Abeilles: appealing to foreign tastes?

According to sales executive Manuel Catteau, the company has already completed 26 German-language episodes of *Hélène et les Garçons* for private broadcaster RTL. Additional pilots have also been completed in English and Spanish. In Spain, where the show is already aired in a dubbed form, negotiations are ongoing with two Spanish broadcasters for the format rights. Talks are also being held with undisclosed U.S. cable channels. Aside from the U.S., an English-language pilot also opens up the possibility of a sale to other English-speaking territories such as Australia, New Zealand, Canada and the UK, said Catteau.

The original French version of *Hélène et les Garçons*, of which there are currently 300 episodes of 30 minutes each (four episodes are produced daily), has been sold as a dubbed version into parts of South America and Africa, Belgium, Switzerland, Norway and Greece.

However, Catteau said the company is anxious to tap into areas where it is virtually impossible to sell dubbed shows, namely the English-speaking countries.

For this market AB has gone one step further. It is also developing original English-language youth programming ideas that may or may not be adapted into French-language versions. One of the first, a proposed youth series called *Making Waves*, has already reached the pilot stage.

While the business of formats has to date been most prolific in the areas of gameshows, the universal nature of youth issues make the series perfect for adaptation... and cheap.

All the formats are made within the confines of AB's extensive studio complex in Paris and use the same sets and scripts, with a few modifications. "The actors are different for each version but they basically look the same," said Catteau. "We make a few cultural adaptations such as replacing the bottle of wine in the French version with a glass of Coca-Cola for the U.S. version, but we try and keep as close to the original as possible."

AB Productions is also producing a French-language feature film version of *Hélène et les Garçons*, which should be ready in time for Christmas.

- Sarah Walker

Fox Takes Risk In Outer Space

JULIAN Grant, creator of *Scavengers*, the 20th Century Fox-financed show which premieres in the UK this month, said he wanted to "do something very different" from the tried and tested format of the gameshow.

The result is a sci-fi action-adventure show set on a space station a couple of milennia into the future which Grant summarizes as "a gameshow with elements of drama", filmed on a set reminiscent of *Aliens* and based around frantic activities which echo the France 2 show *Fort Boyard*.

The set, built at the stage in Pinewood Studios, England, which was used for the James Bond film *Dr No*, accounted for the lion's share of Fox's $3m investment in *Scavengers*. Four broadcasters have already signed up to produce local-language versions of the show: Carlton for the ITV network in the UK, Antena 3 in Spain, Telemünchen in Germany for RTL2 and Nordisk Film, producing a Scandinavian version.

According to Doug Schwalbe, vice-president of marketing and co-production for 20th Century Fox, further sales have been agreed with Portugal, Australia and Taiwan and talks are progressing with South Africa and pan-Asian station Star TV. Two sponsors have been brought in to sweeten the package for Rai, which is interested in making an Italian version. Grant says that over 80 broadcasters around the world were pitched.

Despite the back-up of Fox's muscle in marketing and distribution and the licensing and merchandising deals thrown in with the package, Scwalbe says *Scavengers* is a "risk", and notes that it is unusual for an international project to originate outside the U.S.

Scavengers: Carlton was first up the scramble-net

Besides use of the set, broadcasters buying the rights have use of costumes and special effects developed for the show. Each broadcaster makes their own adjustments to the format of the show and although Grant expects each broadcaster to screen the show in primetime, its place in the schedule will vary. ITV has opted for the Saturday evening slot normally occupied by *Gladiators* and softened some of the darker elements of the show to capture a broader family audience. Antenna 3 is expected to schedule its version later in the evening.

- Tim Westcott

Spanish Channel Tests Series Format

SPANISH regional public broadcaster TV3 Catalunya is attempting to spice up its primetime programming schedule with the development of a new 45-minute weekly programming format that program director Oleguer Sarsanedas describes as half way between a series and a sitcom.

"A few years ago we thought sitcoms were most adapted to our financial capabilites for primetime, but increasingly they are being relegated to access primetime," he said.

The idea behind the new format is to develop programming of a broader appeal; mixing comedy with an element of drama to provide characters and situations an audience can identify with. Unlike a sitcom, each episode will have its own story but there will also be underlying stories running through.

Using an intensive production schedule currently reserved for the production of TV3's series *Proble No*, Sarsanedas hopes to keep costs down. Budgets are projected to be in the region of $65-75,000 an episode. Two 26x30 minute series are already in development, one for this fall and the other for 1995.

- Sarah Walker

and some of the budget. According to managing director Chiem Van Houweninge, Blue Horse Productions plans to develop more CD-I versions of its productions despite the increase in costs. "The work involved in making the CD-I version of *Cross My Heart and Hope To Die* will amount to almost three feature films," he said.

Probably better known as a producer of sitcoms and drama, Blue Horse is also developing a 6x1 hour cop show set in the Caribbean, titled *Davelaer*.

● UK independent producer Hewland International has tied up format sales of its computer game show *Games World* to Sat1 in Germany and Kanal 6 in Turkey. The show runs five nights a week in the UK on Sky One. Sat1 bought the right to

make 26 half-hour shows after giving the show an initial 13-week run in the spring. According to marketing director Craig Goldman, talks are underway with a major U.S. studio and broadcasters in Europe and Australia over further sales. International distribution is being handled by ECM.

● German pubcaster WRD has completed production on *Dangerous Games*, a drama filmed in English in a variety of European locations. RTPA, which has the worldwide rights outside the German-speaking territories, already has an offer for the UK pay-tv rights from Sky TV and interest from the BBC and ITV, said managing director Simon Willock. *Dangerous Games* will be available at Mipcom in four one-hour episodes or two of 100 minutes.

Little Extras Make For Brisk Screenings

● Bob Hoskins and Robin Williams have become the latest film stars to ignore the old showbiz maxim "never work with children or animals." Both are appearing in *In The Wild*, a wildlife series made by UK inde-

pendent Tigress in which celebrities are filmed in search of the animal of their dreams. The Hoskins (tigers) and Williams (dolphins) films, produced for ITV and PBS, will both be unveiled by distributor RPTA at Mipcom. Anthony Hopkins and Timothy Dalton have already appeared in the series, which will consist of six one-hour films.

● Central Television Enterprises (CTE), which handles international sales for British ITV companies Carlton and Central is to supply 100 hours of factual programming to BBC World Service Television's satellite news and information services. The package of programs includes Carlton's *Hollywood Women* and Central's *Legacy*, *Heaven Must Wait*, *Naturewatch* and *Voyager - the World of National Geographic*. Territories covered by the deal are Asia, the Middle East and Africa and the companies are discussing their use on other channels including WSTV's Arabic and European channels.

● Atlantis Films and Showtime Networks have signed an exclusive two-year deal with Maintitle Pictures, a company formed by former Showtime executive Barbara Title, to develop tv projects. Under the deal, Showtime will have first refusal over projects Title develops for Atlantis. Title, who will work from the Canadian company's Los Angeles office, worked with Atlantis on comedy movies *Heads* and *Sodbusters*. Her first project will be a film of *Possessed*, the true story which formed the basis of *The Exorcist*.

FOR the majors, sales of new shows at the May screenings in Los Angeles was brisk, but the market isn't as easy as it used to be.

"There's more pressure on both sides," said MCA TV international president Colin Davis. International broadcasters are producing more home-grown programming and face more competition, while U.S. distributors are competing against more available product coming from cable and first-run syndication. There were 22 first-run syndication hours presented at the screenings this year.

Of the new series at the screenings, there were some surefire bets like Spelling TV's new series *Models Inc* and *Madman Of The People*, a half-hour comedy. Both sold in Europe, Latin America, Australia and New Zealand. Rights to the Spelling Premiere Network series' *Robin's Hoods* and *Heaven Help Us* have already been picked up in Europe, but Worldvision were able to add sales in Latin America and Canada.

Touched By An Angel: CBS's fall contender

Twentieth TV screened their new series *Wild Oats*, *Chicago Hope* and *Five Mrs Buchanans*, in addition to the international co-production *Scavengers*, two miniseries *Loyalty* and *Betrayal*, and the children's show *Red Planet*. "People think the Europeans don't buy at the screenings but they do," said Marion Edwards, senior vice-president at Twentieth TV International, noting Fox closed deals in Canada, the U.K, Scandinavia, Italy, Spain, Portugal, Israel and Australia.

ABC, which has led the networks in the growing trend towards in-house production, screened an unusually large number of shows this year, including three series destined for the network Fall schedule: *Me And The Boys*, *McKenna* and *My So-called Life*. ABC also screened *The Boys Are Back*, a series the network is producing for CBS.

CBS Entertainment presented *Touched By An Angel*, a one-hour drama produced by Maysh Ltd and created by John Masius, whose credits include *St Elsewhere*.

Warner Brothers, which once again will provide more programming for the networks than any other studio this season, screened a plethora of programming including four half-hours: *Daddy's Girls, Friends, Young At Heart* and *On Our Own*, three one-hours: *Under Suspicion*, *ER* and *Pointman*, and four mid-season series: *The Office*, *The Ties That Bind*, *Medicine Ball* and *The Great Defender*.

Like Warner Brothers, Columbia TriStar also had its hands full with one-hours such as *Fortune Hunter* and *Party Of Five*, *The Ricki Lake Show*, a syndicated half-hour talk strip and *The News*, a strip comedy series.

Executive vice-president Michael Grindon admitted that it's hard to present so many new shows at once. "Our emphasis is on helping to promote and market our programming overseas," he said. "It involves more research and information. We're trying to understand the needs of the client and present programs that fit that need."

- Barbara Osborn

All American Dream

ALL American has picked up Fremantle International from the Interpublic group for $63 million. The deal gives All American a significant boost in the international distribution business. As well as adding Fremantle's gameshow catalog (it has 93 game show productions in 27 countries) it adds to its own distribution network with Fremantle's offices in London, Cologne, Istanbul, Madrid, Athens, Lisbon and Sydney.

The acquisition of the gameshow company does not include Fremantle Corporation, owned by Paul Talbot, which has international rights to *Baywatch*, daytime soap *Loving* and *Grace Under Fire*. Ironically, *Baywatch* is syndicated in the U.S. by All American.

Talbot, who founded Fremantle International in the 1950s, sold his remaining 20% stake to ad agency giant The Interpublic Group in early July. This left Interpublic positioned to sell the whole company to All American. The two deals were announced on consecutive days. The sale is part-cash and part-equity and leaves Interpublic holding about 20% of All American stock.

The acquisition puts All American into a different league internationally, with the Fremantle International product leading its catalog. It is expected that Larry Lamattina, chairman of Fremantle International and now president of All American Television, will lead the company internationally.

Baywatch: International stays with Fremantle Corp

But for All American the deal is more than just adding new game show product like *The Price Is Right*, *The Dating Game* and *Supermarket Sweep*. The merger of the two companies, both turning over $60 million-plus a year, establishes All American as a serious player with the backing of a major media corporation in Interpublic. Previously All American had limited success internationally and frequently ended up working through local agents. The relationship with Interpublic (Lamattina is a former chief operating officer of Lintas USA, an Interpublic company) strategically gives it the weight in the advertising world to open up new broadcast doors.

- Paul Nicholson

Pilots Aims To Lift European Writing

THEY are a staple of most schedules, but production of long-running tv series in Europe has remained an alien concept for many national broadcasters. The cheaper option has been to buy U.S. product, in return for lower ratings than quality domestic product usually achieves.

Pilots, a Media program initiative concerned with the development of television series before they go into production, is hoping to change this. "The idea behind Pilots is to encourage the production of long-running tv series and to encourage the industry – broadcasters, independent producers, writers and script editors – to understand the value of the development process," said head of studies Julien Friedman. According to Friedman, a series produced in Europe is developed and the first scripts written by just one writer, as opposed to the U.S. or Australia where the process is done in teams. In the U.S. some 7-10% of the entire audiovisual budget is spent on development, compared with 2% in the UK and as little as 1% in continental Europe.

"The biggest problem with Europe is that there are no experienced tv writers. There is talent but not experience," explained U.S.-born producer/director and Pilots tutor Steven Bawol. "The idea should be to take what's good about the U.S. and not the mistakes."

Ten teams, encompassing a script writer, script editor and producer from either a European broadcaster or independent production company take part in Pilots. The initiative operates over five months and includes two two-week workshops which take place in Spain during July and October.

At the start of the first workshop, the teams present their projects to experienced industry experts who provide critical analysis as to how it can be improved. Scripts are then rewritten over the summer. By the end of the second two weeks, each team should have a complete package ready for production to show broadcasters.

- Sarah Walker

● Grundy Worldwide has secured a second daily serial commission from a German broadcaster and its first Italian deal. Grundy/Ufa productions has landed a first order of 250

episodes of *Verbotene Liebe* ('Forbidden Love') from public broadcaster ARD. The series will be broadcast from the beginning of 1995. In Italy, Rai Uno has ordered 11 episodes of *Beato Tra Le Donne* (Happy Among Women) - a version of its highly successful entertainment format *Man O Man* - at two hours each. Reg Grundy Productions in the UK has made entertainment series *Small Talk*, which started on BBC1 in July.

● Pan-Asian satellite broadcaster Star TV has signed a deal with Polygram Film International allowing it to screen the studio's 1994/5 output on its pay film service, Star Movies. The deal is non-exclusive and will provide Star with up to 20 films a year including *Four Weddings and a Funeral* and *The Hudsucker Proxy*. Star said the deal was the first in a series of output deals.

● *Frontline: Innocence Lost - the Verdict* won the Grand Prize at the Banff Television Festival, becoming the first all-U.S. production to win the accolade. The four-hour documentary was written and produced by Ofra Bikel for WGBH, and was also named best social and political documentary. Other awards at the festival, held on June 6-11, went to *NYPD Blue* (best continuing series), *Frasier* (best comedy), *The Snapper* (best made-for-tv-movie) *Prime Suspect 3* (best miniseries) and programs from France, Germany, the Netherlands, Finland, the U.S. and Britain.

Europe Becomes A New TV Testbed

European cablers launch interactive tests... Japan adopts a pragmatic approach to HDTV...

After a number of fits and starts, northern Europe is finally entering the new age of tv. At the end of May, France's new pay-per-view service, Multivision – which claims to be the first commercial European PPV channel – was launched on French cable.

However, Multivision's signal was available to only 50,000 Parisian homes to begin with, which makes the subsequent announcement by Swedish cable operator Svenska Kabel TV that it, too, was now in the PPV business, rather more significant. According to Svenska, over half a million Swedish households have access to the service, principally in the main population centres of Stockholm and Malmo in the north and east, which means it is a substantially larger venture than the French one.

The service boasts four first-run Swedish movies, which have been purchased through a deal with Swedish Film Industries, plus a variety of other titles – some already released on video and some not. Svenska wouldn't say how many subscribers had so far used the service, but claimed that the response was double what had been anticipated.

Meanwhile, Norway's state telecommunications company, Norwegian Telecom, has just announced that it plans to trial video-on-demand in or around Oslo early next year to "several hundred" domestic customers. It has already issued a Request for Proposals to a number of hardware manufacturers for the equipment needed for the trial.

Norwegian Telecom said that ADSL (Asymmetric Digital Subscriber Loop) technology would be used initially, although other technologies might be used at a later date in a separate trial.

Apparently, Telecom doesn't suffer from the same regulatory barriers that other countries' telcos do: it is allowed to provide entertainment services over its network.

Intriguingly, Telecom's initial focus group tests reacted badly to a proposed menu of films, music videos, games and home-shopping, feeling that a VOD service should provide something that was "socially redeeming." This puritanical reaction resulted in Telecom reformulating the service to offer a less entertainment-led menu, which included items such as language lessons, DIY and First Aid. This elicited a much more positive response. (British Telecom's early consumer research into VOD, incidentally, indicated similar resistance to an entertainment-only diet.)

Not to be outdone by its Scandinavian neighbours, Deutsche Bundespost Telekom, Germany's national telco, announced at the end of May that it would be running a VOD pilot in Berlin later this year, connecting up between 50 and 100 homes.What is significant about the trial is that it represents the first step into the interactive tv arena by Media Service GmbH, the pay-tv services joint venture run by the telco and pubcaster ARD alongside Bertelsmann and Kirch.

The Berlin tests, the first in Germany, will be launched around the middle of the year. Besides movies-on-demand, home-shopping and pay-per-view programming will also be tested. Films are likely to come from Kirch Group's vast archive of titles.

Until Hollywood blockbusters feature in the line-up of titles, the buy-rate is likely to remain pretty tame. To date, the Hollywood studios have still to decide on a VOD window. Kirch could help speed the decision-making process.

Every (Large) Home Should Have One

Back at the beginning of this year, a statement by a Japanese government official that the country's analogue HDTV standard (variously known as Muse or Hi-Vision) was to be dropped in favour of a digital system met with a storm of protest from consumer electronics manufacturers and broadcasters, who are believed to have invested over $9bn in the system over the last 30 years. The Ministry of Posts and Telecommunications (MPT) subsequently issued a swift denial – declaring that Hi-Vision still had a good many years of life left yet, and that there was no proposal afoot to junk it.

Now it seems that both stories had an element of truth in them. First, it has emerged that an in-house report prepared by the MPT recommends that Japan adopt a digital HDTV system within the next two years. Second, a senior director at the R&D labs of public broadcaster NHK has confirmed that NHK is working on a digital HDTV system, based around MPEG-2 standards.

However, it seems that the approach to the new standard will be a typically pragmatic one. The NHK engineer said that until a digital infrastructure was completely in place, Hi-Vision and the new digital system would continue in parallel. In fact, NHK even plans to make decoders which will allow Hi-Vision sets to receive digital HDTV signals.

Neither NHK nor the MPT, however, has explained how it will deal with the major problem that confronts Japan's struggling HDTV set market: the large size of the tv receivers required. The trouble is that Japanese homes are small and compact, and HDTV sets are not. Only upwards of 20,000 Japanese homes have therefore been prepared to sacrifice precious space to purchase an expensive, bulky (and possibly already obsolete) technology. Many observers believe that HDTV will only take off when flat-screen technology allows large cinema-type screens to be hung on the wall like a painting. TBI