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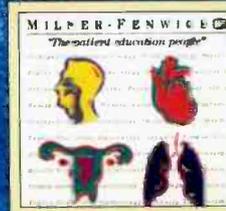
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NOTE

Fall Feasting

Some things old, some things new, some things borrowed and some thing from Bochco. The networks' Fall schedule commitments are a feast for international television buyers looking for series that will make a difference to their domestic schedules. While CBS has opted for wholesale change, bringing in 11 new series, ABC is more circumspect, not surprisingly sticking with many of the shows that has put it at the top of the network charts. The two 'netlets' are also showing a willingness to change and invest in significant new shows. If hospital dramas were the dramatic trend of last year's screenings, then journalists' newsrooms are this year's trend. There is even a sitcom about a writer for a network television series. This special TBI supplement, written by Richard Huff, is intended as a guide to networks' Fall schedules and to the shows that will be coming available to international television acquisition executives. The profiles in this supplement look at the shows that have been commissioned and how the networks plan to use them.

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A Familiar Feel

ABC, the number one network during the 1994-95 television season, is relying on some familiar faces to keep it in the top spot next season.

The Alphabet Network unveiled a fall schedule that includes five hour comedies and three hour-long dramas, representing 5.5 hours of the 22 hours it programs during primetime each week.

Heading off the list are shows including bankable stars such as Tony Danza, who toiled on the network's former hit *Who's The Boss?*, William Devane, who starred in the primetime soap *Knots Landing* and Mark Harmon, who last starred in NBC's *Reasonable Doubts*.

The network's new comedies are geared toward more adult audiences, similar to those garnered by NBC's hit *Seinfeld* and away from the kid-driven crowd that made such shows as *Full House* ratings winners.

Gone from the network's schedule is the critical favorite but little watched drama *My So Called Life*, which looked at life through the eyes of a teenage girl. Also put on the extinction list was the short-lived action adventure *Extreme*, the solid drama *The Commish*, Andy Griffith's *Matlock* and the news magazine *Day One*.

Full House, a seven season sitcom for the network, was previously cancelled because it became too expensive for Warner Bros. Television to produce.

Heading up the new dramas for the fall is *Murder One*, from prolific producer Steven Bochco (*L.A. Law*, *NYPD Blue*, *Hill Street Blues*) with Twentieth Century Fox Television.

ABC has committed to 22 episodes of the program, which revolves around a one-man law office and tracks one legal case for an entire season. ABC has scheduled the program to air against NBC's hit drama *ER* on Thursdays at 10pm, which is likely to set up the most talked about confrontation since Godzilla met King Kong.

The network, in an effort to offset NBC's powerhouse Thursday night schedule, will air three dramas that night capped by *Murder One*.

Charlie Grace, an hour-long drama from Warner Bros. about an ex-cop turned private investigator starring Harmon, will lead off the night at 8pm. That will lead into *The Monroes* at 9pm, another Warner Bros. offering which stars Devane, Susan Sullivan (*Falcon Crest*), Cecil Hoffman (*L.A. Law*) and Steven Eckholdt. Devane plays the patriarch of a large, wealthy, rambunctious and powerful family with political aspirations and personal agendas that frequently collide.

Dramas returning to the schedule include the mid-season entry, *The Marshal*, an action-adventure

starring Jeff Fahey, Bochco's grizzly and gritty cop drama, *NYPD Blue* and *Lois and Clark: The New Adventures of Superman*.

Meanwhile, Danza and former *Full House* star Lori Loughlin team up in *Hudson Street*, a half-hour sitcom from Danza's Katie Face Productions with TriStar Television. Danza plays a divorced detective who shares custody of his 11 year old son. Loughlin plays a reporter and his love interest.

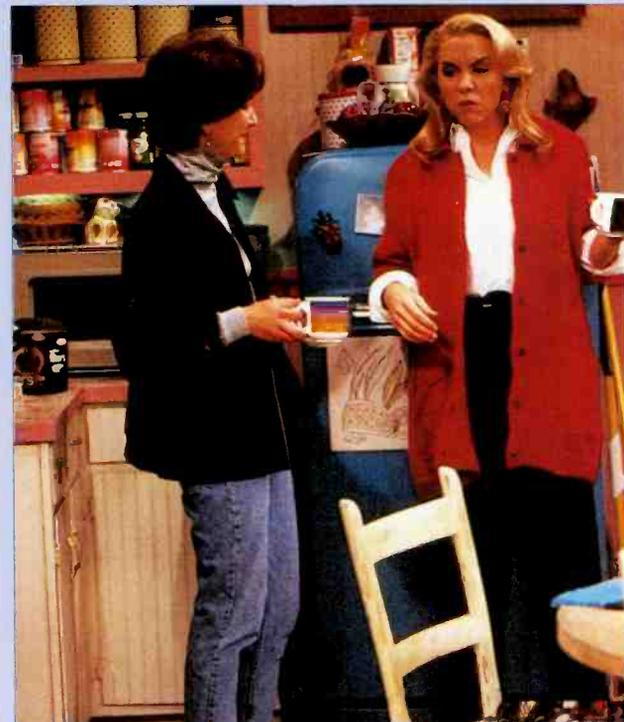
The Drew Carey Show from Warner Bros. is a working class ensemble that revolves around Carey, a stand-up comic who won critical praise in last season's short-lived NBC sitcom *The Good Life*.

Tea Leoni, currently starring in the theatrical *Bad Boys*, heads up *Wilde Again*, a sitcom from Brillstein-Grey Entertainment and ABC Productions.

Waiting in the wings as a midseason replacement is *Champs*, a sitcom from Gary David Goldberg (*Family Ties*) – the first tv production from the new DreamWorks, the company created by Steven Spielberg, David Geffen and Jeffrey Katzenberg.

While ABC has cancelled *Day One*, it is retaining the news magazines *PrimeTime Live* and *20/20*.

Back for another season are the hits *Roseanne*, *Home Improvement*, *Grace Under Fire*, *Ellen*, *Family Matters*, *Boy Meets World*, *Step by Step*, *Hangin' With Mr. Cooper*, and *America's Funniest Home Videos*.



Grace Under Fire: Back for another season

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A Comic Approach

NBC is banking on half-hour sitcoms to take it from being the number two broadcast network during the 1994-95 season to the ratings crown in 1995-96.

The network will introduce six new comedy series and just one new drama next season, representing four hours on its primetime schedule.

All told, NBC will air 16 comedies, six dramas, the reality hour *Unsolved Mysteries* and three weekly hours of primetime news. Last fall NBC scheduled 12 comedies and eight dramas.

NBC is expecting some familiar and not so familiar faces to carry it into the future. Joey Lawrence, who starred in the cancelled *Blossom* returns in a new sitcom and film actress Lea Thompson (*Back to the Future*) toplines another comedy.

Overall the network left Monday and Friday nights unchanged, did minor tweaking on Tuesday, Wednesday and Thursday and overhauled Saturday and Sunday.

Despite low ratings, NBC has picked up the gritty cop drama *Homicide: Life on the Street* for a fourth season, as well as Steven Spielberg's underwater adventure *SeaQuest DSV*.

Gone from the drama line up is *Earth 2*, a futuristic adventure series also from Spielberg's Amblin Television and *The Cosby Mysteries*, an hour-long mystery that starred NBC staple Bill Cosby.

Counting *SeaQuest* and *Homicide*, NBC will have six hour-long dramas on its schedule at the start of the season. Its newest drama is *Jag*, from Don Belisarius (*Quantum Leap*) and Paramount Pictures. The series stars David James Elliot (*Melrose Place*) as a U.S. Navy lawyer based in the unit's judge Advocate General's office, who acts as a detective, prosecutor and defence attorney all at once. It's been compared to the Tom Cruise/Jack Nicholson theatrical *A Few Good Men*.

Other dramas returning to the Peacock Network's line up are the legal drama *Law & Order*, from Dick Wolf and Universal Television, the red-hot medical drama *ER*, from Amblin Television, and the ensemble drama *Sisters*, from Warner Bros. Television. NBC has also renewed the thrice-a-week news magazine *Dateline NBC*.

Thompson heads up the new sitcom *Caroline in the City*, a comedy from Jim Burrows (*Cheers*) in conjunction with none other than CBS Entertainment. Thompson stars as a cartoonist living in New York City, whose life creeps into her comic strip.

Teen idol Joey Lawrence teams up with real-life brothers Matthew and Andy for *Brotherly Love*, a sitcom from Witt-Thomas Productions in association

with Touchstone Television.

Multi-Emmy winners Tony Thomas and Paul Junger Witt (*Golden Girls*) are behind *Minor Adjustments*, a new sitcom built around stand-up comic Rondell Sheridan. Sitcom *Pursuit of Happiness* is from the creative team that brought television the hits *Frasier*, *Wings* and *Cheers*. Stand-up comic Jonathan Silverman (*Weekend Update*) stars as a bachelor who finds all of his friends are married and encouraging him to do the same. The show is from Castle Rock Entertainment and NBC Productions.

And Pamela Reed (*Junior*, *Family Album*) plays a tough-as-nails family-court judge who cannot control her own children in *The Home Court*. The sitcom is from Paramount.

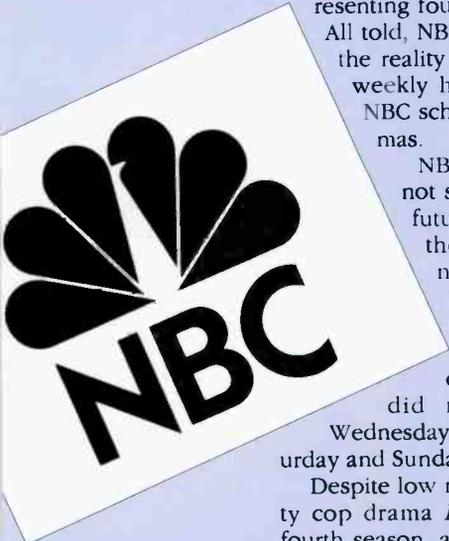
NBC announced earlier that the sitcoms *Blossom* and *Empty Nest* would not return next fall. *Pride & Joy* and *Something Wilder*, starring Gene Wilder, were also missing from the new schedule.

The network is bringing back seven of the dozen sitcoms it scheduled last season. These are: *Fresh Prince of Bel Air*, *Wings*, *Frasier*, *Mad About You*, *Friends*, *Seinfeld* and *The John Larroquette Show*. NBC also picked up the mid-season entries, *Hope & Gloria* (Alan Thicke), *NewsRadio* (Phil Hartman) and *In The House* (LL Cool J and Debbie Allen).

In what may be NBC's most daring move, the network has shifted *Mad About You* and *Hope & Gloria* from their prime positions on its Thursday night schedule to Sunday nights at 8pm and 8.30pm, where they will face stiff competition from CBS's Sunday stronghold. NBC is also kicking off Sunday nights with two comedies, an unsuccessful move in the past.



Caroline In The City: Love and toons sitcom



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An Eye For Change

CBS is going for broke next fall. The network, which spent the past season fighting unsuccessfully to keep itself out of the ratings cellar, will add 11 new series next September, representing eight of its 22 hours of primetime programming.

In comparison, ABC changed just five 1/2 hours of its primetime schedule and NBC only four. After three years as the number one network in the U.S., CBS finds itself in a rebuilding year. During its time at the top, the network spent most of its efforts on luring 25-54 year-old adults to watch, although in recent years a sizeable portion of its viewership was in the latter portion of that demographic.

Next season, the network appears to be going after a slightly younger crowd.

Included in its new schedule are five new hour-long dramas and six half-hour sitcoms. Gone from the schedule are some viewer favorites, some critical favorites, that rarely generated any appreciable audiences, and some out and out duds.

Last season CBS moved the quirky drama *Northern Exposure* around the schedule hoping the audience levels would pick up. They didn't and the show is off the air. Also cancelled are: *Under suspicion*, *Diagnosis Murder*, *Burkes Law*, and the sitcoms *Love and War*, *Hearts Afire*, *Rescue 911*, *The Five Mrs Buchanans*, *Double Rush*, and *Women of the House*.

And in what may be a telling indicator to the network's performance during the 1994-95 season, only

two of the shows it debuted last September are on the new line up.

In preparing for next fall, the network reworked every night on the schedule. Included in the mix was moving the 11 year-old hit drama *Murder She Wrote*, starring Angela Lansbury, from the Sunday night slot it has held since it debuted to a new night next fall. In its place on Sundays will air a pair of sitcoms.

CBS' drama offerings for next fall include a mix



of familiar favorites and some newcomers.

Shaun Cassidy, the former Hardy Boys star is the writer of *American Gothic*, a new drama from Universal Television Production in association with Renaissance Pictures. Syndicated talk show host Montel Williams puts aside his microphone to star in *The Education of Matt Walters*, a drama from TriStar Television. Williams, a former Naval officer in real life, stars as a former Navy-officer turned teacher in an inner-city Chicago school. *Beverly Hills, 90210* creator Darren Star will try to work some of that magic for CBS in *Central Park West*, an hour-long series starring Mariel Hemingway (*Civil Wars*) and model-turned-talk-show-host Lauren Hutton. The series is from Darren Star productions in association with CBS Entertainment Productions.

Novelist John Grisham's best seller *The Client* becomes a weekly series next fall from Warner Bros. The series stars JoBeth Williams (*The Big Chill*), Ossie Davis (*Evening Shade*) and John Heard about an Atlanta-based recovering alcoholic (Williams) specialising in family law. And former *Thirtysomething* star Patricia Wettig returns to series television in *Courthouse* from Columbia Pictures Television. CBS is returning the dramas *Chicago Hope*, *Murder She Wrote*, *Picket Fences*, *Walker, Texas Ranger* and *Dr Quinn, Medicine Woman*. And in a surprise move, the network has brought back *Touched By An Angel*, a drama that debuted last fall and was pulled midway through the season.

The network's new comedy offerings include: *Can't Hurry Love*, starring Nancy McKeon (*Facts of Life*), from TriStar and CBS; *The Bonnie Hunt Show*, a sitcom built around Hunt, who plays a television journalist, which is from David Letterman's Worldwide Pants, Inc.; *If Not For You*, a sitcom from Rock Island Productions and Touchstone Television, which stars Elizabeth McGovern (*Ragtime*) and Hank Azaria; *Bless This House*, a series from Warner Bros. Television starring comic Andrew Clay and Cathy Moriarty (*Raging Bull*); *Dweebs*, a comedy about computer nerds from Warner Bros, starring Farrah Fokke (*Wings*); and *Almost Perfect*, a series about a writer for a network television series from Paramount. CBS has also picked up *Cybill*, a new comedy starring Cybill Shepherd (*Moonlighting*) which debuted as a mid-season replacement.



The Bonnie Hunt Show: Comic turns tv news hound



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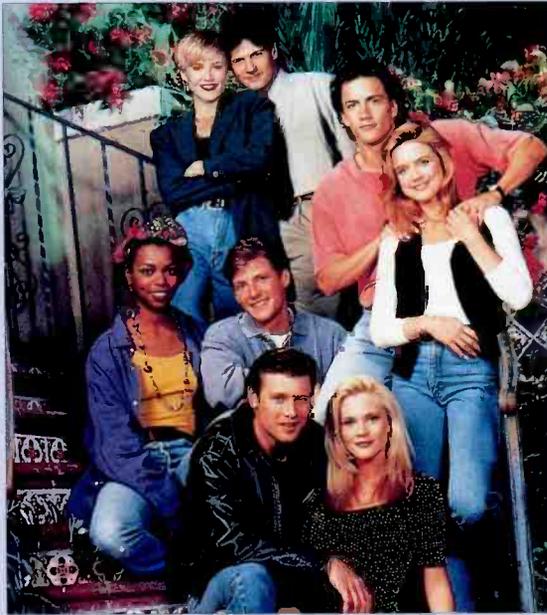


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Melrose Place: Spelling series keeps running

Rupert Murdoch's Fox Broadcasting will introduce six new half-hour comedies and two new one-hour dramas next fall.

The perennial fourth-placed network is adding the eight new offerings to a list of 11 returning shows from last season. The network offers 15 hours of primetime programming each week compared to 22 hours apiece for ABC, NBC and CBS.

Gone from the 1994-95 schedule are the dramas *Models, Inc.*, *VR 5*, *M.A.N.T.I.S.*, *Sliders*, *Fortune Hunter* and comedies *The Critic*, and *Dream On*.

Returning dramas include the hit *Melrose Place*, *Beverly Hills, 90210*, *Party of Five*, the cop series *New York Undercover*, and the cult-hit *X-Files*.

New York Undercover, the network said, will undergo significant changes next season and has been given a 13-episode commitment. *Party of Five*, was a critical favorite, which couldn't attract an audience but has had 13 episodes greenlighted.

Fox has also given another season to *Living Single*, *Martin*, *The Simpsons*, and *Married...With Children*, the only program from the network's debut season that remains on the schedule.

Also returning are reformatted versions of the reality series, *Cops*, which instead of running two weekly episodes back-to-back on Saturday nights, will only air once a week, and *America's Most Wanted*, a crime solving series which will scale back from an hour to 30-minutes.

Of the new dramas being rolled out, the one with the most industry buzz is *Space*, a sci-fi hour from the co-executive producers of *The X-Files*. *Space* is the most ambitious science fiction project

in the history of Fox, according to entertainment president, John Matoian. It's also the most expensive. Glen Morgan and James Wong are the executive producers on *Space*, which is from Twentieth Century Fox.

Film star D.B. Sweeny (*Eight Men Out*, *Roommates*) stars as a photojournalist who has suffered from a streak of bad and good luck in *Strange Luck*, an hour from series New World Television.

Fox has also ordered four other dramas as mid-season replacements.

Divas is from Thomas Carter (*Equal Justice*) and follows the fortunes of four young women singers in an R&B group, and their travails in the L.A. recording industry. Carter is the executive producer of the series which is from Warner Bros. Television.

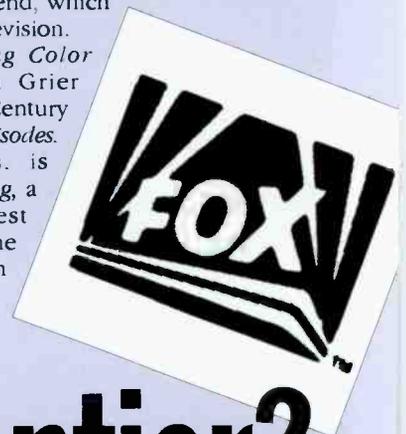
Aaron Spelling, the producer of *Beverly Hills, 90210*, *Melrose Place* and the cancelled *Models, Inc.* is behind *Kindred: The Embraced*, a dark drama about the hidden world of vampire clans thriving in modern-day San Francisco. David E. Kelley, creator of CBS' hits *Picket Fences* and *Chicago Hope* will ply his trade for Fox in *The Pastor's Wife*, a drama that looks at religion through the eyes of a young pastor played by Kyle Chandler (*Homefront*). And *Profit*, from Stephen J. Cannell Productions, is a drama starring Adrian Pasdar (*Carlito's Way*) as a ruthless junior executive who won't stop until he's made his way up the corporate ladder.

In the comedy area, Fox has picked up, *Cabin Pressure*, a half-hour from Twentieth Century Fox about a group of flight attendants. Marc Cherry and Jamie Wooten, the creators of *The Five Mrs. Buchanans*, a CBS series that was cancelled, are the executive producers.

Misery Loves Company is from prolific producer Michael Jacobs (*Dinosaurs* and *Boy Meets World*), and looks at marriage and divorce from the male perspective. The program is from Touchstone Television.

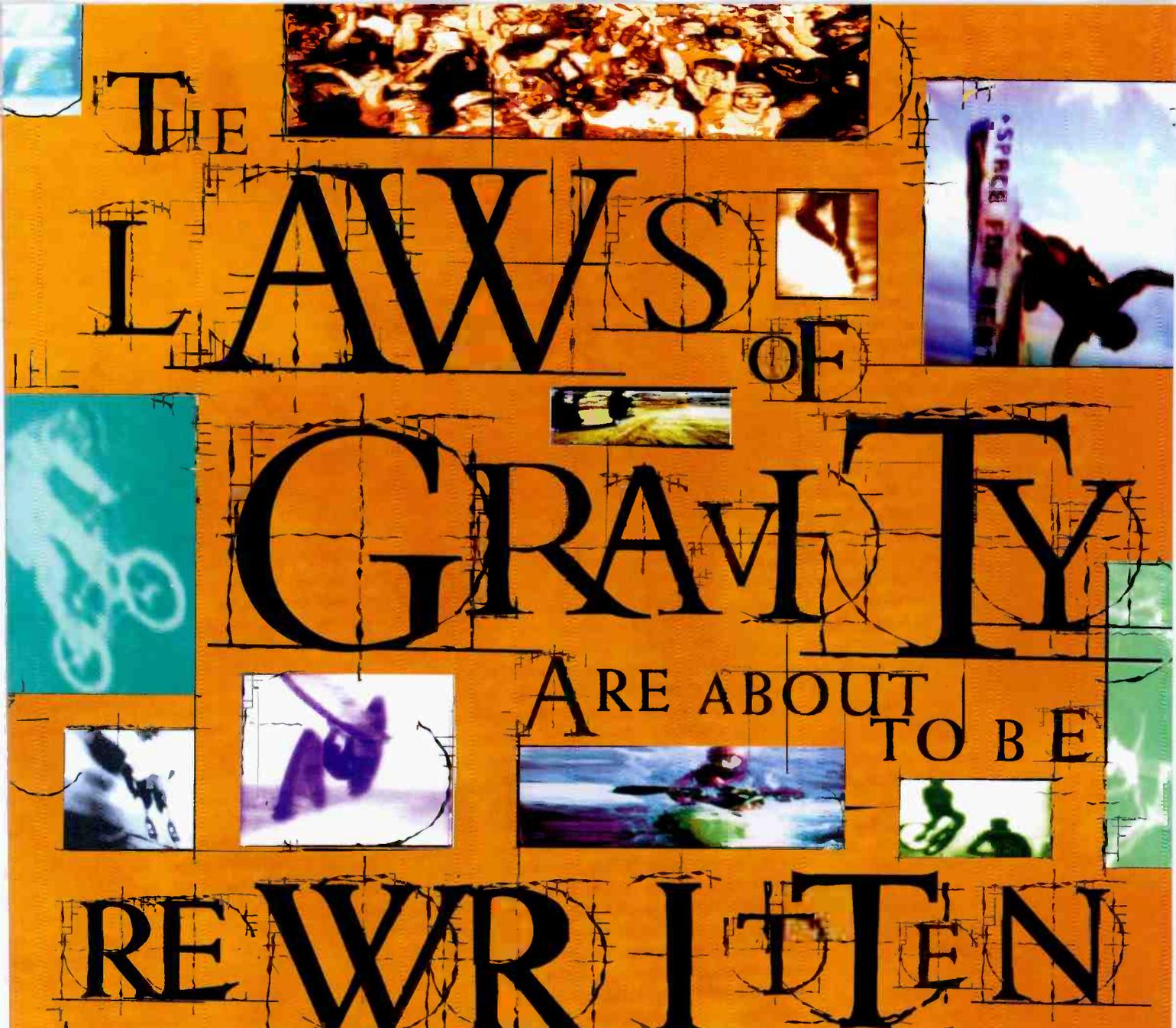
Former *Wings* star Thomas Hayden Church heads up the cast of TriStar Television's *Ned and Stacy*, a romantic comedy. Jon Cryer (*The Amazing Teddy Z*) returns in *Partners*, a comedy about an architect torn between his wife-to-be and his best friend, which is from Universal Television.

Former *In Living Color* comic David Alan Grier toplines Twentieth Century Fox's *The Preston Episodes*. And Warner Bros. is behind *Too Something*, a series about best friends, of which one is studying to be an astronaut and the other a writer.



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Voyager: UPN's only surviving show from debut season

Christopher Lloyd (*Back to the Future*), James Calvert (*Beverly Hills 90210*) and Stephen T. Kay (*General Hospital*) lead the cast in the hour-long *Deadly Games*. The action adventure series from Viacom tells the story of a young scientist who invents a video game and then watches in horror as the game's characters come to life. And Rysler Entertainment is behind *Live Shot*, a drama set in the dog-eat-dog environment of a television newsroom. David Birney (*St Elsewhere*), Wanda de Jesus (*Santa Barbara*), Hill Harper (*Zooman*), Spencer Klein (*Joe's Life*), Cheryl Pollack (*Melrose Place*), Rebecca Staab (*Trade Winds*), Michael R. Watson (*General Hospital*) and Jeff Yagher (*Room For Two*) star.

UPN also has two dramas in development for next season, and perhaps for the new night expected in March. *L.A. Confidential*, is a drama that looks at the steamier side of Los Angeles through the eyes of a private detective played by Edward James Olmos (*Miami Vice*). The series is from Paramount. And *Star Command* is an adventure series set in the 22nd century where earthlings have explored and colonized vast reaches of the solar system.

Meanwhile, the WB Network has picked up the cancelled ABC series *Sister, Sister* and will use that program to anchor its current Wednesday night

UPN And WB Expand

Despite not generating much more than a ratings blip last season, both of the new networks in the U.S. were talking expansion when they unveiled their fall schedules.

Warner Brothers' WB Network will add Sundays to its current Wednesday night schedule. United Paramount Networks, its rival from Paramount and Chris Craft Industries, is slated to add Wednesdays to its current Monday and Tuesday schedule.

Currently UPN is reaching 85% of the 95.4 million U.S. tv households, while WBN is reaching 80% of those homes. On a national level, neither of the networks made a dent in the traditional broadcasters, although in many instances around the country, local independent stations got a ratings boost by affiliating with one or the other.

As for the Fall, UPN has cancelled its two comedies from last season and the dramas *Legend* and *The Marker*. In their place the network is adding three new hour-long shows.

UPN's only surviving show from its debut season — both of the new networks launched in January — is *Star Trek Voyager* from Paramount. Of the two networks, *Voyager* has been the only program to generate significant ratings or reviews.

UPN is adding *Nowhere Man*, a one-hour drama that follows the terrifying story of a documentary photographer, who, wakes up to find his whole existence has been erased by someone unknown to him. Cynthia Gibb (*Gypsy*, *Madman of the People*),

schedule. The series, which ran sporadically on ABC for the past two seasons, is ironically from Paramount.

Returning on Wednesdays next fall will be the sitcoms, *The Parent Hood*, *The Wayans Bros.* and *Unhappily Ever After*.

The network will kick off its new Sunday night schedule on September 10 with the launch of the animated series *Steven Spielberg Presents Pinky & The Brain*, a half-hour about laboratory mice intent on world domination.

Former *Growing Pains* star Kirk Cameron will star in a new family sitcom from Warner Bros. The series was originally pitched to one of the Big Three networks the season before, although was never picked up until now. In this outing, Cameron plays a 24-year old bachelor and recent college grad who becomes an instant parent to his three younger siblings.

Simon is a TriStar Television sitcom starring comic Harlan Williams as Simon Himple, a naive suburbanite who moves to New York City. The program is produced by Danny Jacobson, the creator of NBC's hit *Mad About You*.

Jackie Guerra is a half-hour from Comedy Television starring the Latina comic Guerra in a predominantly female ensemble comedy. And Ellen Cleghorne, a former cast member of NBC's *Saturday Night Live*, toplines *Cleghorne!* her own sitcom from Twentieth Television. **11**



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Show	Network	Producer
Murder One	ABC	Twentieth Century Fox TV
Charlie Grace	ABC	Warner Bros.
The Monroes	ABC	Warner Bros.
Hudson Street	ABC	Katie Face Productions/assoc TriStar TV
The Drew Carey Show	ABC	Warner Bros.
Wilde Again	ABC	Brillstein-Grey Entertainment
Maybe This Time	ABC	Michael Jacobs Prods. and Touchstone Television
Somewhere in America	ABC	Brillstein-Grey Entertainment and ABC Prods.
Champs	ABC	Dreamworks
Minor Adjustments	NBC	Witt-Thomas Prods
Brotherly Love	NBC	Witt-Thomas/assoc.Touchstone Television
The Home Court	NBC	Paramount Network Television
Caroline in the City	NBC	CBS Entertainment Prods.
Jag	NBC	Belisarius Prods/assoc Paramount Pic. Corp and NBC Prods
The Single Guy	NBC	Castle Rock Ent/ assoc NBC Prods.
Pursuit of Happiness	NBC	Grub Street Prods/assoc Paramount Pics.
American Gothic	CBS	Universal Television Production/assoc. Renaissance Pictures
The Education of Matt Walters	CBS	TriStar Television
Central Park West	CBS	Darren Star Productions/assoc. CBS Ent. Prods.
The Client	CBS	Warner Bros.
Courthouse	CBS	Columbia Pictures Television
Can't Hurry Love	CBS	TriStar & CBS
The Bonnie Hunt Show	CBS	David Letterman's Worldwide Pants, Inc
If Not For You	CBS	Rock Island Prods. & Touchstone Television
Bless This House	CBS	Warner Bros. Television
Dweebs	CBS	Warner Bros
Almost Perfect	CBS	Paramount
Cybill	CBS	WBYL Prods/assoc Carsey-Werner Prods
Space	Fox	Twentieth Century Fox
Strange Luck	Fox	New World Television
Divas	Fox	Warner Bros. TV
Kindred: The Embraced	Fox	Spelling Television, inc
The Pastor's Wife	Fox	David E. Kelley Prods/assoc Twentieth Century Fox TV
Profit	Fox	Stephen J Cannell Prods.
Cabin Pressure	Fox	Twentieth Century Fox TV
Misery Loves Company	Fox	Touchstone Television
Ned and Stacy	Fox	TriStar Television
Partners	Fox	Universal Television
The Preston Episodes	Fox	Twentieth Century Fox TV
Too Something	Fox	Warner Bros.
Nowhere Man	UPN	Touchstone Television
Deadly Games	UPN	Viacom
Live Shot	UPN	Rysher
L.A. Confidential	UPN	Paramount
Star Command	UPN	High Command Prods.
Sister, Sister	WB	Paramount
Pinky & The Brain	WB	WB Animation
Simon	WB	TriStar Television
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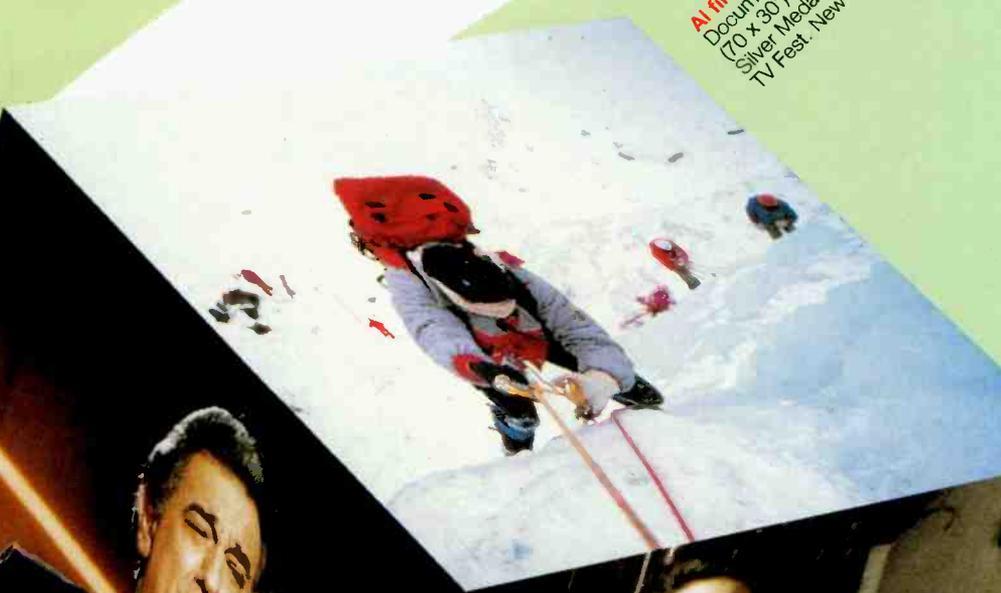


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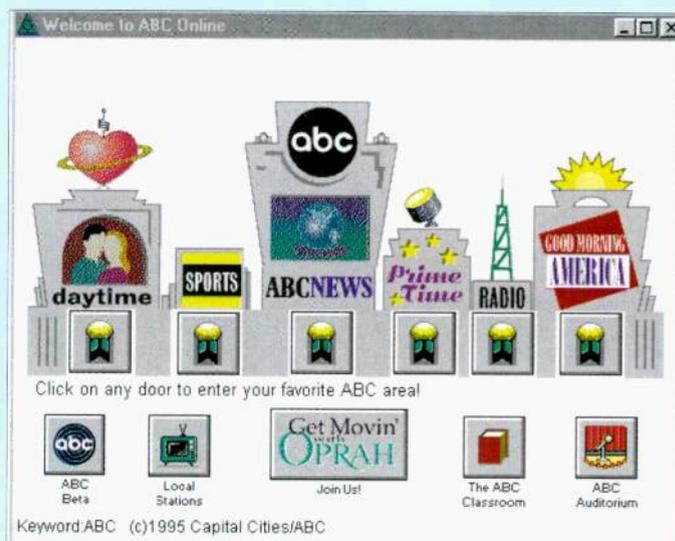
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Webs On The Web

TV companies are plugging into pay and free Internet online services. Stephen Jacobs reports on who is out there, and what they are doing



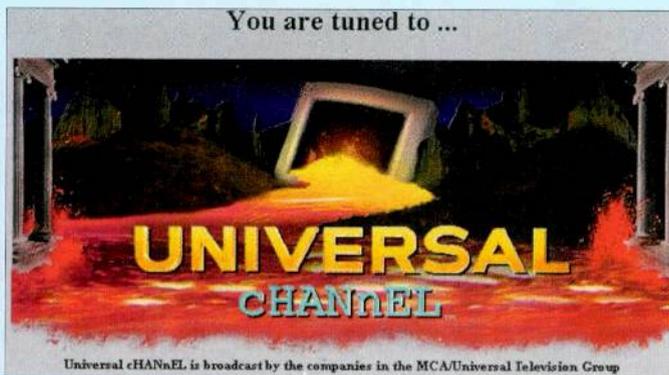
Once an esoteric interactive publishing medium for atomic particle science researchers, the Internet's World Wide Web has gone mainstream. Until just recently it required an account with a special Internet account vendor, and a certain amount of technical savvy, to get to the Web. Now anyone with a CompuServe, Prodigy or America Online account can get there, and the number of PCs connected to the Web is doubling every six weeks. Not surprisingly, tv companies don't want to be left out of this small screen revolution. New programming from networks and distributors is showing up on the online medium, which as well as being new is international. Some of the American networks and studios have been online via one of the pay services, or the World Wide Web, for over a year.

The pay services – CompuServe, America Online and Prodigy – all have specific television sections and services. All three have weekly chat sessions with a wide range of luminaries, including television actors, writers and producers.

Of the three, Prodigy probably has the greatest television presences on line. In May, Prodigy had 33 listings in its "networks online" sec-

tion, mixing powerhouses like HBO, the Disney Channel and CBS with lesser-known services like The Jones Computer Network and relative newcomers like The Cartoon Network. Each of these sections offers, at minimum, information on the broadcast schedule, original programming and upcoming events on the particular network or cable channel.

Networks with richer sites



offer much more. In HBO's Prodigy site you can read and write notes about HBO shows or movies, get ordering information for the premium cable channel, see cast pictures and bios from original programming, and download video clips and multimedia promotional pieces. Other sites offer contests, promotions and surveys for online participants.

Though the industry's

online activities started on the pay services, much of the action today is happening on the World Wide Web. Creative Web designers are building much more than just a place to chat or send mail to each other. Paramount's *Star Trek: Voyager* involves a lengthy role-playing quiz about the Starship Enterprise which demands upwards of half an hour on line. It seems about 2,000 a week are will-

ing to do just that, let alone the hundreds of thousands who drop in for a quick update on next week's episode. They're also downloading video previews and actor photos along the way.

Not everyone can have a blockbuster draw like *Star Trek*, but other content providers are creating equally interactive and interesting sites.

MCA/Universal's site provides visitors with interactive gameshows, peeks at shot breakdowns and production boards and sections on writing for tv in addition to the plethora of episode synopsis and press kit material provided by other online tv venues.

Andrew Cochran of Cochran Interactive, Inc, a Canadian television producer now creating Web Sites for the television industry, has a list of four benefits broadcasters are gaining, or hoping to gain, from their online presences.

"The first, and most easily recognized," said Cochran, "is the pure visibility in this new medium. It can be thought of, if not justified in a marketing sense, as a promotional or marketing expense. That's the easiest and quickest reason but it's also the weakest. Sometimes it's hard to really measure what value it's providing. The second is the whole new way it lets you build a relationship with the audience and allows them to feel that they're connected with you."

For some broadcasters, these two reasons alone are enough to get on line. "I think one of the main reasons we wanted to get out there is that we're still fighting for subscribers," said Charles Duffey, publicist for the Car-



toon Network, "so this seemed like a really neat way to let people know we're out there and be in a grass roots atmosphere. I'm sure general awareness of the channel has increased dramatically due to our online activities." The Cartoon Network has presences on America Online and Prodigy and will probably appear on a comprehensive Turner web page currently in the works.

"Messaging is the key aspect of the Web," said Julian Ellison, project director of the BBC's Networking Club. "We get thousands of e-mails a month and about 100,000 access the Web pages per week. Setting up places for people to talk to each other is my *cri de coeur*, because you want to build up your constituency. If there are such things as BBC enthusiasts, then bring them together. Get them talking to each other and the producers."

The second half of Cochran's list of benefits focuses on the bottom line. "All the pay services are like pay-tv and Internet is like free tv. The same type of financing models apply. As more and more people use the World Wide Web, browser-ship, as opposed to viewer-ship, will be of value to an advertiser and return revenue to the program. Once there are secure transactions on the Internet, seemingly on the horizon by the end of the year, (there will be) the ability to use an Internet site to sell things like tapes, posters, and T-shirts related to the show."

While there are some already sponsored sites on

the World Wide Web (the Yahoo Web Directory and Wired magazine's Hot Wired site are two of the most prominent), few of the tv sites are sponsored. That hasn't discouraged Toronto broadcaster Citytv.

"We've been beta-testing our Web Site for the past few months," said Josh Raphaelson, General Manager, CityInteractive. "It's got Citytv, Much Music, Media Television and Bravo sites. Without even promoting it, after about a month and a half we're getting over 10,000 hits per day. We have a couple of sponsors, including Sega, so we're finding ways to create advertising revenue."

Since the pay services are closed systems, NBC, the Discovery Channel and others have been selling merchan-

dise on line for some time. So everyone's thinking about sales.

Just as this piece was being written, NBC announced an alliance with Microsoft and Reuters to develop multimedia products. Some of that agreement will cover content for The Microsoft Network, the software giant's own online/Internet service, scheduled to debut with Windows 95. And it's not only the large commercial companies seeking alliances. Molly Breeden, marketing manager of PBS Online, said the U.S. public broadcasting corporation, which already has a Web site of its own, is discussing an alliance with MCI to create online content for the telecommunications giant. The BBC cuts out the middleman and acts as its own Internet services provider in the UK.

This flurry of activity isn't only limited to the networks and the big international/national service providers. David Cronshaw runs TV NET, a World Wide Web Page dedicated to tv. "We're trying to help stations use the Web as an extension

of themselves and trying to educate them about what's up," he said.

"Broadcasters are learning how to deal with instant feedback and be responsive to their viewers, so we're designing web pages for local tv stations in the U.S.

Instead of trying to compete for national news, a lot of local stations are just focusing on doing their own local news."

There's a lot more going on out there than the limited range we can cover here. The bottom line is, if you're not already thinking about getting on line, you'd better start.

Not only that, start thinking about what you'll put up when you get there. The popular sites are the ones that provide spaces for the Web Surfer to explore, and that push the limits of the medium, rather than just rehashing existing content.

"Everyone knows technology is changing and conventional distribution outlets like we've all come to know and love come with an established culture of program-making," said Ellison. "Obviously, this culture must change." [E]

TBI's Hotlist

Listed below are the e-mail address of the sources, and URLs (World Wide Web addresses) of the sites, mentioned in this piece.

E-Mail:

Andrew Cochran, Cochran Interactive	andrew@cochran.com
Charles Duffey, Cartoon Network	charles.duffey@turner.com
Julian Ellison, BBC	julian@bbcnc.org.uk
Molly Breeden, PBS	mbreeden@pbs.org
David Cronshaw	david@tvnet.com

World Wide Web:

Star Trek: Voyager: site	http://voyager.paramount.com/VoyagerIntro.html
MCA/Universal's site	http://www.mca.com/tv/
Prodigy's World Wide Web Site	http://www.astranet.com/
Theodore Tugboat	http://www.cochran.com/tt.html
Street Cents	http://www.screen.com/streetcents.html
The Net (BBC's Internet TV Show)	http://www.bbcnc.org.uk/bbctv/the_net/index.html
The BBC's Networking Club	http://www.bbcnc.org.uk/tv/index.html
Yahoo	http://www.yahoo.com/
Hot Wired	http://www.wired.com/
Citytv	http://www.muchmusic.com/citytv.html
TV Net	http://tvnet.com/TVnet.htm

Norway

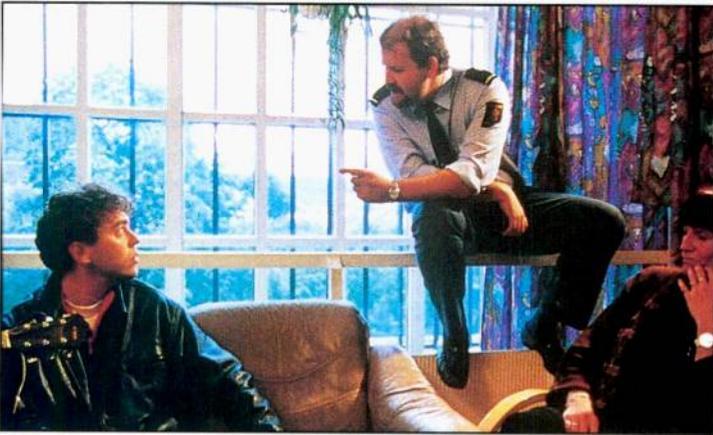
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Production: Motlys A/S

A co-production between Motlys A/S, NRK, SVT1, DR and EPIDEM

Distribution: NRK TV International

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Production: Berge Film & TV-Production A/S

A co-production between Berge Film, NRK, ZDF and EO International

Distribution: NRK TV International



INTERNATIONAL DISTRIBUTION:

NRK TV

N-0340 Oslo, Norway

Tel: (47) 22 45 73 83/77 31

Fax: (47) 22 45 73 10

Sales contacts: Ms Janne Hanes

Ms Bente Sagplads





Norse Commerce

MTV3 is bathing in ratings with shows like political satire series *Gentlemen*

Although Finland's commercial tv station is one of the oldest in Europe, the rest of the Nordic region was slow to succumb to tv advertising. Now it's a market worth \$850 million a year and the leading players, profiled on the following pages, are in ambitious mood

SWEDEN

TV4 had a hectic and controversial infancy. Now, writes Rich Zahradnik, Sweden's commercial channel is looking to innovate new programming for the Nordic region's largest and most competitive market.

Sweden had gone without commercial terrestrial television for so long – longer than almost every other country in Europe – that when it finally did arrive, it wasn't much of a surprise the process was fraught with controversy and more than one reversal of fortune.

In the Fall of 1991, TV4 and Kinnevik, operator of pan-Scandinavian channel TV3, were both going for the license, though TV4 executives were convinced they had it in the bag. The government decided to give the license to Kinnevik's proposed M3.

The announcement shocked the complacent TV4 executives. And then they got a break. General elections were being held in Sweden at the same time: The Social Democrats were knocked out

of power and the incoming coalition said it would overturn the decision.

The surprise award and then the change of power were enough to convince both bidders that co-operation was the better part of valor.

Kinnevik dropped its bid and took a stake in TV4 under a deal in which the Kinnevik-controlled sales house Airtime would handle all advertising sales for the new terrestrial channel. By the middle of 1993, TV4 decided it needed to control its own financial destiny. Saying new antitrust legislation barred the Airtime arrangement, TV4 ended the sales relationship on July 1, 1993 and set up its own sales division. There is still residual fall-out from that decision: TV4 and Kinnevik have yet to settle the dispute.

Three years after its rocky terrestrial launch, TV4 is the ratings leader in Sweden and has shown impressive sales growth. TV4 won 28.5% of the audience in the first quarter of 1995, just edging public broadcaster SVT2. Still, SVT's two channels took an impressive 51.1% combined share of the audience, demonstrating the strength of public broadcasting in

Sweden, and, perhaps, the lingering after-effects of TV4's difficult start-up period.

TV4's turnover jumped 50% in 1994 to \$187 million, while profits just about quadrupled to \$28.8 million. In the first quarter of this year, earnings slipped 13% to \$7 million because of increased programming costs that were, the station said, "designed to reinforce TV4's leading position."

That increased investment highlights the promise and the peril of operating in the Nordic region's largest and most competitive market. TV4 faces stiff competition from Kinnevik's well-established TV3, which wins a 29% share of the Swedish tv advertising market – an impressive figure for a satellite channel. That share is, however, declining, in the face of market share growth by TV4. The terrestrial channel also has to contend with Kinnevik's female-targeted TV6 and youth-oriented ZTV, as well as Scandinavian Broadcasting System's Femman (Five).

"We are a full-service station," explained Gunnar Sjögren, TV4 director

DENMARK

of sales. "We have a news desk. We have nationally-produced drama. We have a complete range of programming. And also we brought something new to Sweden."

Programming expansion at TV4 can be broken into three stages. At the beginning, its big innovations were the stripping of locally-produced game shows in the early evening and the creation of major entertainment franchises on Friday and Saturday nights. Weekend evening successes included a Swedish version of French adventure game *Fort Boyard (Fångarna på fortet)* – it now tops the ratings charts – a lottery game show *Bingo* and a version of Dutch format *Soundmix*. TV4 is the king of weekend entertainment, a strength that even executives at SVT acknowledge.

The second stage was the push into drama, with a successful weekly serial *Tre Kronor (Two Crowns)*, a sitcom based on the American classic *Honeymooners* and a co-produced thriller *Vendetta*. The third stage, an overall expansion in the broadcasting day, is now on the drawing board, with acquisitions head Tony Mendes shopping for programming to fill daytime and late night slots.

Two major issues face TV4. Executives must devise some kind of settlement with Kinnevik over the Airtime dispute, and they must soon begin negotiations for a new government license to cover operations from 1998 on.

Managing director Christer Forsström forecast the Airtime problem will be settled by the end of this year and at a much lower cost to TV4 than some observers have forecast. It's a vexing problem. Forsström took over the reins at TV4 at the beginning of April, replacing industry vet Björn Nordstrand, who left last year after admitting he'd tired of constantly battling Kinnevik chairman Jan Stenbeck.

The license negotiation, it's clear, will not be settled easily. TV4 already pays over 47% of its revenues to the government and SVT in the form of license payments and transmission fees. And the government is talking about the launch of a fourth channel, M4, that would be a three-way hybrid of educational, local and national commercial tv.

In not-so-veiled warnings to the government, TV4 say there will be a point at which satellite and cable distribution can generate the same revenues as a terrestrial station paying out such huge fees. "I would like to keep (the license) at a lower cost.... I would not like to see an M4 start up," concluded Forsström.

Danish politicians are due to draw up plans to remodel the audiovisual landscape this Fall. TV2, the commercial half of the country's dual public service system, has clear ideas about what they should do. By Tim Westcott

Denmark's main commercial network, TV2, is housed in premises converted from a former cattle market in the country's second largest city, Odense. But its offices in the capital, Copenhagen, have become a hive of activity in recent weeks. With politicians due to decide how to reshape national media legislation this Fall, the network has stepped up its lobbying activity to try to get things changed the way it wants.

TV2 is more closely in thrall to the politicians than any of its commercial counterparts in the Nordic region for one main reason: it is partly funded by license fee revenues. Furthermore, rather than being privately-owned, it is a public corporation in which the revenue-generating side of the business – ad sales house TVR – is separate from the program-making side. TV2's budget is set by Parliament each year and disbursed by the TV2 Foundation. Last year ad sales generated 80% of its income, with the remainder coming from the Radio Fund which also supports broadcaster DR.

What rankles with TV2's management is that it has found itself unable to capitalize on its success in attracting audiences and advertising. Last year it made a surplus of \$14.5 million and had to go cap in hand to the ministry of culture before being allowed to add \$9 million of that to its 1995 budget.

TV2 still has a paper debt of \$180 million, more than half of which represents government loans for setting up its eight regional stations and a nationwide transmitter network. TV2 wants the government to convert its status to that of a limited company and for that debt to be effectively wiped out.

"We want to be able to set our own budgets," said Jørgen Flindt Pedersen, director-general of TV2. "It's demotivating to make so much more money and not to be able to use the surplus for programming." Although TV2's "fundamental reorganization" should enable TV2 to consolidate its position as the number one channel in Denmark (it made \$140 million from advertising revenue last year, equivalent to 70% of the market). Pedersen says it should continue to receive a share of the Radio Fund. "Pub-

lic service television will be stronger if it has two sorts of public television. DR's goal should be to make programs that would not be made in a market system. We should make tv that can survive in a market system."

By coincidence, the amount TV2 received from the Radio Fund is about the same as the \$55 million it costs to operate its regional stations. Pedersen said it was difficult to see the regional stations as being commercially viable, but TV2 very much wants them to remain part of the system.

But TV2 won't be able to do the other things it wants without more public money. Pedersen said it would be asking for more capital to upgrade technical equipment and to launch a second channel on satellite.

DR's Christian Nissen doesn't share his view that TV2 is best off continuing to receive public funding. He argues that with more competition on the way, TV2's share of the advertising market will gradually diminish and that it will eventually need an extra \$90 million a year in

Nordic TV: Who's Doing What

	technical pen (%)	viewing share(%)
DENMARK		
DR	98	35
TV2	98	49
TV3	52	12
Kanal 2	29	4
FINLAND		
YLE TV1	89	28
YLE TV2	89	21
MTV3	89	49
PTV	32	2
NORWAY		
NRK	100	53
TV2	95	32
TV3	50	6
TV Norge	55	9
SWEDEN		
Kanal 1	100	23
TV 2	100	22
TV3	52	10
TV4	98	32
Femman	41	4
Others	30	9

Viewing share figures Jan-Mar 95 (Norway); Sept-Dec 94 (Denmark and Sweden); all 94 (Finland)

Source: Young & Rubicam Nordic Media

funding to survive. "Will there be a political willingness to raise the license fee so much that there is enough money to fund both DR and TV2?" he asks, rhetorically.

TV2 has already proved itself capable of gaining the upper hand in the battle for audiences. The key to its success is an evening block of programming which it calls *The Wall* which has so far proved impregnable to DR's planners, even though the pubcaster has around twice as much to spend per day.

Starting with *The Wheel Of Fortune* at 6.30 pm, which is stripped five days a week (TV2 has also bought the format for *Jeopardy*, which will launch on Saturdays and Sundays this summer), the evening's highlight is TV2's main evening news at 7 pm followed by regional news at 7.30 pm. The 8pm slot has recently been filled with imported shows like *NYPD Blue*, *Picket Fences* and *Beverly Hills 90210*, but from this Fall will mainly be devoted to Danish-produced programs.

It also helps that the two other commercial operations, Kanal Danmark and TV3, are both hamstrung – by the current broadcasting law and satellite distri-

bution, respectively.

Kanal Danmark, an association of 13 local terrestrial stations which co-operate on programming and advertising sales, wants the right to operate as a network. At present they are not allowed to screen the same program simultaneously, although they are supplied with programming by SBS-owned Copenhagen station Kanal 2. Kanal Danmark made \$15 million in ad revenue last year, putting it well behind TV3, which made an undisclosed profit on ad revenue of around \$41 million.

NORWAY

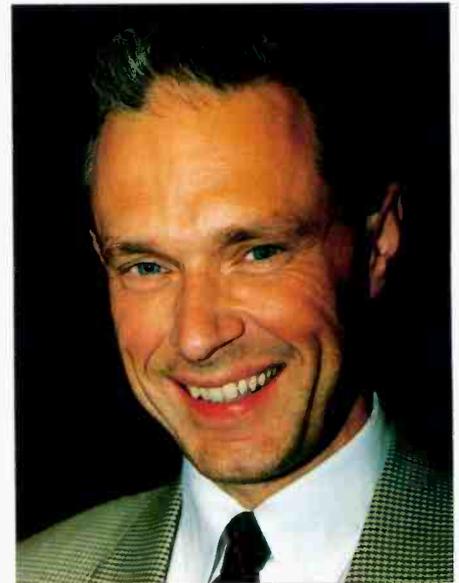
Last of the Nordic countries to introduce commercial tv, Norway has proved fertile ground for the channel that won the license – TV2 – which is already in profit but not getting carried away, reports Tim Westcott

The commercial tv market has increased more than threefold since TV2 made its debut in Norway in September 1992.

Controlled by two publishing companies, Norway's Schibsted and Denmark's

Egmont, TV2 turned a profit of \$7 million in fiscal 1994 and will double that this year, according to chief executive Arne Jensen.

TV2, based in Bergen on Norway's west coast, now covers 93% of the popu-



Jensen: TV2 is "news-driven"

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lation, while its main commercial rivals TV3 and TV Norge are both limited to around 50% via cable and satellite. Last year, according to its own analysis, TV2 overtook the other two channels even in cable and satellite homes. Its share of the burgeoning tv advertising market, which was worth \$150 million overall, was 65%. In the country as a whole, it still has some ground to make up on NRK but is the only channel currently increasing its market share.

Jensen ascribes the fact that TV2 has broken even a year or two ahead of schedule to the improvement in the Norwegian economy after a lengthy recession in the late 1980s, increased advertising rates (TV2's costs-per-thousand are among the highest in Europe) and the quality of the 300 full-time staff.

The novelty of commercial tv meant that there was a limited pool of talent for the station's backers to recruit from in the early days, and Jensen, who was poached from the Bates advertising agency, admitted the first six or seven months were difficult.

TV2's schedule is built around its factual output. Said Jensen: "TV2 is a news-driven channel, even though that makes

people in the commercial market slightly anxious when I say it. You have to remember that the consumption of newspapers in Norway is extremely high. You also see that in news broadcasts."

This Fall, news output will increase to nine daily bulletins. TV2 has also become the leader in discussion shows, with two major debates a week.

Jensen would not specify exactly how much TV2 is spending on programming this year. "We are increasing our spending on programing, and we did in the last five months of 1994 when we saw the first half was developing very satisfactorily.

"We extended the number of hours, invested in a couple of new formats including *Jeopardy*, and from October last year started a two and a half-hour daily breakfast show. We also moved into days when before we did not really have the funds to be a player, including the weekends."

Although NRK's weekly market share works out bigger than that of TV2, this is mainly due to its superior share at weekends, when Norwegians watch the most tv. Monday to Thursday, the commercial

station is ahead. NRK also has a predominance of older viewers aged 65 plus – a large demographic group in Norway, while TV2 is ahead in younger demos up to age 35. Since full-time tv broadcasts only started in 1960, many older Norwegians didn't see any tv until fairly late in life.

In another hangover from monochannel days, most evening viewing starts around 7.30pm, the slot previously occupied by NRK's main news bulletin. Since TV2 started its news at 6.30pm, the NRK bulletin has moved to 7pm, where it is now up against *Jeopardy* on TV2.

Monday at 7.30pm is the slot for TV2's

Forecast tv ad revenue 1995 (\$m)

		% of all media spend 95 v 94 (%)	
Denmark	307	23	11
Finland	146	21	7
Norway	181	21	17
Sweden	296	22	10

Source: Zenith Media Worldwide

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Tax & Vat, Gunnar Jonsson, +46 8 723 96 67

Head office: Tegelbacken 4, PO Box 16106, S10323 Stockholm
Telephone: +46 8 723 91 00 Telefax: +46 8 105 258

sole drama production, a highly successful sitcom called *Mot i bröstet* (Keeping up spirits) which recently notched up its 75th episode. The show is repeated on Sundays and recent repeats of early episodes are getting higher ratings than the first time around.

The show's success has encouraged TV2 to order two more domestically produced sitcoms, one to launch this Fall, the second in spring 1996.

Although NRK's head of tv Kent Nilssen alleges that TV2 has made light of its licence obligations to produce more Norwegian programming, Jensen contends that TV2 is completely in compliance. But he added: "I'm a little reluctant to go into the more traditional drama productions. I would rather spend my money on three sitcoms or a soap in the next stage of our development," said Jensen.

Although TV3 and TVNorge have been pushed into the background by TV2, both stations are earning more than they did when they had the tv advertising market to themselves. TVNorge, owned by SBS, made a profit of \$4.5 million on revenues of \$32 million last year and has "dramatically" increased its program budget this year, according to chief executive Erik Rynning.

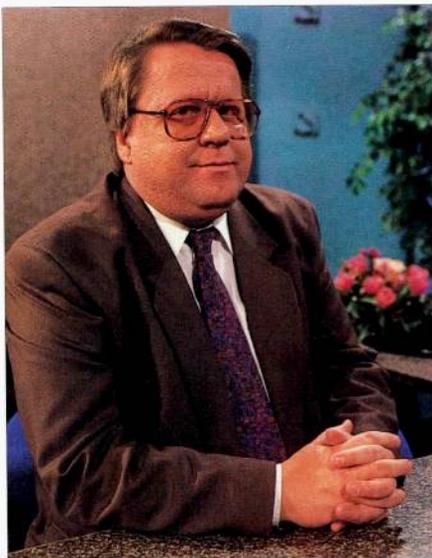
TV3, which is not yet in the black, nevertheless expects to take a similar share of the tv ad market to TV Norge this year. Own production is around 30%, and this Fall TV3 is launching several new shows including *Uxen*, billed as a "satirical talkshow," and its first children's show.

FINLAND

Now winning 49% of the audience, MTV3 made the transition to full-time channel look a cake walk. Rich Zahradnik reports executives at Finland's only commercial network remain in an expansive mood

Across one wall in the meeting room at MTV3's Helsinki headquarters is a bear skin, and on another wall a photo of Jaakko Paavela, posing the morning he shot the bear.

With this as the only evidence, the easy assumption would be Paavela, executive vice president of the MTV Group and a 20-year veteran of the commercial broadcaster, is one those commercial tv executives who believes in a take-no-prisoners approach to the business, an approach where ratings and ad



Paavela: Not afraid of competition

sales come first and there is no second.

So, not surprisingly, Paavela is quick to call attention to the fact that MTV3's 49% share of the Finnish audience exceeds that of YLE's two public channels combined – a ratings level that makes MTV3 one of the most successful commercial channels in Europe. But he's just as quick to let you know MTV3 offers 16 news bulletins a day, double the number programmed by YLE. "We are the leader in news services," he said.

Explained programming senior vice president Tauno Äijälä: "In this society, if you want to be considered a reliable medium, you must have a good news service and current affairs service. Of course, if you wanted to make money in a short-sighted way, it would be possible to have soap operas and other things like that in prime time. But we believe if we are responsible for news, current affairs, documentaries, sports, then we will have a schedule that serves all kinds of people."

The approach is, perhaps, a result of the long yet odd history of commercial tv in Finland. MTV3 started broadcasting programs in time-slots leased from YLE way back in 1957, the same year the public broadcaster itself came on the air. In the mid-1980s, Channel 3 was established, with both MTV and YLE holding stakes, but with MTV still airing its shows on slots leased from YLE. Then, at the beginning of 1993, all of MTV's programs shifted over to Channel 3, and MTV3 was born as Finland's full-time commercial channel. The company is owned by a broad range of Finnish industrial, banking and publishing companies.

Financial results have been impressive

since that big move in 1993. MTV Group's revenues grew 14.3% in 1994, up to \$184 million. During the year, national tv advertising grew 11% and regional tv advertising – a key ingredient in the company's sales success – was up 32%. The results came as Finland continued to weather a fierce recession that saw the total ad market shrink by a fifth during the early 1990s. Revenues were up again in the first quarter of this year, climbing 19.2% over the prior period. With tv ad sales – that is, MTV3's ad sales – taking about 20% of the total Finnish ad market, executives note there's a good deal of growth left in the market before Finland reaches the European average of 30% of all advertising going to television.

Growth will also come from an expansion of broadcasting hours to near 24-hour-a-day service. MTV3 was first in the country with a morning show, *Good Morning Finland*, and now plans to be first with programming in the middle of the afternoon and, later, into the late night.

This Fall will see the launch of a 3 pm to 5:30 pm weekday program aimed squarely at the youth audience, a group all Finnish media are having a hard time reaching. MTV3 has been working with Citytv in Toronto on the show, titled *Jyrki*, which will be broadcast from a large studio space rented in the city center. Äijälä also hopes to double drama production from 20 hours to 40 hours, after having had to withstand cuts during the recession.

Jorma Sairanen, vice president of acquisitions, said he looks for strong programs that can fill long-running weekly slots, in keeping with MTV3's commitment to offering viewers a schedule they can count on. He's unapologetic about the fact 80% of his bought-in programming is from the U.S.

Up until now, MTV3 may have had it easy. It holds a near total monopoly on tv advertising in Finland, both on the national and local levels. Until now, the market has been pretty much protected from satellite interlopers by the barrier of the Finnish language. One Finnish cable channel has 2% of the audience. And MTV itself has had talks with Scandinavian Broadcasting System (SBS), which owns 2.6% of MTV Group, about a satellite service. SBS has said Finland is a target area for expansion.

"Competition is good," says Jaakko Paavela. "We are not afraid of competition. If we have the possibilities we have now, please come over and lose your money." ■



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It Takes Two

The Nordic region has always had strong public broadcasters. Yet increased competition from over-the-air and satellite channels forced each of them into a re-evaluation of strategy and tactics. Tim Westcott and Rich Zahradnik found all of them agree on what they need to survive

The four public broadcasters in the Nordic region – Danmarks Radio, NRK, SVT and YLE – are caught in the familiar public broadcasting Bermuda Triangle. Rising costs at one corner, declining income at the second and audience expectations driven up by commercial tv at the third mean pubcaster's ratings often do a vanishing act, particularly when broadcasters go about the serious business of educating, informing and documenting.

How does a public broadcaster survive in the face of such difficult geometry? The answer is two, say public broadcasting executives across the region; public tv companies need to run two channels to survive. And in doing so, executives add, they need to be able to co-ordinate their dual-channel operations so viewers get viable alternatives to commercial competition, while public stations continue to do the things only public broadcasters are expected to do.

Arne Wessberg, director general of YLE in Finland, is blunt about the importance of YLE's status as a two-channel company. "I do believe it's essential for a public broadcaster to have two channels to survive in the multi-channel environment."

Sam Nilsson, director-general of Sweden's SVT, the other two-network company in the region, agreed: "We have a view that you should reach at least 50% of the audience, and I think it's very important to do that to make the public willing to pay the license fee. This is a very high figure. And I must say we are one of the few public broadcasters in Europe to reach and hold this figure. It is important to have at least two channels. In the future, my goal is to get even more channels – specialized channels –

so we can give additional service to viewers."

The situation at each of the four Nordic public broadcasters is different, of course. They each face divergent funding problems, various levels of competition and government rules and regulations peculiar to each nation. But the basic debate revolves around the existence and operation of a two-channel public system. SVT and YLE already have two channels, but are actively seeking new ways of making their channels work together. YLE began a process of co-ordination only last year to ensure YLE1 and YLE2 weren't battling each other as commercial operator MTV3 – running its own channel since 1993 – grabbed more than 40% of the audience. SVT wants to go a step beyond co-ordination to the full-scale merger of the management of its networks, a step that required a vote in Parliament in May.

Of the have-nots, Danmarks Radio is still trying to convince the Danish government to give it a second channel, while Norway's NRK only recently won its argument for a second operation. Interestingly enough, all of the broadcasters except NRK insist they will not follow the BBC model in the UK, where BBC1 goes after the mass audience, in competition with ITV, and BBC2 offers a more sophisticated mix of programming. The key, say executives, is to offer complementary programming so that if one channel is, for example, showing sports, the other might be airing something for the female audience. Under this thinking, one channel does not get the job of catering to one part of the audience all the time.

Danmarks Radio (DR) hopes to transmit its second channel via the so-called



NRK's new drama series like *Vestavind* have paid off in the ratings

"third channel" – an unused nationwide frequency that broadcasters hope could carry four digitally-compressed tv channels by 1998.

Christian Nissen, director general of DR, who announced the plan for the channel last summer, believes it is an urgent requirement for DR as it tries to hold on to its audience in the face of mounting competition from satellite tv. He added that Denmark, Estonia and Norway were still the only countries in the world with only one public tv channel (and Norway will be off the list at the end of this year).

Greater deregulation and the launch of more and more satellite and cable-delivered channels will, said Nissen, throw open small countries like Denmark to much greater competition. "To

have a balance, you will have to enforce and strengthen public service radio and television," he argued.

Although commercial TV2 and satellite-delivered TV3 immediately put in counter-bids for the spare frequency, Nissen is confident that DR will be given the green light. Indeed, DR is trying to launch the channel on satellite before 1998 – possibly next year – although technical and rights questions are making it a headache.

Department managers have already started work on planning a programming line-up. DR's budget this year is \$400 million, the same as 1994. Instead of taking the risky step of asking for an increase in license fee funding or more public money, the new channel will, it is hoped, be funded entirely from existing

budgets. Nissen plans to free up \$50 million to \$72 million from operating efficiencies and staff cuts. Already 130 staff (60 of them from tv) have been laid off out of the total staff complement of 3,300.

DR has faced terrestrial commercial competition for longer than most of its Nordic counterparts, and TV2 reached ratings parity with the pubcaster within three years of its launch in 1988. Between September and December last year, DR managed 35% against TV2's overall 49% share of viewing.

Thomas Dahlberg, director of programming, said a second channel will be crucial for DR. "It's the only way to solve the challenge of public service broadcasting." In other words, that of offering a broad service which justifies the system



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COVER STORY

of license fee funding while serving interests and audiences not catered for by mainstream commercial operations.

The major principle will be that at any time, DR will air at least one Danish program in primetime. If there is an entertainment program on one channel, there will be an educational or information program on the other; mass audience appeal on one channel will be balanced by a narrower pitch on the other. More easily, perhaps, programs will start and finish at the same time.

Since TV2's tv program budget is roughly half of the \$200 million that DR spends on tv, that should give DR plenty of scope at least to differentiate itself. But the key to TV2's success has been the block of programming which kicks off with *The Wheel of Fortune* at 6.30 pm, a block TV2 calls The Wall. Competition between the two networks is most intense in the 8-9 pm and 9-10 pm slots after The Wall.

Scheduling issues aside, the launch of a second channel and its tighter budget controls mean that, for the same cost, DR expects to produce 25% more programs in five years' time. Dahlberg said a lot of the new money would go into funding long-running, Danish drama series. This autumn, DR is launching two long-running half-hour soaps, one aimed at the family, and one humorous.

Norsk Rikskringkasting (NRK) enjoyed one of the longest enduring television monopolies in Europe. It was broken by the privately-owned TV2 only in 1992. NRK is still comfortably ahead in the ratings, capturing 53% of viewing in the first quarter this year in a country where over half of the population has access to satellite tv. Even so, NRK is beating a path to government's door to get a number of rules changed which could transform its ability to compete.

Its first victory was winning permission to launch a second channel. Kent Nilssen, managing director of NRK TV, said this would be on the air by the end of the year and will ultimately reach 70% of the population via cable, satellite and terrestrial transmission.

The channel will run from 6 pm to midnight and transmit around 2,500 hours in its first year. "Everything will be commissioned. We don't have the people to give us the output for the second channel," said Nilssen. But NRK will offer outside producers the use of its in-house facilities when they are not being used.

In a word, the second channel will be "alternative," according to Nilssen. "It's the young channel and the heavy chan-

nel... We have an old profile, a traditional profile. People trust in us, they believe in us, we are the official informers, but they don't see us as being something new and unorthodox."

Programming this kind of genre on its second channel will, NRK hopes, enable it to capture the audience of tomorrow without alienating its traditional viewers, "who have been watching NRK for 30 years and are satisfied with our menu and are our most loyal viewers."

NRK will not aim to produce fiction, although Nilssen admits it's the preferred genre of young people. "We must try to find originally produced national material... music, entertainment, I hope also a debate program."

TV2 chief executive Arne Jensen said he was "not particularly worried" by NRK's plans. "NRK has already targeted young people, but they have never succeeded, and there's no reason to believe they will succeed with this new channel."

The "heavy" part of Nilssen's recipe is likely to air at the weekends, when NRK completely dominates the market. During these hours, NRK would aim at an "elite" audience interested in documentaries, theater and opera.

NRK produces 40 to 50 hours of drama a year, and has fairly recently created a regular slot on Saturdays for own-produced drama series. *Vestavind*, a saga about the lives of four families covering 30 years, completed its first 22-episode series this spring. NRK has also recently scored success with a

comedy series about a family running a seaside hotel. And some things have changed with competition. "If you went back a few years, we used to schedule eastern European and third world films in primetime. You can't do that now if you're up against shows like *Baywatch*," said Christian Boe Astrup, head of drama acquisition.



Wessberg: co-ordinating

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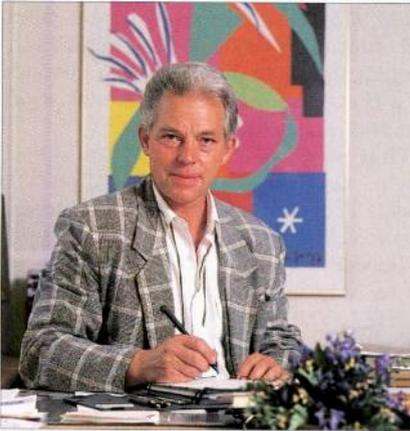
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Nilssen: increasing original output

NRK is now talking to the ministry of culture about converting NRK's present status as a public corporation into that of a limited company. Although it will still be a statutory organization, NRK wants limited company status so it will have the freedom to act on strategy without having to clear its plans with the ministry and with parliament. It would also enable NRK to form strategic alliances with "other media actors," said Nilssen.

Executives at Sveriges Television (SVT) didn't need to convince Swedish politicians to give them a channel. They already had two. They did, however, have to win Parliamentary approval for a change in SVT's agreement with the state so the company could make better use of SVT1 and SVT2. Under the state agreement, SVT was required to air all its regionally-produced programming – a minimum of 40% of the total – on one channel. That stipulation kept SVT from merging the two channels' management and operations. At the end of May, Parliament made the change to the agreement SVT had sought, setting in train a massive reorganization of the broadcaster that will see channel operations merged and the creation of a new business development division.

SVT wasn't pushed to merge the channels because of commercial competition: the company's two channels still win around 50% of the audience. The driving force was financial. The government has ordered an 11% cut in SVT spending over the next four years – some \$47 million – of which \$23.6 million will come from merging the channel operations.

"With this new organization of the company, still we have the possibility of remaining the leading television company in the Nordic countries,"



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DR's Don't Forget Your Toothbrush beat TV2 at its own game

said director-general Sam Nilsson.

It's easy to see why the win in Parliament secured, as Nilsson says, the future of Swedish public tv for the next ten years. Merging the channels' management will make it difficult, if not impossible, to sell off one of the SVT networks, as is the wish of the right wing Conservative party. A sell-off can hardly figure in the discussions that begin this autumn on a new state agreement to take effect in 1997.

"To be blunt with you, that is why we are putting the two of them together," explained Jan-Olof Gurinder, head of information and public affairs, before the vote. Later, he added, "The decision means we have put the question of our internal organization outside of what the Parliamentary commission (on the new agreement) will discuss. It's off the political agenda."

The decision also means SVT staff and its board of governors will spend a busy summer putting in place a whole new organization, including a new commercial arm that will start new channels, sell sponsorships, push into the multimedia market and handle some of the company's co-production deals. The new operation will be funded with the \$27 million a year SVT already takes in from commercial activities.

"We will have a very strong new business department," said Kjell Kullberg, director of corporate planning. "We will

use agents and distributors. We will have much more effective systems for getting rights."

The first big move will be the creation of a pay channel making use of SVT's archive of 32,000 hours of shows – none of which has been sold to satellite in the Nordic region – and offered to subscribers for about \$9 a month.

It is hard to see how SVT won't fulfil Nilsson's goal of remaining the leading company in the region now that the organizational changes are being made. Its two channels still win a

combined share of 50% of the audience in what is the largest and most competitive market in the region. SVT1 invests a third of its budget in SVT Drama, arguably the largest and most successful fiction producer in northern Europe.

"What I have been saying inside the company all the time," said Nilsson, "is we shouldn't copy the commercial channels. We should be proud of being a public channel with a wide range of programs."

In Finland, Yleisradio Oy (YLE) made the move to co-ordinate programming on its two channels from a position of weakness, rather than strength. MTV3, since it began operations as a free-standing commercial channel in 1993, has won audiences topping 40%, consistently beating YLE1 and YLE2's combined market share. A year ago, two executives with heavy-duty commercial experience were brought in to run the YLE tv division, with one of them, Heikki Seppala, given the specific job of TV co-ordinator, the number two job in the division. In other words, co-ordination of the schedules at YLE1 and YLE2 is so important, it's one man's job.

"The programming charts cannot be approved by the tv directors unless they have been co-ordinated," said Seppala. The goal is to make sure that if one part of the audience is getting what it likes on one channel, another is being taken care of by the other. Overall, Seppala

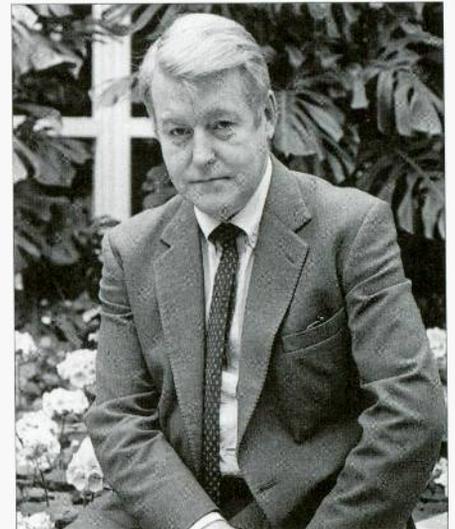
added, "The first channel is more a news and factual programming channel, whereas the second channel is a channel for a choosy viewer who likes the good stuff and quality entertainment."

That said, YLE executives insist they're not following the BBC1-BBC2 model. They expect both channels to go after a wide audience.

Outside Seppala's office, the walls of the hallway are covered with schedules for YLE1, YLE2 and MTV3. A Monday in two weeks time is marked with a magic marker where sports programs collide on YLE1 and YLE2. That happens because though the programming schedules are co-ordinated and approved well ahead of time, they change, and so must be constantly monitored. "So there's another difficulty we have to talk about," Seppala said of the sports conflict. "We probably can't do anything about it, but we have to realize it's happening."

Seppala's boss, director of television Heikki Lehmusto, also came from MTV3. He's looking for all kinds of ways to deal with the competitive environment. "That's why I think I'm here – because we have to learn about how the new commercial companies work all over Europe. And the change here has started. And we are trying to learn ourselves new ways of thinking and doing."

In future, YLE will have to find resources to take on MTV3 across all time slots, without compromising funds for its primetime schedule. There is an upside though: 16% of YLE's income comes from MTV3 from transmission fees and from a compulsory contribution scheme to support the pubcaster. So, in a small way, a successful MTV3 will help fund YLE. 



Nilsson: proud to be public

The Third Man...

Wherever you go in the Nordic region, you're going to find Jan Stenbeck's Kinnevik. The company launched the regional channel TV3 on satellite at the end of 1987, and ever since, has been expanding at a rate of 20 new companies a year. Modern Times Group (MTG), as the Kinnevik media division was re-christened a couple of months ago, now owns 107 different media companies across the region and around Europe.

"The reason why we have all these different companies is, when we started with television companies in Scandinavia, there was no infrastructure," said Pelle Törnberg, the president of MTG.

The grandfather of them all is TV3. The channel – really three channels, one for Sweden, one for Norway and one for Denmark – is uplinked from TV3's base in West Drayton, near London.

Under its license from Britain's Independent Television Commission (ITC), TV3 is allowed to break programs with ads and can air spots for alcohol and pharmaceutical products and those aimed at children, although in line with the EU directive. Ad airtime is limited to a maximum of 12 minutes an hour.

TV3's special status has long annoyed competitors and regulators, and those in Norway and Denmark are going on the offensive. TV2 in Denmark has appealed to the European Commission to clarify where TV3 should be regulated, while the Norwegian ministry responsible for media has applied to European authorities to determine the regime for TV3 Norway.

"There is no doubt in my mind that TV3 should be seen as a Danish station. They want to be Danish as well," said Jørgen Flindt Pedersen, director general of TV2.

But Per Bystedt, president of TV3, dismissed the charges, saying the ITC, EU and Swedish regulatory authorities have already ruled what counts is that TV3 is both headquartered in and uplinked from Britain. "So I think it's a tactic to distract TV3."

TV3's bigger challenge is commercial competition: It brought commercial tv to most of the region via satellite, breaking public monopolies in Sweden, Norway and Denmark in the process. All three countries now have terrestrial commercial channels, though in Sweden, Kinnevik has a 22% stake in terrestrial TV4. That relationship is fraught, as TV4 and Kinnevik have been battling each other over TV4's 1993 decision to take its ad sales away from Kinnevik-controlled sales house Airtime.

To meet the over-the-air competition, TV3 has just done a series of long-term programming deals with the American studios and launched a new look for the channel in February.

MTG spans broadcasting, radio, publishing, home shopping and media services; its other major broadcasting interests include:

- TV6: Kinnevik's female-targeted satellite channel came on the air in Sweden in 1994. The company launched separate versions of the channel for Norway and Denmark this year. Since there are very few housewives in the Nordic region – most women work – TV6 offers a primetime schedule of acquired shows aimed at that female audience.

- ZTV: The company's youth-oriented channel has been offered in Sweden since 1992. This year, it set up ZTVs in Norway and Denmark and has done a deal to go into Russia with the format, which stresses music and low-cost production.

- TV1000: Kinnevik's pay-tv group, TV1000, FilmMax and TV1000 Cinema, are in a war of attrition with the FilmNet group of services. Said TV1000 president-CEO Karl Mikael Cakste: "We're losing a lot of money – all of us. The good news is our competitors are losing three or four times what we are."

Kinnevik has also established a home shopping channel in Sweden (which it is planning to take to Germany) and taken stakes in over-the-air channels in Estonia, Latvia and Lithuania. It is also bidding for the UK Channel 5 license with BSkyB and Granada TV. 



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YLE

...And The Fourth

If public tv is the first man of Nordic broadcasting, commercial terrestrial the second, and Kinnevik's Jan Stenbeck third, then Harry Evans Sloan, founder-CEO of Scandinavian Broadcasting System (SBS), is the fourth.

The ex-Hollywood mogul moved into the region six years ago, and since, has built up a network of stations across the region that is the equal in profile, if not ratings, of Kinnevik's group of channels. In July, Jan Steinmann, the man who built Kinnevik's TV3 into what it is, will join SBS as president of the Nordic Television division. He, more than anyone, will know how to make TVNorge in Norway, Femman in Sweden and Kanal 2 in Denmark even more competitive with the three different national feeds of TV3.

TVNorge is the company's strongest channel, beating TV3 and, some of the time, even topping terrestrial TV2 in the 54% of Norway's tv households TVNorge reaches. The weakest is probably Fem-

man, operating in what is now a very competitive Swedish market. The channel was losing \$13 million a year when SBS bought it in 1991, but was profitable last year and this, said president/COO Martin Lindskog.

Kanal 2 in Copenhagen, unlike its sister stations, is an over-the-air channel which supplies its own and acquired programming to 12 other local stations in return for 50% of their ad airtime. The SBS operation is running at a loss because the stations, branded as Kanal Danmark, can't legally show the same program at the same time. Kanal 2 is currently lobbying the Danish government for the right to network.

Overall, the company's financial performance has been impressive. Revenues topped \$70 million in 1994, up 40%, while cash flow from established stations rose 60% to \$10.5 million. The results and attractive mix of assets brought other media players to the table: Cap Cities/ABC bought 7% of the company,

taking two seats on the board. Viacom followed by investing via the purchase of warrants, while SBS, in turn, paid an undisclosed fee for exclusive access to Viacom/Paramount programming. "It's not so strange that we want them," Lindskog explained, "but that they want us."

Further expansion will come inside and outside the Nordic region. Finland, a country both Kinnevik and SBS have so far avoided because of the language, is on the agenda. "We're not really saying much, but we plan to move there in 1996." A joint venture partner is an easy guess: SBS owns 3% of Finnish commercial channel MTV3.

One of SBS's moves outside the region put it in the headlines this spring when it joined the CanWest-led consortium bidding for the UK's Channel 5 license. SBS is also making big moves in Holland - SBS6 will sign on August 28 - and Flanders in Belgium, where its VT4 cracked VTM's commercial monopoly in the Flemish-speaking region. 

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For traffic and transmission, speak to Kersti Winblad at TVT.

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From Goldmine...



Locally made films like *A Chinese Ghost Story* command higher license fees than western product

In recent months, western tv companies have made a handful of investments and tie-ups with Asian production companies. One reason, reports Sarah Walker, is the prediction that sales of western product will fall in real terms despite the growth in the region

In a continent as massive and culturally diverse as Asia, it's difficult to make predictions about the tv business stand up. One analysis goes that with many economies in the region registering vigorous growth and with India and China opening up to cable and satellite broadcasters, western distributors can't lose out.

New outlets throughout the region mean that distributors are no longer limited to terrestrial stations looking for cheap imports with which to fill off-peak hours. And although license fees, as everyone knows, remain small, the consensus is that as advertising and pay-tv economies continue to grow, Asia could become a goldmine for western shows.

However, a growth in local production, local tastes, and fairly stringent rules restricting the amount of imported content, could make that goldmine harder to find. According to some observers, the market for "western" (that is, North

American and European) programming could even decline in real terms over the next 10-15 years.

"One of the reasons any western programming has been acquired is because (the broadcasters) haven't been able to buy much locally. But as until recently there were no ratings systems and little competition, nobody cared – they just wanted the cheapest way of filling up airtime," said Nick James, managing director of the Media Asia Group, a Hong Kong-based company which produces and distributes Chinese-language films and also distributes English-language product in the Asian region.

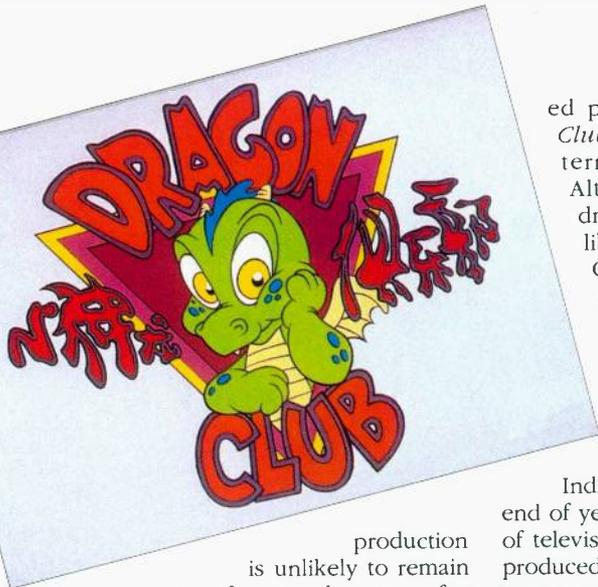
"The fact is the market for overseas product will continue to grow, but by a disproportionate amount. A sales executive in the U.S. may see his sales to this region rise by 35% when the economies are in fact rising

by 100%. TVB may pay \$50,000 for a *Rambo*, but between \$100,000 and \$150,000 for a Cantonese movie."

Many terrestrial broadcasters in Asia produce thousands of hours of programming a year, and local audiences are used to seeing indigenous shows. And once fledgling cable and satellite stations, many of which are backed by deep-pocketed conglomerates, begin to turn a profit, priorities will shift away from imports to original production.

"The appeal of western programming is only likely to remain until Asian clones develop," said Kevin-John McIntyre, general manager of the Discovery Channel Asia. "The sheer volume of (western)

To Decline



production is unlikely to remain a significant advantage for ever. In the longer term the likely development is that, as production capacity develops, these genres will be serviced by Asian versions rather than imported product."

This is already starting to happen, and if audiences don't dictate it, governments will. In South Korea, foreign programming ceilings of between 10% and 50% have been imposed on new cable channels. The Malaysian government is looking to 80% local production by the year 2000. Likewise Indonesian authorities have set a long-term target of 70% local production.

Such goals, while onerous for start-up outfits, are leading to the development of an independent production sector in countries where growth has been stifled by a lack of outlets. In Indonesia, there are now about 300 production houses, while in Taiwan a large production industry has built up to service not only the terrestrials but the country's 100-odd cable tv operators.

In Hong Kong, the emergence of Wharf Cable has led to work for about 40 fledgling companies. An expansion in services is providing more work for the more established companies such as Malaysia's Juita-Viden and Thai companies Kantana, JSL and Media of Medias. Thai music video and entertainment programming specialist Grammy has gone one step further, investing in cable operator IBC, which may well use the alliance to set up a rival music station to MTV.

A number of western companies have already decided that direct investment, in, or partnerships with, local production companies are the best way to tap into the undoubted potential for growth of Asian markets.

ABC/Capital Cities subsidiary Dic Entertainment is distributing two animat-

ed programming blocks, *Dragon Club* and *Panda Club*, to China's terrestrial and cable stations. Although the blocks at present draw on Dic and other western libraries, Dic is also producing in China. Dic has also signed a similar deal with Indian independent First Serve Entertainment for a programming block on Doordarshan.

Solomon International Enterprises meanwhile has formed a joint venture with India's Amritraj Productions. By the end of year three, features and a number of television productions will have been produced. The outfit also has a joint venture agreement with Sun Television Network to co-produce three half-hours of primetime Tamil-language programming a week. SIE president Michael J Solomon says he will own a substantial piece of a major satellite station in India by the end of the year and is looking to China as the next potential market. Also in India, New World has signed a deal with the Modi Group to market existing New World product and produce new programming. New World is also said to be looking at Indonesia and Malaysia for similar ventures.

Modi has also linked with U.S. company the Multimedia Group to produce localized talk shows in India. Multimedia in turn has struck a similar deal with Juita-Viden.

Grundy, which has maintained an office in Singapore for the last 18 months, has format deals in India with independent United Television (UTV) and Star TV for a gameshow called *Kriket*, and in Indonesia with one of the terrestrial broadcasters.

Star TV, having turned its emphasis away from a pan-Asian approach to localization, is following this strategy and is currently looking for local partners.

To date the satellite broadcaster has linked up with Viva Films in the Philippines to produce programming for a Tagalog-language channel and has an output deal with Media Asia for Chinese-language films. Sister company 21st Century Fox has also acquired 49% of Indian independent UTV which currently provides programming for Star Plus. Columbia Tristar is rumored to be considering local production tie-ups in both Thailand and Indonesia to provide pro-

gramming for local channels.

A similar strategy is also likely to be followed by Pearson and Hong Kong's Television Broadcasts Limited (TVB). Pearson acquired 10% of TVB in January specifically for strategic alliances and channel development in Asia. It then acquired the whole of Grundy in April. The logical final piece of the jigsaw would come from the BBC, Pearson's partner in a global alliance which is looking for opportunities to launch new channels in Asia.

The benefits of such tie-ups are not all one-way, since western companies offer production expertise and finance. Ideally, the local partner supplies knowledge of local cultures and of broadcast commissioning structures, which often revolve around barter deals and airtime revenue splits as opposed to cash.

According to James, a



low-budget 90-minute tv movie in Hong Kong can be made for \$350,000 while drama comes in at around \$40,000 an episode. In Thailand, between \$12,000 and \$20,000 is spent on an hour of drama. In India, UTV, which last year produced 700 hours of programming, spends around \$7,000 for a 30-minute soap and between \$7,000 and \$8,000 for a drama series.

Indonesia is one case where western experience would not go amiss. The terrestrial market grew rapidly from one state broadcaster in 1988 to a current six. As a result a production industry emerged, and when Indosiar, one of the broadcasters, announced its intention to commission and schedule mainly original production, other broadcasters followed suit.

The flood of orders put pressure on an independent industry that was too

inexperienced to cope. Much of the programming produced was of poor quality and bombed in the ratings. Those few independents who had success meanwhile hiked up prices to around \$30,000 per hour and in doing so priced themselves out of the market. Faced with an alternative of spending \$3,000 an hour for a U.S. action-adventure series with proven ratings ability, the Indonesians are taking the cheaper, advertiser-friendly way out and the local production industry has gone into reverse.

While the cost of production is lower in Asia, finance is still an issue. Juita-Viden CEO AK Foo said that although drama shows in Malaysia can be churned out for \$10-15,000 for a hour, bigger budgets would be needed to make a show attractive outside its domestic market. "We need finance from the West to make things of enough quality to travel," he said.

An experienced distributor and producer, Foo has the contacts to forge alliances with broadcasters in other countries. Juita-Viden is currently co-producing a college campus drama called *Kolej* with Indonesian station SCTI. The show will also run on Malaysian state broadcaster RTM and could possibly sell round the rest of Asia. However, for fledgling independents reliant on a local commission and without any distribution muscle, it is more difficult to garner extra finance.

In the last year, Hong Kong cable operator Wharf Cable has commissioned some 60-70 tv movies, six five-hour miniseries and a number of lifestyle and current affairs shows from independent production companies. "Usually we would pay an amount of money that would more or less enable them to cover what we estimate their costs to be. The commercial incentive is that we give them overseas rights," said managing director Stephen Ng.

Production for specific national markets is unlikely to prove attractive for outside investors, so many are concentrating on the larger language groups and on genres which can travel throughout the region and beyond.

The two main language groups are Hindi and Mandarin. Although there are many languages in India, Hindi is understood by a large majority of the 900 million population, in addition to other ethnic pockets worldwide. Mandarin will reach even further. Aside from the 1.23 billion in Mainland China, Mandarin is also understood in Taiwan and Singapore. Furthermore the Chinese populations in other Asian countries often represent

the wealthiest element.

The other major language in Asia is Bahasa. Indonesia, with a population of 190 million, is the world's fourth largest. A form of Bahasa is also spoken in Malaysia.

It can't always be taken for granted that programs will necessarily travel between regions where the same language is spoken. What works in Mainland China will not necessarily translate to Taiwan, which has only just lifted its ban on the broadcasting of mainland Chinese programmes on the island.

Cultural sympathies do exist, though. Bernard Sumayao, vice president of programming and production at Thai cable channel UTV, said dubbed Chinese programming often does well in Thailand. UTV sister company Telecom Asia recently acquired 40% of a Shanghai-based production company, Chia Tai Production, where programming will be made for the Chinese and Thai markets.

And there are several genres that do have regional appeal. These are generally action or sci-fi movies or series, Chinese films and costume dramas and soap operas along the lines of South American telenovelas. Gameshow formats also work, although local practices have to be looked at carefully: the Chinese government has a rule that no more than \$60 can be given away in one show.

China, where there are currently 700 free tv stations and over 1,000 cable channels, is the market that tantalizes outsiders the most.

However, although some acquisitions pass through the China Program Agency, selling programs can be a complicated business. Stations are willing to offer airtime in place of license fees (this was part of the ABC/Dic deal), but this transaction makes the need for a local partner and a local sales team imperative. But for those prepared to persevere there are long-term gains to be made.

"The value of airtime is rising, and right now advertisers are willing to pay for good product in China. If producers can make programming that would appeal to advertisers they would pay for it at a premium," said Emil Fing from Hong Kong production house Centro.

According to Nick James the priority must be to get a foot in the door now then sit back and wait. "You aren't going to make money in China today," he said, "but if you aren't investing in a company that can take you into China when there's money to be made you won't be able to get in, because other people will have got there before you. It's a pioneer's market." 



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Tipping The Scales Further

The European Union's trade deficit with the United States has increased despite the application of quotas. So reveals Idate in its latest report on the world audiovisual business, reports Jean-Luc Renaud

Idate's *The World Film and Television Market* is an analysis, in three volumes, of global trends in the audiovisual market – this market being made up of cinema, broadcast tv and radio, video and music publishing.

The French research outfit is the only

one we know which assesses the balance – or rather imbalance – in audiovisual trade between the European Union and the United States. It estimates that in 1993 the European side experienced a deficit of \$3.7 billion – an increase of some \$400 million over the previous

year (Table 1). And that is despite the European system of programming quotas that some would like to see strengthened. Idate attributes this imbalance “to the systematic reliance on U.S. fictional programming by new European tv channels” and on a strong increase in the U.S. export of video.

Over the past ten years, overall audiovisual consumption in the U.S. has constantly risen. The mid-1980s decline in cinema attendance now seems to be well in reverse and since 1983, box-office receipts have increased by

39.4%. The “big three” tv networks still occupy a central place in television consumption, and household penetration of cable continues to grow steadily, if slowly. Pay television is stagnating, says Idate. It is hoped that, in its report next year, Idate gives due consideration to consumers' take-up of DirecTv digital direct-to-home services.

The U.S. market for pay-per-view has so far remained marginal, but with on-demand services in the wings, the situation looks set to change. The fact that “license fee” revenues represent less than 1% of the total audiovisual resources – compared with 24% in Europe – gives a sense of the place (or lack of it) of public television in the U.S. Add to that the willingness of the Republican-dominated Congress to reduce further government funding of PBS, and the prospect for a strong public-service broadcaster in the U.S. is not bright.

Penetration of home video consumption is now standing at a mature 70%. Video sell-through is gaining a lot of ground on rental, but the “rapidly developing” video-on-demand “will soon pose a serious threat to the video industry as a whole,” says an overoptimistic Idate. Video games look set to experience a second wind as CD-Rom becomes more popular.

Europeans have regained interest in the cinema – an encouraging sign for European film production in a marketplace still largely dominated by distributors from across the Atlantic. Box-office receipts have increased by 31.1% over the last ten years. Despite the ever-growing number of private players coming

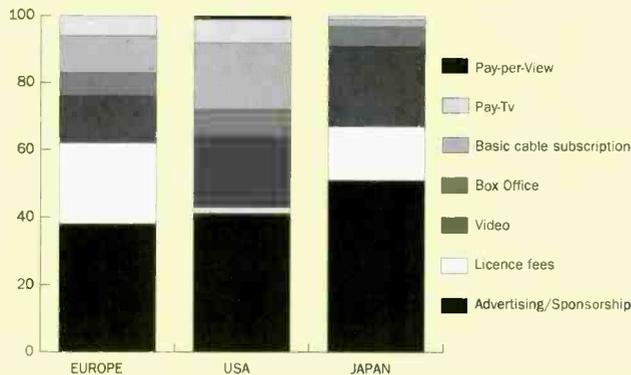
Table 1 Estimated balance of trade between the USA and the EU

\$millions		Exports Total US in EU	Exports Total EU in US	EU Deficit
1988	Cinema	692	43	
	TV	734	140	
	Video	863	23	
	Total	2289	206	-2083
1989	Cinema	823	47	
	TV	614	139	
	Video	862	93	
	Total	2299	279	-2020
1990	Cinema	1035	50	
	TV	1289	94	
	Video	1378	103	
	Total	3702	247	-3455
1991	Cinema	985	90	
	TV	1458	69	
	Video	960	110	
	Total	3403	269	-3134
1992	Cinema	853	74	
	TV	1648	95	
	Video	1162	119	
	Total	3663	288	-3375
1993	Cinema	979	256*	
	TV	1559	90	
	Video	1		
	Total	4066	346	-3720

Source: IDATE

*Cinema and video

Table 2 Audiovisual Revenue Breakdown



onto the scene, television in Europe is still dominated by the public sector, a point illustrated by the size of license fee revenue.

An all-new European audiovisual order is emerging as cable and satellite channels multiply "in reaction to U.S. initiatives," contend Idate. The initially fairly chaotic development of cable is giving way to an organized approach. With basic cable subscriptions representing only 11% of the European audiovisual resources, Idate argues, there remains "enormous potential" for growth. Satellite pay-tv is still embryonic. Video occupies an ever-stronger position in the market. Despite still being dominated by rental, sell-through is beginning to increase its share. The European video market represented \$5.4 billion in 1993, a fall of 11% from 1992, but a tenfold increase from eight years ago.

As for Japan, the third part of Idate's "triad" of markets, audiovisual consumption is currently marked by a certain stability. Cinema attendance is 8% below its 1989 level and 11.8% below the figure of

but it counts only 30,000 subscribers to date. "A lot more is in store," says Idate,

ten years ago, but it is up on last year. Since the launch of the two NHK satellite channels in 1989, pay television has been on the cards in Japan. In 1991, a private consortium - Japan Satellite Broadcasting - launched WOWOW. Another bouquet of six channels was launched in 1992,

relaxation of restrictions on foreign channels it is now able to do so.)

Despite the emergence and development of satellite pay-tv, the television field is still ruled by the generalist terrestrial broadcasters, with cable consumption remaining marginal. As with the U.S., VCR penetration is over 70% of households, pulling the market towards maturity.

Idate calculates that the 1993 cumulative turnover of the top 100 audiovisual companies in the world increased 15.7% to \$143 billion, from \$123.6 billion in 1992. Although the upward trend is widely spread across all categories of companies, market concentration is loosening: in 1993 the top 50 companies accounted for 84% of the total market

Table 3 The Ten Strongest Growth Rates of 1992 - 93

Rank	Company	Country	1993 Audiovisual Turnover \$m	1992 Audiovisual Turnover \$m	Growth 93/92
1	MAI	(UK)	338.7	146.5	131%
2	Pro 7	Germany	442	256.8	72%
3	Blockbuster	USA	2227	1315.8	69%
4	RTL	Germany	1495.8	941.3	59%
5	BHC Com.	USA	412	271.9	52%
6	Comcast	USA	1095.4	728.2	50%
7	UIP	UK	391.6	284.6	48%
8	AMC	USA	587.5	404.5	45%
9	Carmike	USA	241.8	172	41%
10	Electronic Arts	USA	418.3	298.4	40%

Source: IDATE

"especially as Murdoch's pan-Asian Star TV has not yet decided to target Japan strategically." (Following the recent

turnover, whereas in 1992, the figure was 92%.

The interesting aspect to be found in highest growth and lowest growth company ranking is the appearance of the U.S. video games company Electronic Arts and of Japan's Nintendo (Tables 3 and 4). It reveals, contends Idate, that the once firmly-established duopoly of Sega and Nintendo in the world video game market, valued at \$14 billion in 1993, is under threat from newcomers. Nintendo in fact suffered a 24% decline in its turnover for 1993 due to growing competition, the continuing strength of the Yen against foreign currencies and a saturation of the domestic and European markets.

Although Idate uses mostly everybody else's published data and does not collect primary data itself - something that one could, at times, deplore - it remains that this ambitious annual exercise is to be welcomed.

Table 4 The Ten Strongest Rates of Decline 1992 - 93

Rank	Company	Country	1993 Audiovisual Turnover \$m	1992 Audiovisual Turnover \$m	Growth 93/92
1	Metro G Meyer	USA	420.5	936.7	-55%
2	RTVE	Spain	623.5	970.9	-38%
3	PBS	USA	1380.1	1790.4	-23%
4	LWT	UK	388.3	499.5	-22%
5	RAI	Italy	2295.9	2942.2	-22%
6	Fininvest	Italy	2439	3114.4	-22%
7	Kinnevik	Sweden	308.3	380.3	-19%
8	NRK	Norway	316.6	377.4	-18%
9	Granada	UK	386	455.5	-15%
10	Nintendo	Japan	1801.1	2092.1	-14%

Source: IDATE

"Content is king, and for advertisers, content is programming. We have to help develop it. We have to share in its ownership and we have to market it."

Procter & Gamble's Ed Artzt gave a major speech about the advertising challenge of the information superhighway at the Spring 1994 conference of the American Association of Advertising Agencies. He chose the occasion to outline the stark possibility that, in a world of unlimited choice, viewers might prefer paid-for-tv to freely-available ad-supported tv. He urged the advertising industry to get involved now, without leaving the future to fate.

In March 1995, Ed Artzt talked about the future again: this time at the Coalition for Advertising Supported Information & Entertainment (CASIE). This followed almost immediately the announcement of a strategic alliance with Paramount Television, under which P&G would contribute 50% to the costs of developing programs in return for rights to advertising time in perpetuity.

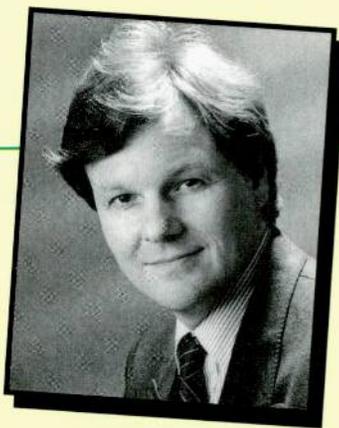
There was nothing exceptional in the announcement given that P&G has involved itself with program production almost since the dawn of television airtime. That is, until Artzt told his audience at CASIE that the alliance was only the first stage of a long-term plan to become more actively involved in television programming.

Instantly, the world wonders what this plan might be, and turns to the speech for clues. In it, Artzt professed his conviction that direct broadcasting would remain the predominant source of visual entertainment, news, information and services in the medium term. However, he added: "I firmly believe that unless advertisers participate in the development of new programming, we're not going to have much to say about how new programs get paid for."

By way of underlining his point, Artzt stated that his company was spending \$3 billion annually on advertising in the U.S., and almost \$1 billion a year on product R&D; and yet it had up to now invested nothing on an R&D budget for program development.

Meanwhile, the message for the rest

P&G's Message For The Medium



BY TOBY SYFRET

was to follow suit. Agencies, said Artzt, should become more proactive in assisting their clients with negotiating deals with broadcasters and distributors for advertiser-owned programming.

Some listeners may have wondered at the point of these remarks. After all, syndication advertising revenues from advertiser-supported tv (ASTV) have mushroomed from \$50 million in 1980 to around \$2 billion in 1995. More than 150 advertiser-supported syndication series are on-air, and almost nine-tenths of the output is first-run syndication.

ASTV has succeeded with tv stations because it offers them a means of reducing risks in purchasing programs by enabling them to pay less in exchange for giving up airtime inventory. Moreover, logic says that, in a world of steadily-expanding choice and increasing commercial competition, where ratings

become less predictable and cash flows get tighter still, ASTV must grow. Stations (and distributors) are bound to become proactive in seeking advertisers even if they and their agencies stand still.

And so, we are left wondering in what respect P&G's machinations differ from the rest. There is indeed something paradoxical about investing in program development when the general commercial objective is to secure airtime at preferential rates, except that P&G has mentioned its interest in recouping some of its investment costs from domestic and foreign program sales. Clearly, it expects something back from its R&D program budget.

Already P&G has been linked with Paramount Television in a barter deal with Beta Taurus over the production of a German version of *Entertainment Tonight*.

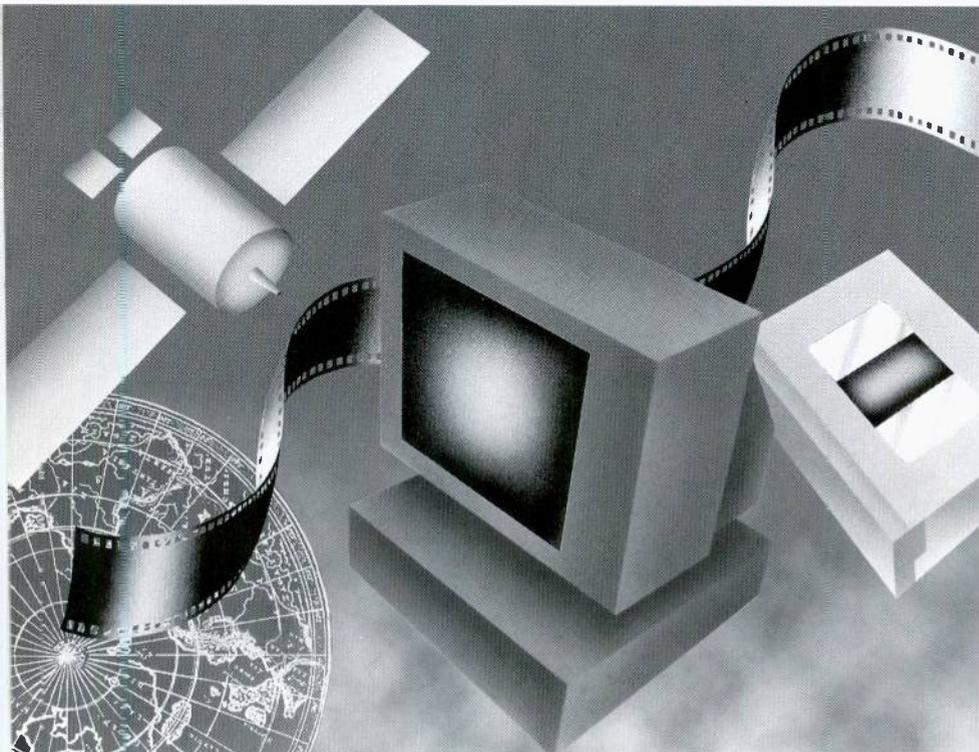
If not strictly here and now financial, perhaps the deeper motive behind the alliance with Paramount is the extra opportunity P&G thereby gains for shaping the content of television programming in years to come. Of course, it states categorically that it is not seeking any editorial control over Paramount's output, and retains the right not to invest 50% in developing programs which it finds unacceptable.

But what lack of influence is that supposed to mean when risks are high? If an advertiser waves his check-book when he likes a program concept, the temptation must surely be for the producer to incline more towards devising and pursuing the projects that the advertiser will like.

Doubtless the deeper import of the first stage of P&G's grand plan will be revealed in time. If the message to other advertisers is get your check-books out, invest in program production and ownership, and thereby help shape the future for tv advertising, they also need to be reminded of the risks. P&G's message is deceptively simple. ■

There is something paradoxical about investing in program development when the objective is to secure airtime at preferential rates

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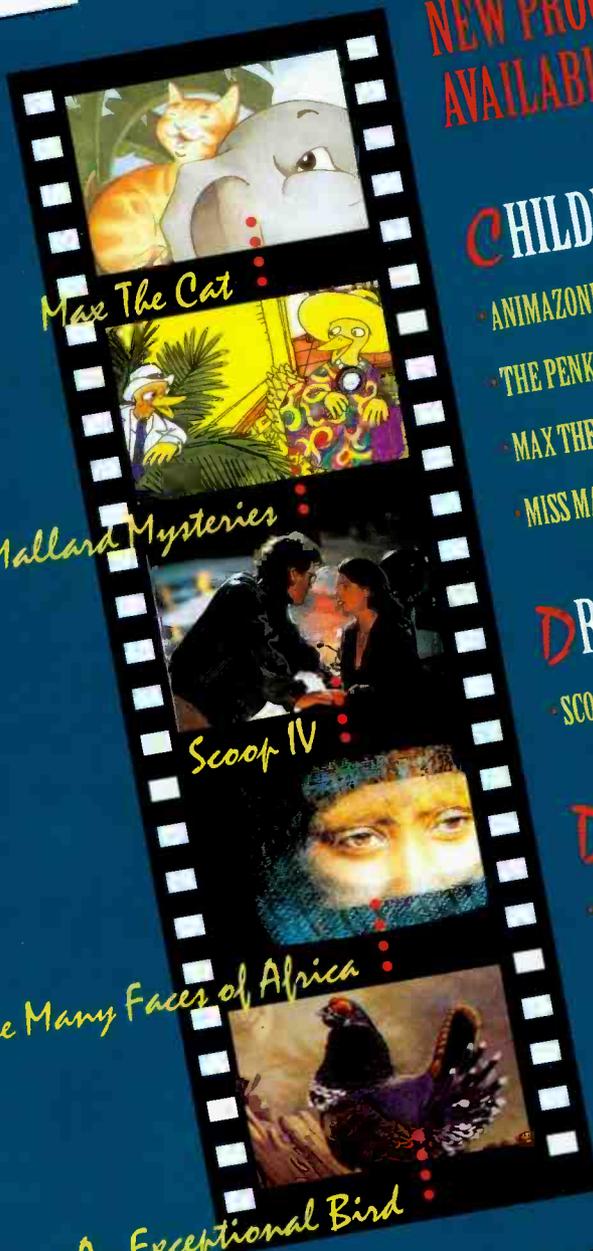
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