

whether the expenditures required in its other systems are worthwhile.

The only ongoing test of multichannel PPV has been GTE's three-year test of video-on-demand in Cerritos, Calif. But GTE refuses to make its results public. The only numbers that GTE would share, during the CTAM conference, showed that 4,300 of 7,300 (60%) subscribers were using the 27-channel service, according to Mike Morrison, GTE's manager, advance testing operations.

With the trial of PPV by people who have never used it critical to its success, some find GTE's numbers disturbing. KBLCOM, one of the best performing

MSO's in PPV, averages use of its four-channel PPV service by 50% of its addressable subscribers. "KBLCOM's getting a 50% take rate with only four channels and GTE's getting just 60% with nearly 30. That tells you something about just what a multitude of PPV channels will do," said one PPV executive, who requested anonymity. Although "there may be a point of diminishing return on pay-per-view channels," according to Hilda Chazanovitz, Viewer's Choice vice president, marketing, testing is being confined to movies, and has not yet expanded to events and additional types of programming. "Right now, we're only looking at

the current environment," she said.

GTE's Cerritos test began making use of special-interest programming on topics such as golfing and cooking in November of last year. After eight months and 32 titles, the test was discontinued. "Results fell below our expectations," said Maggie McDermott, principal, McDermott & Associates, which is working on the GTE test. McDermott said such titles require extensive promotion, since they do not have the built-in marketing value of Hollywood movies. The unanswered question to many is whether the marketing costs for niche, special interest PPV would outweigh revenue. ■

## HBO MULTIPLEX TEST OFF TO GOOD START

By Sharon Moshavi

**E**arly results from HBO's first multiplexing test in two TeleCable systems show improvement in subscriber attitudes toward pay TV that HBO executives hope will lead to fewer disconnects and a higher acquisition rate among basic households.

According to Dan Basnight, Telecable's vice president of marketing, telephone surveys of 550 Telecable HBO subscribers following two months of the three-channel multiplexed service reveal that complaints that HBO costs

too much dropped from 30% to 22%. Those sharing the perception that HBO has too many repeats dropped from 52% to 35%. "We call that the multiplex paradox—increasing the number of showings decreases the perception of repeats," said Basnight.

After the test, 50% rated HBO a better buy than video rentals, compared with 30% before. HBO use increased by 11%.

Basnight said one surprise of the research is that multiplexing not only improved HBO's image, but contributed to consumers' looking more fa-

vorably on cable in general and TeleCable specifically. According to Basnight, subscribers with favorable perception of Telecable increased by 20%, and satisfaction with the entire cable package jumped from 54% to 65%.

John Billock, HBO executive vice president, marketing, said despite the favorable research findings, it is too early to tell whether multiplexing will help reduce chum. Nor does TeleCable's test reveal whether subscribers will disconnect other pay services if given three HBO channels. TeleCable has been offering the three-channel HBO (as well as three-channel Cinemax) package only to customers with several pay services, and is mid-way through marketing it to consumers with two pay services. Those with two pay services will be most likely to disconnect their second pay service, but Betsy Bruce, HBO vice president, said consumers are being dissuaded from that by the offer to single-pay households of only one additional HBO channel.

Bruce said there is evidence already that multiplexing is helping with acquisitions. A Columbus, Ohio, system that is offering two channels of HBO to basic-only subscribers is doubling the upgrade rate, and has grown pay units 8% since launching the multiplexing test nearly eight weeks ago.

Billock said HBO will likely try to roll out the service nationally in the next six to eight months. ■

### QUANTUM TO INCLUDE LOW-PRICED PPV

**T**ime Warner New York City Cable Group last week offered details on its ground-breaking 150-channel system, Quantum Service, scheduled to debut in a limited number of area homes in mid-to-late December. Plans call for 55 channels of pay-per-view offerings, with movie prices ranging from a possible low of \$1.95 to a \$3.95 retail.

As planned, five recent box office hits will each be made available on multiple channels to allow for each title to start every half hour. Other pay-per-view offerings, including children's, foreign, action and adult titles, will each be scheduled to start every hour.

Time Warner is considering offering some of the PPV titles, such as the kids' programming, at prices as low as \$1.95, according to Richard Aurelio, president, Time Warner New York City Cable Group. The company on Dec. 1 is dropping its standard PPV movie price from \$4.95 to \$3.95 on all area systems.

Quantum Service will double the number of channels currently available, allowing for the addition of the Monitor Channel, the Nostalgia Channel, the International Channel, Telemusica, VISN, Mind Extension University and other networks not already on the system. Quantum Service will also accommodate HBO multiplex channels, said Aurelio.

The company expects to have Quantum Service available in 3,000 area homes by late January 1992, he said. ■