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SEPTEMBER 1995

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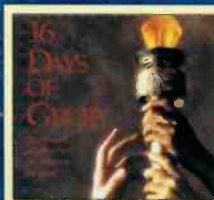
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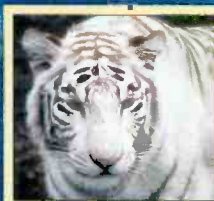
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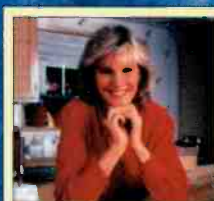
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# TBI CONTENTS

## 26 COVER STORY

### MGM: Roaring Back

After a spate of eighties-style asset-stripping, MGM/UA was in a bad way. But by selectively exploiting its main asset — its library, it's revived into an international force.

**26 Back From The Brink**

**28 Remake Makes Good**



## 32 THAILAND

### Time And Thais

With a new terrestrial channel on the way and pay-tv licenses being liberally handed out, Thailand is a market on the move.

**32 Block Tactics**

**36 27 Is A Crowd**

## 39 FOCUS: CHILDREN'S TELEVISION

### Kid Biz

Kid's tv is one of the most commercially-driven areas of the business. TBI's annual survey sounds out the state of the genre and identifies some of the leading players.

**39 Block Tactics**

**46 For The Kids**

**52 Celling Points**

**56 I Is For Investment Banker**

**60 Cartoon Capers**

**62 Kids' Product News**

**66 Together We Can Make Beautiful Television**

**68 TBI's Survey Of Children's Television**



## DEPARTMENTS

### Monitor

8 Merger Gives Disney Int'l Boost

9 Turner: Levin's Number Two?

9 Trading Giants Stake Yen On I-Way

10 Media Giants Joins Battle Over RTL

14 TV12 Niche Channel Splits Into Two

16 New Cable Channels Disappoint

18 Gang Of Seven Walk Out Of Nordisk

18 Globo Follows A Factory Line

20 Sony Net Spurred By Synergies

## EDITOR'S NOTE

In Times To Come 4

## PERSPECTIVE

A Tale Of Two Mergers 6

## COMMENT

Sobering Facts Of Digital Life 24

## PRODUCT NEWS

News About New Production 76

## ADVERTISING

Me TV In A Race Against Free TV 80

## HARD TECH

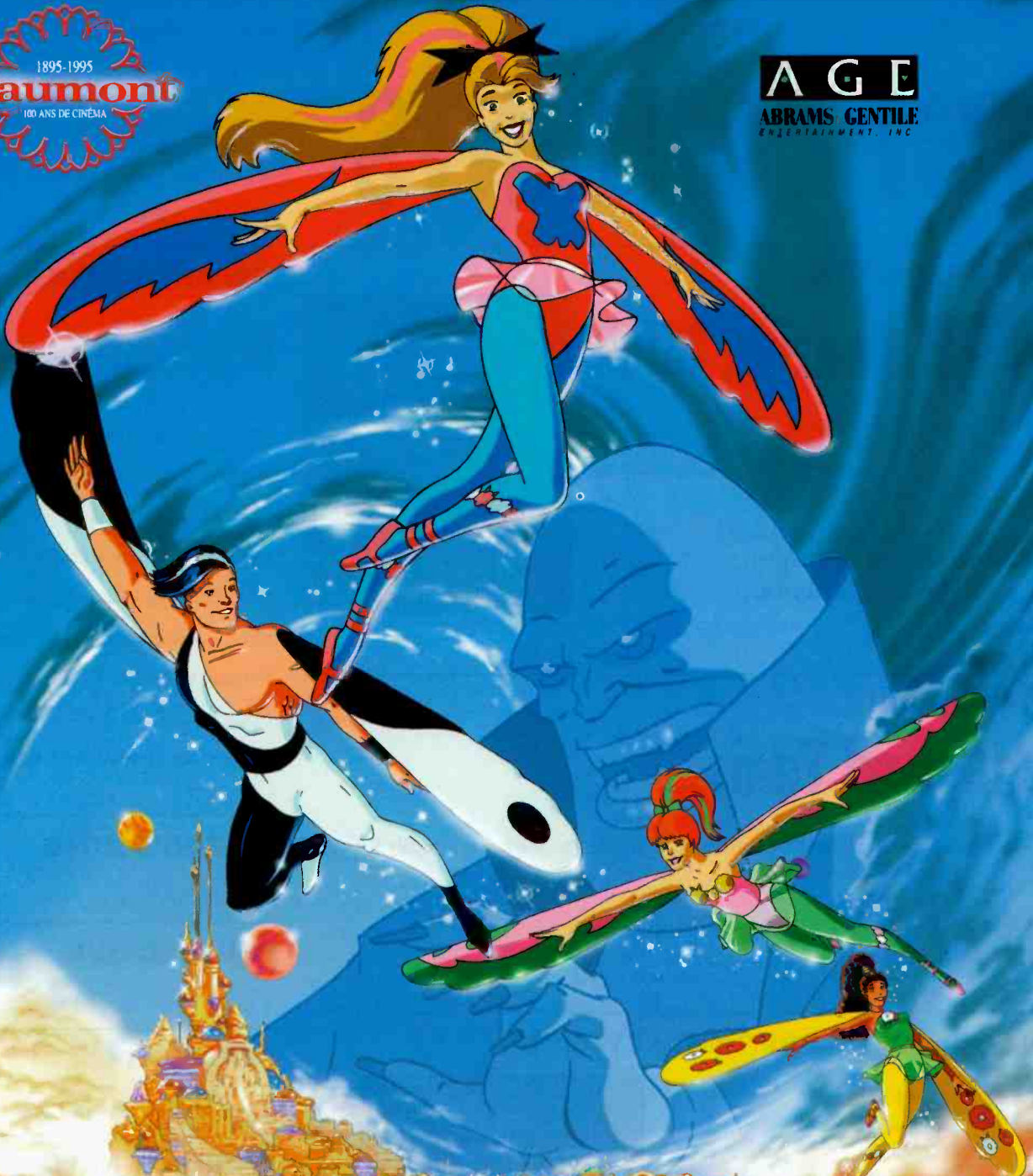
What? You're Not On The Web? 82

## DATA

Counting Up Growth 83

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TBI is published monthly except January and August. 10 issues (ISSN 0950-6841) by Television Business International, a 21st Century Publishing company. TBI is available by subscription only at an annual subscription price of £50 United Kingdom, US\$102 Europe and US\$89 USA US\$110 Outside Europe including air speed delivery. Send address changes to: TBI, 531-532 King's Road, London SW10 0TZ. © All contents copyright 21st Century Publishing. Printed in England by Headley Brothers Ltd Ashford Kent. Reproduction by Graphic Ideas Studios, 1-11 Beches Street, London N1 6DL U.S.A. POSTMASTERS: Send address changes to Television Business International, Publications Exporting, Inc., 200 Meacham Ave., Elmont, N.Y. 11003. Air freight and mailing in the U.S.A. by Publications Exporting, Inc., 200 Meacham Ave., Elmont, N.Y. 11003. Second class postage paid at Jamaica, N.Y. 11431.

## In Times To Come

This is my last issue as editor of TBI. So, as a parting gift to you, my readers, there's an exclusive look at the stories I expect TBI will be covering over the coming months and years. Don't ask me how I know. I never reveal my sources.

October 15, 1995: Sumner Redstone calls a press conference at Viacom headquarters on Broadway. He steps to the podium, pulls his check book out of his pocket, waves a blank check in the air and says he plans to buy everything. "Everything?" ask reporters. "Everything," says Redstone. The multi-billionaire further announces he's fired *all* of his investment bankers and hired quantum physicist Stephen Hawking to put a value on "all of it, the whole shooting match."

October 17, 1995: Rupert Murdoch counteroffers with two blank checks, saying he knows of synergies between matter and anti-matter that Redstone hasn't even thought of. Several phone companies are already lining up to invest in a worm-hole subsidiary of Murdoch's Everything Inc., convinced that it'll be easier to pierce the space-time continuum than to offer video dial-tone service.

October 18, 1995: "You're too late," Bill Gates tells Murdoch and Redstone in an interview on his own Microsoft News Network (formerly CNN-Reuters).

April 27, 1996: Walt Disney Co. president Michael Ovitz presides at the opening of the newest attraction at Epcot Center, an educational ride called Survival of the Fittest. Horrified Epcot customers watch as animatronic teams from rival talent agencies tear apart the client list of the biggest agency in the jungle. Several customers pass out.

October 1, 1997: The first sitcom developed entirely under the auspices of the EU Media programme begins airing regionally in the UK – on tiny ITV station Channel Television – and in Liechtenstein. Producer Wilfried Dopple-Ganger and writer Francois Elite describe the series as a hyper-realistic look inside the minds of a manic-depressive Parisian bus driver and his schizophrenic wife. "It is an anti-sitcom sitcom," says Elite. "We cannot fight the Americans by diluting our own cultures. They may go for laughs. We must not."

December 31, 1999: A Franco-Russian-British-American co-production airing on CBS shoots to the top of the U.S. ratings. International sales of the program break records set a decade earlier in press releases issued by Michael J. Solomon. (Okay, so I made this one up.)

Leaving those titbits with you, I turn TBI over to deputy editor Tim Westcott, the magazine's new editor. He is the right man for the job, and I wish him luck and success. I am moving back to the U.S. – New York to be exact – where I will be opening TBI's new U.S. office. As the magazine's new editor at large, I'll be co-ordinating TBI's coverage of the tv business in North America. Get in touch if you've got something we should know about. My thanks to everyone at TBI, especially Tim, Paul Nicholson, Sally-Anne Wilse, Caroline Haybyrne, Sarah Walker and Helen Stredder, and to a great art staff headed up by Matthew Humberstone. Also, goodbye and thanks to a excellent team of correspondents and all those press officers, executives and friends in the industry who tried mightily to explain it all. Don't blame yourselves.



The Editor

Get to know the characters  
behind these characters ...

Sunbow has the brightest  
names in children's  
programming



The pending mergers involving ABC and CBS are an arresting study in contrasts. One is glamorous, the other decidedly drab.

This was even reflected in their news conferences. The Disney and CapCities/ABC announcement had the flavor of a celebration, while at the sober assembly for Westinghouse and CBS, the only one smiling was CBS chairman Laurence Tisch. Perhaps that was because the deal stands to add some \$900 million to his lush personal wealth.

Disney and ABC are a coming together of winners, of well run companies doing exceedingly well at what each does. Westinghouse and CBS, on the other hand, are companies that are struggling in their main lines of business while having lost the great prestige they both once enjoyed.

Disney and ABC bring a lot to each other that is complementary, with very little redundancy. Born is another great media conglomerate that touches just about every base, including those set in the future. A perfect fit.

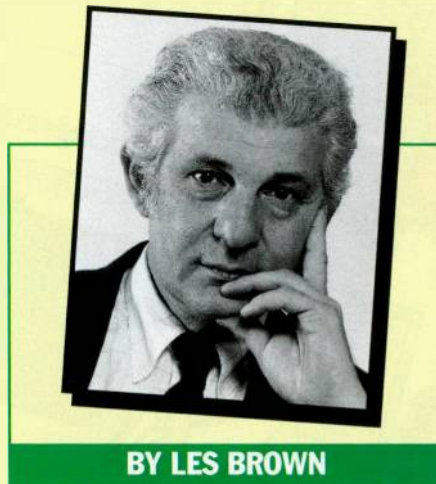
In acquiring CBS, Group W (Westinghouse's broadcast division) would become the largest broadcast group in the U.S., with 15 tv stations, 39 radio stations, and the third ranked tv network. But that's just about where the good news ends.

To most analysts, the most surprising thing about both mergers was the size of the bids. Other suitors had turned away from CBS because Tisch held out for \$80 a share, very high for a company with a slumping tv network and not much else to offer besides the stations. CBS is the only U.S. network not involved in cable or in significant ventures abroad.

It was Tisch's good fortune that Michael H. Jordan, who became chairman of Westinghouse two years ago, was determined to get the industrial company out of a bad patch by putting it on new course, concentrating on its most productive sector, broadcasting.

CBS and Group W had already formed a tight affiliate alliance, and so the acquisition fell naturally into place — unless other bidders should enter the picture and make an auction of it, taking it beyond \$5.4 billion.

# The Tale Of Two Mergers



BY LES BROWN

Disney will be paying \$19 billion for CapCities/ABC, astonishing in light of the \$3.5 billion CapCities paid for ABC in 1986 in one of the great bargains of media history.

The premium in both instances anticipates the increased value of networks this November when ABC, CBS and NBC will be freed from restrictive regulation, known as fin-syn, that had stood for nearly 25 years. Clearly the dynamic of the U.S. television system will change dramatically as a result.

No longer barred from producing or taking ownership positions in programs they put on air, or from engaging in lucrative domestic syndication, the networks will have substantial ways to expand their earning capabilities.

It's generally acknowledged that the real growth potential is in international markets. Here ABC, with its various ven-

tures in Europe and Asia, improves the profile of Disney, which admits to being deficient in foreign contacts. CBS will help Group W with its international sales presence, but the combination is nowhere as formidable for global clout as ABC and Disney.

For CBS the merger means greater station strength in the large domestic markets, but that's not quite what the doctor prescribes for the network's deficiencies.


What CBS needs most is a powerful injection of enlightened leadership at the top, someone with the instincts of a born impresario and the mettle of a true broadcaster.

ABC has that both in Eisner, a one-time ABC program executive who rebuilt the Disney organization into a major Hollywood studio in a scant few years, and in the new Disney president, Michael Ovitz, the Hollywood agent extraordinaire who promises to be a magnet for top talent.

Like Tisch, Jordan is a bottom-line oriented businessman with no background in the media arts. He was a strategist for a management consulting firm before joining Westinghouse, whose core business is power equipment.

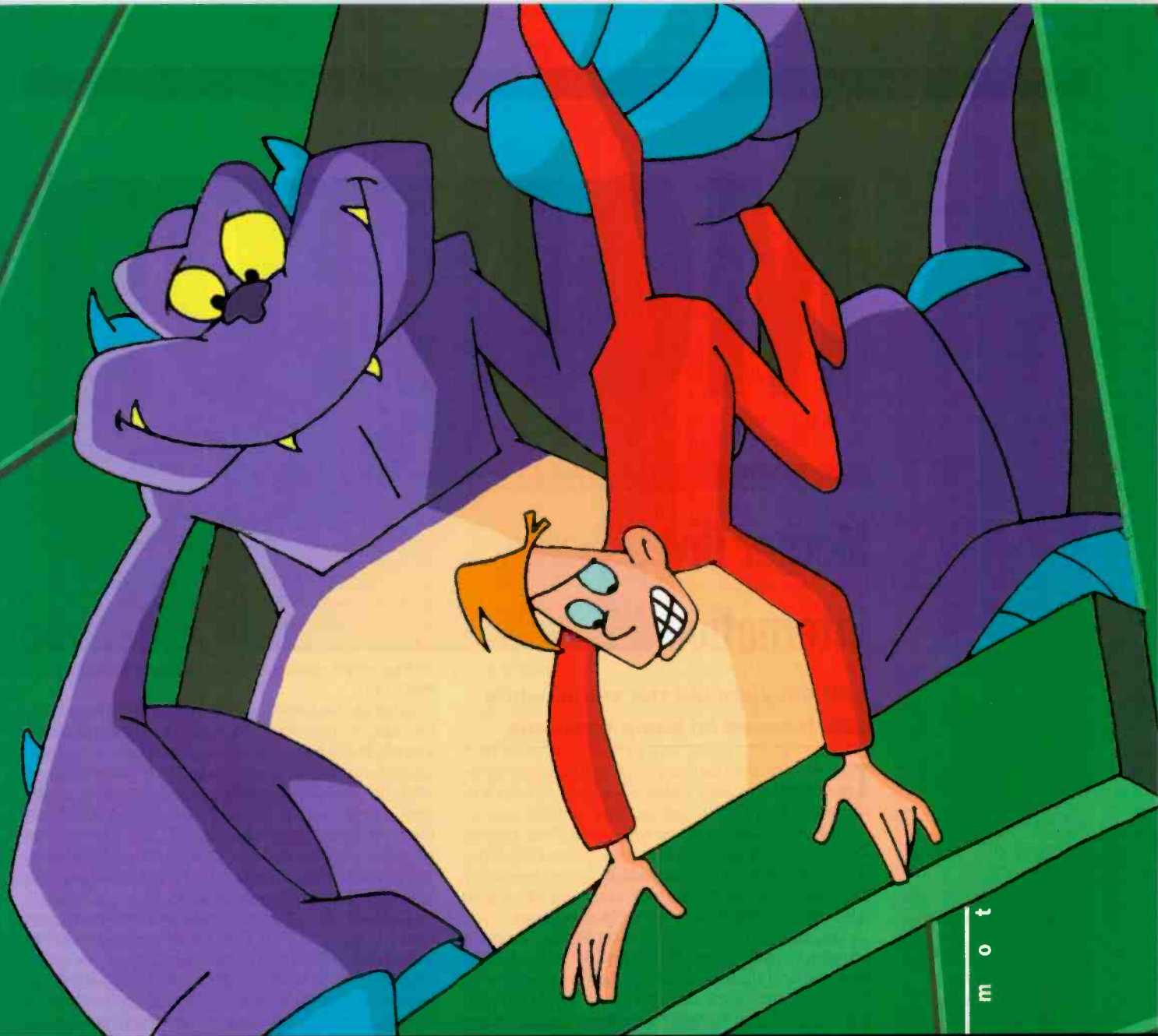
Jordan said he intended to cut costs at CBS by cutting staff. But it's hard to imagine how yet another swing of the axe will improve the fortunes of a network in need of hit programs. Losing has a way of perpetuating itself, because the hot producers always gravitate to the winners.

If both mergers are consummated, the U.S. tv business will be tilted to a much stronger ABC and a considerably weakened CBS. This is a stunning role reversal from the first three decades of television when CBS was the perennial leader and far away the class of the field, while ABC was the poor struggling tail-ender that could barely afford to play in the same league.

Who would have dreamed the tables would have turned so completely? 

**What CBS needs most is an injection of enlightened leadership, someone with the instincts of an impresario and the mettle of a true broadcaster**





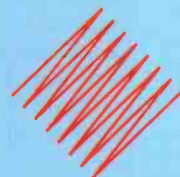
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## DIGITAL DEALS

A battle of the boxes is shaping up as Europe prepares for the beginning of the digital era. CLT has signed a licensing agreement enabling it to use the digital conditional access system jointly developed by Canal Plus and Bertelsmann. The Luxembourg group, which is planning to launch packages of digital services in France and Germany, will have a 15-year license to use the Media-Guard system and an interactive module developed by Canal Plus called Media Highway in Europe. Deutsche Telekom and German tv channels ARD, ZDF and RTL signed up to use the same system in August. However the Kirch group has ordered a million units of an alternative system developed with Nokia to launch its own package of channels in Germany. Dutch-based pay-TV group Nethold has meanwhile announced an order for 1.1 million digital satellite receiver/decoders, split jointly between Philips, National Panasonic and Pace. The decoders will be used to serve Nethold's existing markets in the Benelux, Scandinavia, the Middle East and Africa.

In July, Mitsubishi Corp., Japan's largest trading company, revealed a three-year plan for investments in six information-related fields, including domestic and international telecommunications, computer software and entertainment. The total outlay is estimated to be from \$460 million to \$575 million. Scheduled to start this year and run until 1997, the plan is part of a 10-year, \$1.15 billion project to make Mitsubishi a leading force in the multimedia industries of the 21st Century.

Mitsubishi already has a stake in various information-related businesses that, by the end of 1994, totalled \$534.5 million. "This is going to be a hot area for us," said Planning and Co-ordination department assistant general manager Kazuo Tsurumi. "The three-year plan, however, only proposes certain investment guidelines to our top management. We will make the actual investment decisions as opportunities present themselves."

Mitsui & Co., another of the big five trading companies, has announced a project to build a cable network in Kyoto, Japan's ancient capital, by the year 2000. By April 1996, Mitsui plans to launch a cable service to 70,000 subscribers in Ukyo Ward. Expanding from this base to other city wards, it plans to cover the greater part of the city, with the exception of two central wards that are being cabled by other companies. Mitsui will also launch cable stations in the Tokyo suburbs of Hino, Masashino and Mitaka as well as neighbouring Saitama Prefecture.

The company's ultimate aim is to establish a nationwide cable network providing a wide range of telecoms services.

In August, Sumitomo Corp. and partner Tele-Communications Inc. revealed plans to expand their cable business into the Asian region. In Japan, the two companies already have a joint venture, Jupiter Telecom, that is one of Japan's pioneering MSOs. Using Sumitomo's extensive network of contacts in the Asian region and TCI's technological expertise, the partners will target Southeast Asia, China and India for cable stations. In addition to cable, they intend to offer news, entertainment, education, cartoon programs and other TCI-supplied programming via satellite.

In Japan, Sumitomo is the largest cable tv operator, with 150,000 subscribers nationwide. Founded in January, Jupiter Telecom serves 35,000 subscribers in the Tokyo area.

The trading companies are also taking to the sky. On August 28, Japan Satellite Systems (JSAT), a common carrier system owned by Itochu, Mitsui, Nissho Iwai and Sumitomo, successfully launched the JCSAT-3 satellite from Cape Canaveral, Florida. Beginning next spring, JSAT will use this satellite to offer Japan's first digital broadcasting services.

The JCSAT-3 carries 40 transponders, of which eight can beam digital broadcasts. Using digital compression technology, each transponder can send six channels, compared with only one or two for analog transponders. The footprint will cover all of Asia, from Hawaii to India and

Indonesia to the Russian Far East.

Next spring, DMC – a joint venture of the four trading companies and JSAT – will launch a 50-channel digital service aboard JCSAT-3, the first direct-to-home service of its kind in Japan. Also on the horizon at international broadcasting services covering Japan and Asia.

by Mark Schilling – TOKYO

## GERMANY

## Media Giants Join Battle Over RTL

**Bertelsmann bid to gain control knocked into court by CLT**

Drawn-out, legal tussle over control of Germany's largest commercial channel, RTL, is shaping up after media giant Bertelsmann and the West Deutsche Allgemeine Zeitung (WAZ) joined forces in setting up a new company, TV Holding, to challenge CLT's control of Europe's most lucrative broadcaster.

At the same time, the Bertelsmann/WAZ alliance announced its intention to acquire the Munich publisher Burda's 2% stake in RTL, which



Thoma: Not displeased by Bertelsmann/WAZ alliance?



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## GREEK MEDIA LAW PASSED

The Greek government has steered an all-encompassing media bill which includes new licensing regulations for private tv channels through parliament with almost unanimous cross-party support. The minister responsible for press and mass media, Evangelos Venizelos, expects the new law, which is designed to prepare the way for new technological developments, to be enacted before the end of the year. Concerning television, the law provides for three categories of tv license: national, regional and local. National tv license-holders – likely to include Antenna, Mega Sky, Star and New – will be obliged to cover all Greek territory a year from the day they are granted a license. Licenses will be granted for a period of four years. Shareholdings will be required to be disclosed and will be limited to 25% for one company or individual, and no company or individual will be allowed to own more than two media interests. Regulation will continue to be carried out by the The National Broadcasting Council.



Venizelos: Expectant

would shift the balance of power in the supervisory board in favor of TV Holding. CLT promptly responded by persuading a Hamburg district court to issue an injunction against the new alliance's purchase plan, which could net Burda an estimated DM100 million (\$72 million).

Bertelsmann's hook-up with WAZ, one of Germany's biggest newspaper combines, caught most analysts by surprise, since the partners in RTL were often at loggerheads over policy differences. However, Burda, annoyed by the way in which CLT controlled RTL, had made a standing offer of its 2% stake to Bertelsmann on the grounds the Luxembourg group neglected the interests of smaller RTL shareholders.

Although Ufa Film and Television holds a 37.1% stake, the Bertelsmann subsidiary was outmanned in the RTL supervisory board and had little to say against CLT, which prevailed with its 49.9% plus another 2% held for it in trust. Now if the Burda sale goes through and the media authorities and the Kartellamt (anti-trust office), voice no objections to the alliance, TV Holding could eventually change RTL's corporate structure, giving the partners a 49.1% stake as opposed to CLT's 49.9%.

With five seats on RTL's supervisory board, the same number as CLT, control of the channel could shift to the alliance. The single board member from the Frankfurter Allgemeine Zeitung, which has a 1% stake, could cast the crucial deciding vote. And the FAZ is believed to be in Bertelsmann's camp. Meanwhile, however, RTL's shareholder stakes remain 49.9%, Ufa 37.1%, WAZ 10%, Burda 2% and FAZ 1%.

Bertelsmann and Burda have announced pending legal action against the injunction, which is based on CLT's claim to right of first refusal. "Both Bertelsmann and Burda are convinced that such a right does not exist," according to their joint statement. "Moreover, transfer of Burda's shares to RTL would not be allowed under tv regulations. German media laws only permit company participation in a broadcaster with a stake of less than 50%. CLT already holds 49.9% in RTL."

Because of contracts within RTL, TV Holding will not become effective until 1998. Thus, the legal tug-of-war over RTL control could drag on for years.

RTL managing director Helmut Thoma, under whose leadership the channel raked in DM2.6 billion (\$1.85 billion) in gross ad revenue last year, appears not to be too displeased by the Bertelsmann/WAZ alliance. According the news magazine Der Spiegel, CLT's chief shareholder Albert Frère and his Belgian banking group Bruzelles Lambert is clamoring for higher returns on its investment. Hence, CLT's rigid cost management is a thorn in the side to Thoma. The once fiercely loyal CLT man reportedly had to fight bitterly with the CLT members on the RTL board to secure approval for DM990 million (\$707 million) earmarked for this year's programming budget.

by Jack Kindred – MUNICH

## SINGAPORE

# TV12 Niche Channel Splits Into Two

### New service will mean increase in local production

Singapore's Television Twelve Pte Ltd (TV12) has been authorized by regulatory body the Singapore Broadcasting Authority (SBA) to launch and operate the island state's fourth terrestrial television channel.

Launched on September 1, 1995 and broadcasting via UHF, which gives it access to 85% of homes, Premiere 12 joins TV12's existing terrestrial channel Prime 12 (previously just called TV12) and Channels 5 and 8. The later two are operated by the Television Corporation of Singapore (TCS). Both TCS and TV12 come under the umbrella arm of holding company Singapore International Media (SIM) which replaced the former Singapore Broadcasting Corporation last October.

The launch of the new channel has resulted in a schedule reorganization across the board. On the more commercially-driven TCS side, English-language Channel 5 will remain unaffected and will continue to schedule programs from the west in addition to locally-produced English-language shows. However, Channel 8 has moved its small amount of Indian-language programming over to TV12, freeing up its schedule to concentrate on Chinese-language programming.

According to TV12 CEO and president Sandra Buenaventura, the broadcaster's function has always been to "serve niche markets, not just with mass entertainment but with quality, particularly from abroad." As such, Prime 12 and Premiere 12 will offer two distinct schedules, though both will be targeted at different niches.

Prime 12's niche is language and culturally based with a commitment to multicultural and multilanguage scheduling. The emphasis will be on Malay and Indian programs during the evening primetime hours, although other foreign-language programs will continue to be broadcast. During the daytime, infomercials, lifestyle and self-improvement programs will target housewives, interspersed with a number of children's slots.

The niche targeted by the new Premiere 12 channel will be genre-based, providing the best of English-language programming in the areas of children's, documentaries, sports and the arts, plus two Chinese slots for opera and arthouse films.

TV12 channels are required to provide a least 60 hours of public-service programs a week, including a minimum of 15 hours of Malay, 11

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## GLOBO JOINS DTH RACE

Rupert Murdoch's News Corporation and Brazil's Globo group are planning to join the race to launch digital direct-to-home satellite services in Latin America. A \$300-\$500 million joint venture between the two will consist of a Brazilian DTH service, part-owned by News Corp, and a Latin American DTH service excluding Brazil 60% owned by News Corp and 40% owned by Globo. Together the two services will offer more than 100 channels to all of Latin America and the Caribbean. The Globo group, now negotiating with PanAmSat and Intelsat, hopes to find a permanent transmitting satellite by year's end. Globo owns cable tv operator Net Brazil, a cable network with two smaller associated companies in southern Brazil which competes with TVA, a cable network launched in 1991 by publishing group Editora Abril. While Net and TVA pay-tv services now each have over 400,000 subscribers, the Globo group's new DTH service, one of four DTH services being developed in Latin America, will greatly expand the number of potential subscribers, especially outside big cities where cable exists. That's because getting the services will only require installing a relatively cheaper, 60cm parabolic dish. Globo's DTH project, as does an Abril group DTH project, depend on the government's allowing it to use non-Brazilian satellites for Pay-tv services. Current legislation only allows Brazil's Brasilsat satellite to transmit those services.

hours of Indian programming and 34 hours of sports, current affairs, cultural, info-educational and children's programs.

Of those 60 hours, the government allocates \$28 million (U.S.) to cover 45 of the hours while the rest has to be funded by TV12

"Presently about 70-75% of our budget is from the government," said Buenaventura. "But government funds will not increase to cover the extended transmission hours provided by the new channel, so the contribution from the government will in effect go down." The extra revenue will have to come from advertising. TV12 is allowed 12 minutes of advertising an hour. More than 75% of that revenue is expected to come from Premiere 12.

Buenaventura intends to up the amount of locally-produced and commissioned programming, especially that catering for Indian and Malay audiences. It is likely that Prime 12 will carry most of the local programs, while Premiere 12 will probably carry local sports, a one-hour magazine show, and local arts performances.

by Sarah Walker - HONG KONG

## CANADA

# New Cable Channels Disappoint Viewers

**Poor ratings for specialty licensees makes CRTC rethink offering more**

**D**ismal ratings figures for the six new English-language cable channels licensed by the Canadian Radio-Television and Telecommunications Commission (CRTC) may put on hold indefinitely plans to license any more channels.

The channels went on air at the beginning of January and after six months, A.C. Nielsen figures show that they have not yet found an audience.

The channels were originally introduced through negative marketing and sold in tiers which included popular channels such as A&E. The negative marketing and being forced to pay for channels they didn't want in order to watch the ones they did, provoked a firestorm of outrage from consumers which resulted in most cable MSOs placing the specialty channels in separate tiers.

The result has been that only 52% of cable subscribers have ordered the new channels, down from pre-launch estimates of 90% and audience penetration has stalled and fizzled. The six together have a combined audience during peak viewing times of only 69,000. In comparison, CFTO, the Toronto CTV affiliate, draws 81,000 and the CTV National News almost half a million.

The entire process may force the CRTC to re-evaluate how it licenses new specialty channels and carves up the advertising pie. In Canada, cable systems are obliged to carry every channel licensed by the CRTC. However the amount of revenue paid for carriage by cable to the channels and advertising revenue depends on penetration. One way in which the CRTC decides on which channel to license is whether or not they pose a threat to the success of existing channels and services. In other words they will not license a channel which will be in direct competition with an existing service.

This probably explains why the hockey channel, a channel which stood every chance of being a sure fire winner in ratings and advertising, was never licensed. It would have cut into the revenues of existing broadcasters.

Regardless of the disappointing debut of the six existing channels, others are lining up to file applications for new specialty licenses. The next round of licensing is slated to take place at the end of the year. Among the already existing applicants are Atlantis, with a supposed science fiction channel, the CTV for three licenses: all sports, all history and all news, a consortium bidding for an all-animation channel and others.

The purpose behind the licensing of the new Canadian specialty channels has been to create a strong Canadian cultural industry and presence in the face of the 500-channel universe. Given the reaction to the six new channels - Women's Television Network, Bravo, Showtime, The Life Network, The Discovery Channel, and New Country Network - the CRTC seems to have only two options. The first is to postpone any new licensing until consumers show they have an appetite for it.

The second option would, some argue, be for the CRTC to stop sheltering the Canadian broadcasting industry from itself and allow true competition in Canadian television by allowing consumers to pick which channel they want to pay for. This would have to include licensing services, such as the hockey channel which would compete against hockey night in Canada and the Sports Network. It would introduce competition and market forces as the regulators of which channels stay on the air.

by Noel Meyer - MONTREAL







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CHECKING  
SLOVAKIA

Central European Media Enterprises (CME), the Nasdaq-listed company which invests in start-up broadcasting ventures, is to launch the first national commercial channel in the Slovak Republic in partnership with local partner Markiza-Slovakia. The channel will begin broadcasting in 1996, initially reaching 50% of the country's tv households and reaching full coverage by 1998. The channel will broadcast a combination of movies, news and current events, sports, drama and entertainment 19 hours a day. CME will own a 49% stake in the company with a profit participation of 80%. CME has also announced that John Severino, president and CEO, is leaving his position, though he will stay on as a consultant. He will be replaced by Len Fertig, currently chief financial officer of CME.

## DENMARK

## Gang Of Seven Walk Out Of Nordisk Film

**Dispute over management freedom leaves Egmont's tv plans in tatters**

What should have been a discussion on group strategy at Scandinavia's largest film and television production house, Nordisk Film A/S, turned into a serious boardroom row last month.

The upshot of the quarrel between the management of Nordisk Film and its parent group, Egmont, was the dismissal of three directors and the resignation of five more. Egmont, a publishing group which moved into film and tv following a merger with Nordisk in 1994, is now left with its ambitions to expand its tv business seriously damaged.

When Egmont boss Jan O Frøshaug decided to review overall group strategy, assisted by management consultants McKinsey, he called on group company directors to make known their outlook on future prospects. He did not expect to be presented with what appeared to be a *fait accompli* that would take one of the group's most prized assets out of his control.

Bosses at Nordisk Film A/S rejected Egmont's management-induced process of convergence towards overarching company objectives, instead insisting on increased liberty to act in Nordisk's interests. Put plainly, Egmont's pervasive corporate style was considered detrimental to the creative environment at Nordisk Film's Copenhagen headquarters.

In less than two weeks CEO Jens Jordan and chief operating officer Henrik Slipsager were sacked at Nordisk and a further five have resigned. Despite a behind-the-scenes damage limitation exercise, consequences for Nordisk and ultimately Egmont could prove considerable; three sacked directors came from the television side of the business and, rendering the long-term scenario somewhat tainted too, it is widely rumored that the departing directors plan to establish a new production company that could be operational within months.

Some believe that the departing management team at Nordisk hit a raw nerve when they indirectly gave vent to a lack of faith in Egmont's management style. Egmont clearly felt that the move was sprung on them and, according to a statement distributed to company employees, accused one of the sacked directors, Jens Jordan, of having "formulated a plan for breaking up the group contrary to the intentions of the 1992 merger of Nordisk Film and Egmont."

Whatever the exact circumstances of the crisis,

the dispute is really over what one might call a fusion or a fission approach to group management. Should a company like Nordisk, perhaps resting too comfortably on the laurels of yesteryear and even perceiving itself as a mite too venerable, go it alone in an increasingly deregulated market, or follow a centralized management group – even one unversed in the intricacies of television production? The answer must be the latter, but only if there is trust. Egmont *had* planned to install a supreme management group at Nordisk with the power to control direction of development, and it is not inconceivable that the relationship derailed because of such unnegotiated "top-down" schemes and counter-reactions to them. They generate distrust and malice.

There can be no doubt that had Egmont's management elected to let Nordisk Film slip out of their grasp, company strategy would risk being dismembered. The reason is this: although Nordisk Film broadcast, the television subsidiary of Nordisk Film A/S, with a turnover of \$18 million is a mere minnow when compared to Nordisk Film's turnover of approx \$320 million, the company is expected to play a central role in Egmont's plans in the Norwegian and Swedish markets.

Along with Norwegian company Schibsted, both holding stakes in the highly successful Norwegian broadcaster TV2 Norway, there are plans to launch a satellite-delivered channel for the Swedish cable and dish market. Schibsted Film, launched in 1992, is also keen to tap into Nordisk's considerable technical facilities.

by Thomas Dodd – COPENHAGEN

## BRAZIL

## Globo Follows A Factory Line

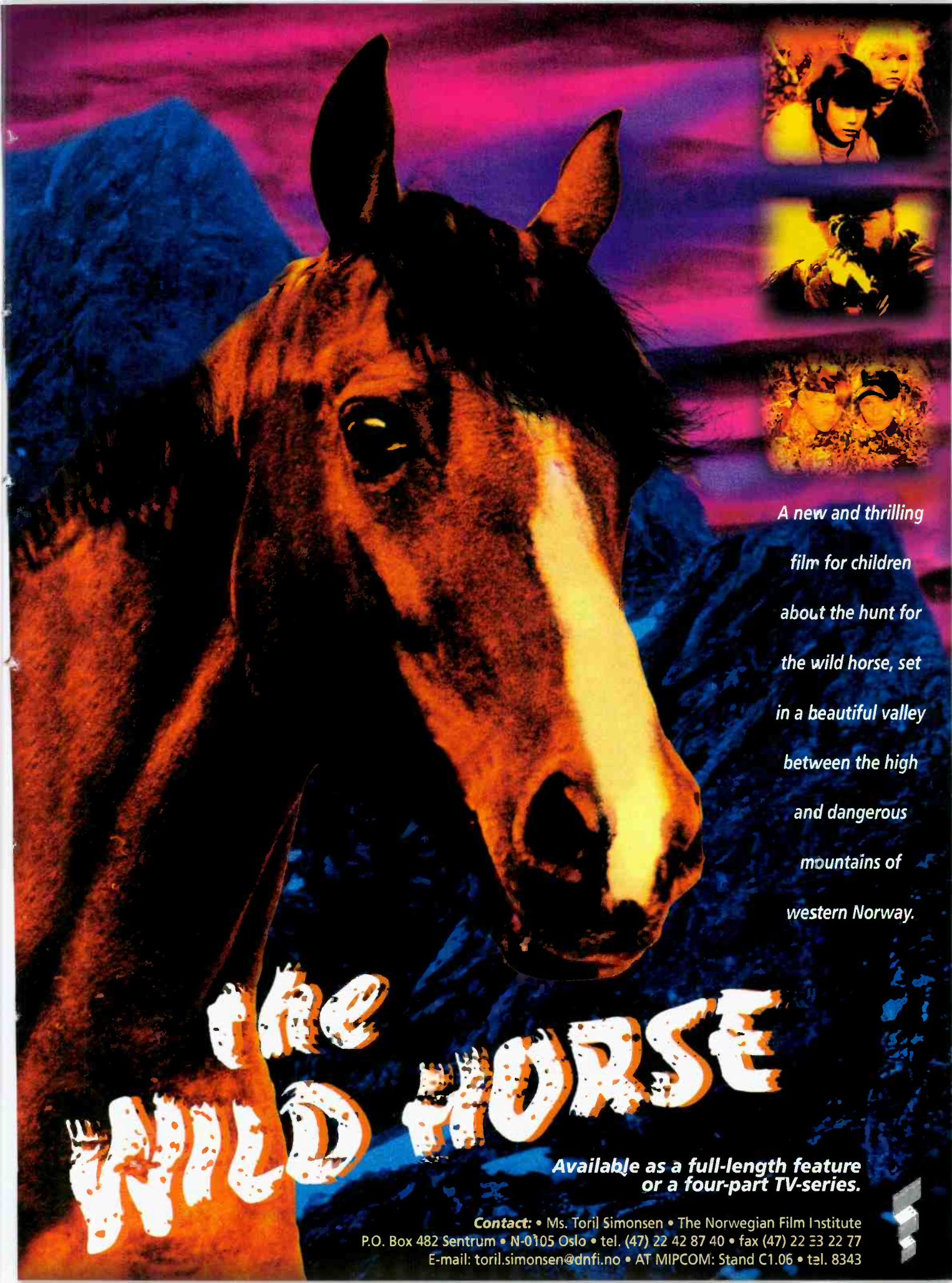
**New \$120 million center will produce soaps, sets and costumes**

Brazil's largest network, TV Globo, attracting over 65% of the viewing audience, will soon boast another big advantage over its competitors.

This time it involves infrastructure. The network – the world's fourth largest in audience size after the three American giants – is in the process of building the largest tv production center in all of Latin America.

The \$120 million, 1.3 million square meter Projac production centre, being constructed in the town of Jacarepagua, just south of Rio de Janeiro, will centralize its operations and cut costs.

The first stage of Projac will be inaugurated in



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Globo novela Fera Ferida

late September when TV Globo begins using one of four new 1,000 square meter studios and new set-building and costume making factories.

The four Projac tv production studios will be used for taping soaps, the staple of TV Globo programming, and will, in a staggered timetable, all be completed and in use by mid-1996, if not sooner. The four new studios will allow TV Globo to tape its three nightly soaps, the next scheduled soap and other programs.

That's because each studio has the space and equipment capacity to house two productions at once.

Currently, TV Globo tapes its soaps in three places: at its administrative/production headquarters in Rio De Janeiro, and at two rented production studios, one inside and one just outside the city. The network's set-building center is located in yet another Rio De Janeiro suburb.

"Till now, TV Globo has had very decentral-ized operations," said Roberval Pinheiro, Projac's general co-ordinator. "With Projac's completion, the network will centralize production and reduce costs in general, and transport costs in particular."

The four Projac TV studios 11-meter-high ceilings will feature 603 reflectors which can be regulated manually or by computer. Because computers can store the lighting information of each scene, a broken down set once reconstructed will be able to be lit exactly as it had originally been. Computers in dressing-rooms will also allow hairdressers to design new styles for actors. Separate studio entrances have been designed for actors, technicians and extras.

The Projac set-building factories will be able to produce 25,000 square meters per month of sets and will use Velcro tape, not nails. The costume-making factories will have the capacity to produce 2,000 pieces of wardrobe per month and house the network's 47,000-piece wardrobe.

Projac buildings will take up only 120,000 square meters of the 1.3 million square meter complex, with much of the rest of the terrain to be used to construct outdoor sets like small town or big city facades for taping everything from soaps and miniseries to comedy shows.

The second stage of Projac, which will include a 2,500 square meter studio for live audience shows and a post production centre will be ready by 1997.

TV Globo's administrative headquarters will remain in Rio De Janeiro and that headquarters smaller production studios, till now used to tape soaps, will tape other types of programs. Those headquarters will also broadcast all of TV Globo's news and sport shows.

by Michael Kepp - RIO DE JANEIRO

## ASIA

## Indian Net Spurred By Sony Synergies

**Columbia Tristar parent hoping for brand name benefits**

Sony Pictures Entertainment is to launch a general entertainment 24-hour Hindi-language satellite channel in the fourth quarter of this year. Called Sony Entertainment Television (SET), the channel will be a partnership with Singapore-based entertainment company Argos Communications Enterprise (ACE), which specializes in Indian program production and media services.

Broadcasting off PanAmSat's recently-launched PAS-4 satellite, the new channel will be aimed primarily at India's burgeoning cable market, which to date is accessed by 14 million of the country's 45 million tv homes. Channels on PAS-4 include HBO Asia, a Viacom network (probably MTV), Disney, ESPN and Turner International, a line-up which is expected to make it the region's hot bird.

"Anyone in the business of cable systems, wanting to give a good service to their viewers has to have access to this satellite," said William Pfeiffer, Sony Pictures senior vice president, Asia. "A year after start-up we would expect to be in almost every cable household in India."

Sony's partnership with ACE gives it instant access to a library of Hindi-language programming and a platform for original production.

Although uplinked from the Asia Broadcast Centre in Singapore, the co-venture will maintain an office in Bombay staffed by about 150 people and headed up by CEO Arun Arora, who previously served as CEO of The Times Of India.

Initially 80% of programming for the channel will be taken from ACE's library of 400 Hindi-language features plus entertainment shows, coupled with dubbed Columbia Tristar product such as *The Young and the Restless* and *Fortune Hunter*.

In the first year the co-venture will be commissioning 1,000 hours of programming including drama, action adventure, gameshows, comedies and soap operas. Most will be produced in Bombay using ACE's Telepictures facilities. Production budget for the first five years is \$70 million.

SET marks Sony's first foray into Asia using its own brand name. "There are fewer names that have greater recognition than Sony," said Pfeiffer. "Sony just set up a factory in India to manufacture tv sets, so what looks like a good business for them is also a good business for us," said Pfeiffer.

By Sarah Walker - HONG KONG

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## SINGALONG NETWORK

Backers of the world's first karaoke tv channel have secured funding to launch a satellite-delivered service aimed at Chinese throughout Asia by the end of the year. The Pan Pacific Media Company, listed in Singapore, the Nanang Press (Malaya) Berhad and the UK's Carlton Communications, with a 31% stake, are the investors. Channel KTV is expected to use the PanAmSat-2 satellite and broadcast Mandarin and Cantonese versions. The channels will be fully supported by advertising and sales of karaoke discs and magazines. Countries KTV will target include China, Taiwan, Hong Kong, Macau, the Philippines and parts of Indochina, a market worth \$2 billion. "This is the first such music-related venture to enter China with, effectively, Chinese partners," said Andrew Craissati, group managing director of the Magna Group, which consulted on the share issue.

## BUSINESS

### Waves Of New Investment For Mediaset

The Kirch Group, Nethold and Saudi Arabian Prince Alwaleed Bin Talal are to acquire stakes in Mediaset, holding company for the media interests of Silvio Berlusconi's Fininvest group. The three will subscribe to a capital increase of IL1,800 billion (\$1.1 billion). In the second phase of the so-called Project Wave, a further \$1.1 billion is expected to be raised from institutional investors, leaving the trio with a combined 20% stake. Following the public listing of Mediaset, expected by the end of the year, Fininvest's interest will fall below 50%. Fininvest's tv division showed a 4.7% drop in revenues in 1994, to \$2.3 billion, in results which saw the parent group make a net loss of \$48 million, blamed largely on its retail chain La Standa.

### Revenues Pour In For Canal Plus and BSkyB

Canal Plus reported first-half revenue of FFr4,997m (\$999.4 million), up 9.1% on the same period in 1994. Sub revenue from the terrestrial Canal Plus (3.9m individual subs) was up 8%. Subs to the package of satellite channels, Canal-satellite, was up 86% at 264,782. The company decided not to go ahead with plans to launch a pay-tv network in Chile. Europe's other pay-tv giant, BSkyB, racked up profits of £155 million (\$258 million) in the year ended June 30, 1995, on turnover of \$1.3 billion. Profits were up 67% and turnover up 41%.

## PEOPLE

### TVNZ Appoints Aussie CEO

Television New Zealand (TVNZ) has appointed a new chief executive to replace Brent Harman, who left to join London-based Flextech group. He is Chris Anderson, previously managing editor of the Australian Broadcasting Corp. and editor-in-chief of the Fairfax newspaper group. Anderson will take up his appointment next month.

## MULTIMEDIA

### CNN Launches 24-Hour Online News Service

CNN has launched a multimedia news service on an Internet website. Rather than a "marketing-type initiative for the CNN's flagship brand," the CNN Website is a fully-fledged multimedia service which will offer continuously updated news together with sound clips, video, still photographs and graphics, according to the Turner-owned network. Apart from the home page featuring news from CNN, users will be able to access U.S. news, business news, world news, sports and showbiz. The Web site is located at <http://www.cnn.com>.

## BROADCASTING

### ESPN Backs Labatt Broadcasting Buyout

Labatt Communications Inc., the unit owning the broadcast interests of Canadian brewer John Labatt, have been bought by a management-led consortium. The consortium includes Canadian interests and U.S. sports network ESPN Inc. LCI's interests include The Sports Network, French-language Le Réseau des sports and The Discovery Channel. The sale is subject to approval by regulatory body the CRTC.

## CHANNELS

### Playboy Inks Japanese Network Deal

Playboy Entertainment Group (PEG) will launch its second overseas network in Japan. The Playboy Channel will launch via cable and satellite in Japan on October 1. It will be a partnership between Tohokushinsha Film Corp. (which will own 80% of the venture) and PEG, which will own the remaining 20%, the maximum permitted for a foreign interest in a Japanese network. PEG has also entered a long-term output deal that will provide 700 hours of programming over the first five years of the venture. A Playboy Channel is launching in the UK and Benelux later this year.

### Looking For New City Cities

Chum Ltd., the parent of Toronto station City-tv, is moving to clone its distinctive local tv format to three other cities in Canada. Chum has filed an application with regulator the CRTC for a tv license in Vancouver and filed an application to rebroadcast City-tv in Ottawa. It is also disaffiliating CKYR in Barrie, Ontario, from the CBC to relaunch the station as a City-tv clone. Elsewhere, group made up of Chum, Moses Znaimer and former Vision TV president Ron Keast bought the Access network, public broadcaster in Alberta.

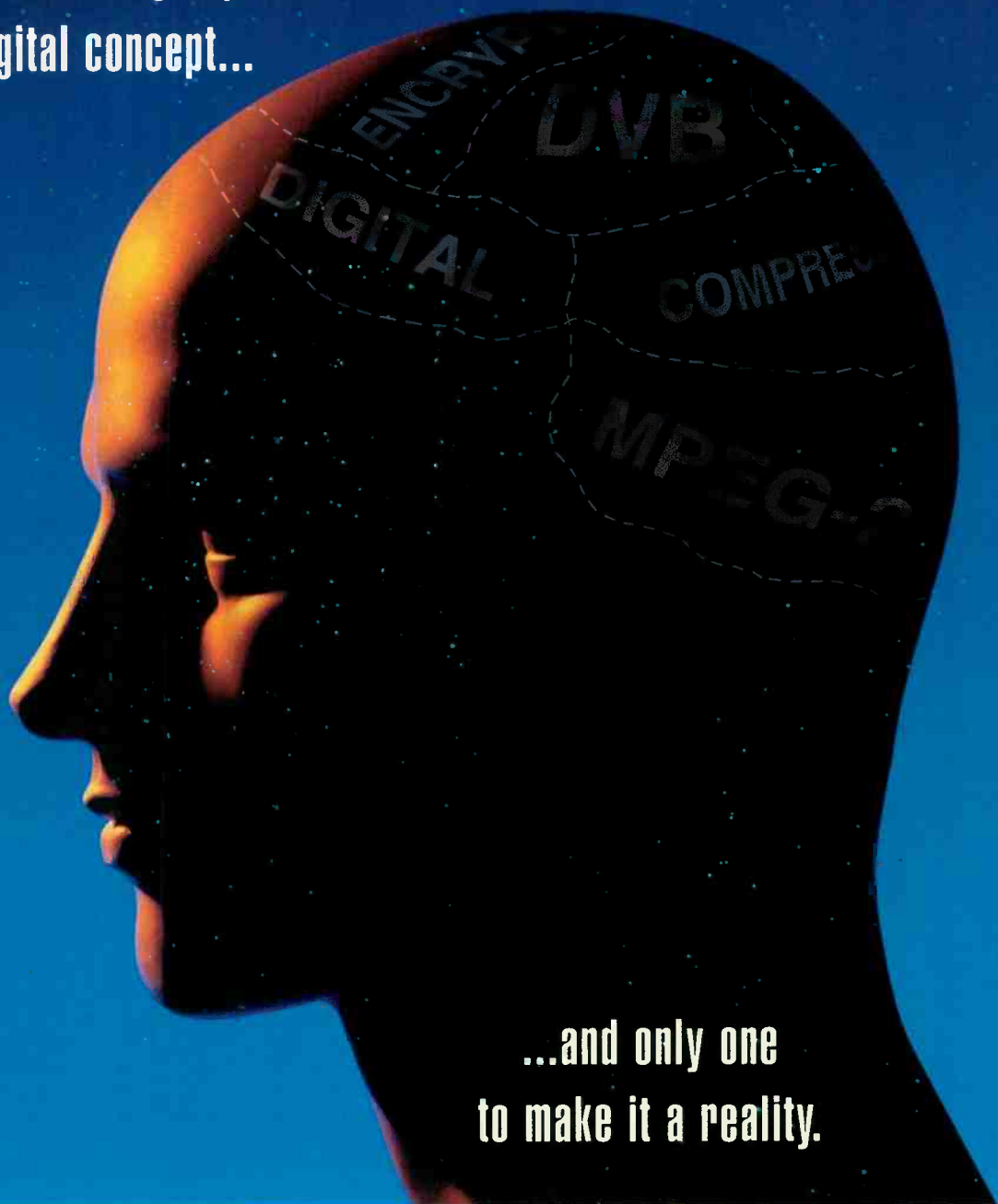
### NBC And DFA Unveil Computer Channel

German news agency Deutsche Fernseh Nachrichten Agentur (DFA) and NBC Super Channel are launching a channel dedicated to computers. GIGA-TV, in which DFA will own a 50.1% share and the NBC-owned channel 49.9%, will launch next year and air for 24 hours daily. The new channel will have an Internet show, a daily news-show on the PC and on-line world, as well as hardware information and interactive game shows. The joint venture, based in Düsseldorf, will apply for a license in Nordrhein Westfalen.

### Erratum

*The address for the SVT (Sveriges Television) library published in last month's film and tv archive listings was out of date. The correct address is: SVT Film and Video Sales, Taptogatan 6, Stockholm, Sweden.*

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Only a short while ago, alluring terms like "digital revolution," "communication superhighway" and "interactive multimedia" were used to describe what awaited us just around the corner. But nobody – neither the users nor readers of this kind of terminology – really seemed to know what was being talked about.

The early flurry of mergers and super-mergers across the lines of the computer, telecommunications and entertainment industries was as confusing as it was symptomatic of the uncertain euphoria about the digital potential ahead.

Meanwhile, and millions of misspent dollars later, most of the enthusiasm has been replaced by more sober reckoning, and the mists obfuscating mental and material horizons are lifting.

Testifying to the sobering effects of the facts of life – and death – are the dismal fate of Time Warner's much-hyped Orlando project and the American phone giants' retreat from the interactive path.

In both cases the technical, financial and software hurdles are higher than the respective expectations. "None of us realized the complexity of building interactive networks," admits Bell Atlantic technology director John Seaholtz.

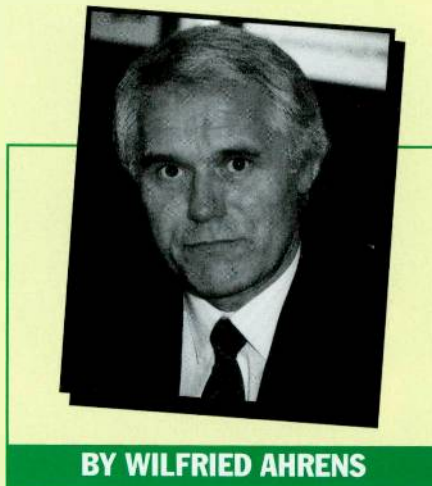
Yet while some ambitious business plans were being scrapped, new ones, including mergers and alliances across the borders of industries and nations, have evolved.

They differ from the earlier generation in that they are far more down-to-earth, concentrating more on what has been tried and tested and less on what might be possible in the minds and laboratories of ingenious experts.

Much more than before the focus is on the marketplace, and the needs and wishes of the masses of potential customers. As far as television is concerned, these are not zillions of individual interactivists, but audiences, anonymous agglomerations passively expecting to be served entertainment and some information on their screens.

In this respect the digital future will not differ much from the analog present until well after the year 2000. And the masses of today's telephone users will not frantically jump on the information

# Sobering Facts Of Digital Life



BY WILFRIED AHRENS

superhighway but will take on-line services much more slowly than was thought probable only a year or two ago. Business traffic will take the lead.

So, in both telecommunications and television, the revolution turns out to be an evolution of things as we have known them, updated by the digital factor of more and quicker ways of transmission.

In both fields a number of new alliances have formed, targeting the global, continental and regional markets. To name just the more spectacular ones: IBM has contracted a joint venture with Stet, the Italian telecommunications holding company; AT&T has forged a common enterprise with partners in Sweden, Holland, Switzerland and Spain (Unisource); Deutsche Telecom, France Télécom and Sprint have blueprinted Phoenix; British Telecom and MCI have

harmonized their interests in Concert Communications; Bertelsmann and America Online created Bertelsmann Online, which will compete with Europe Online, the Luxembourg-based company initiated by Burda Verlag which has just won over Vebacom, the joint telecommunications venture of BT and Germany's Veiba.

The battlefield in the case of digital tv and the object of mergers and alliances is the set-top box, the bottleneck through which any digitized program and service must controllably pass.

The MSG (Media Service GmbH) project of Deutsche Telekom, Bertelsmann and Kirch Group, voided for anti-trust reasons by the European community, has resurfaced as MMBG (MultiMedia-Betriebs-Gesellschaft) completed by CLT, RTL, ARD, and ZDF but without the Kirch group.

Kirch, owner of the rights to 15,000 films and 50,000 hours of tv programs, has decided to go it alone.

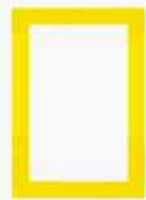
Via its own set-top device, developed in co-operation with Nokia, the Kirch people are preparing a bundle of digital pay-tv offerings, including two children's channels, a documentary program called Documania and film hits from the Kirch coffers like Forrest Gump and Star Trek: Generations. In addition, Sat1 will offer a German league soccer match on a pay-per-view basis and sports channel DSF will show a motor race where the viewer has the option of choosing from six camera positions.

The great unknown factor of even the most conservative digital age calculations, of course, has been and will be the customers' budgets of time and money. (The Swiss Prognos institute thinks this might eventually reach \$240 per month by the year 2005.)

But then, as Time Warner's Gerald Levin once said, "consumers never really knew what they wanted until new things like the telephone and home computers were offered to them." ■

**The tv marketplace consists not of zillions of individual interactivists, but anonymous audiences passively expecting to be served**





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# Back From The Brink



MGM/UA's library, including the James Bond films, persuaded Gary Marenzi the troubled studio had a chance

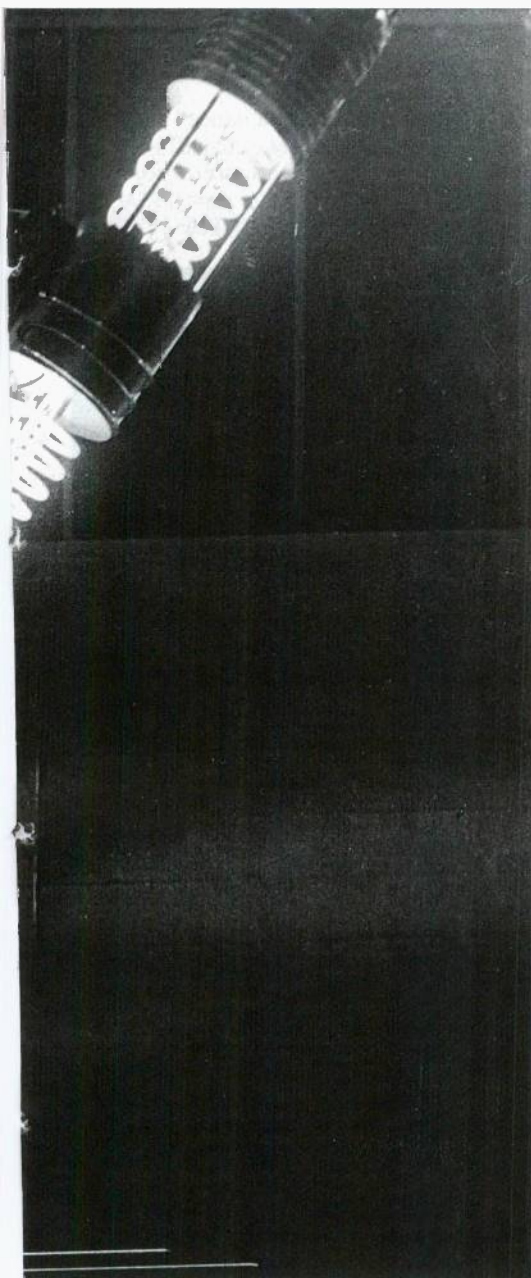
**Battered by the Parretti dispute, its archives depleted, cold-shouldered by Hollywood producers, MGM/UA was in a tight spot when Gary Marenzi took over its tv operations three years ago. But now, reports Barbara Bliss Osborn, the lion is roaring again**

A couple of years ago MGM/UA looked like a scene from an opera, complete with ranting, hair-tearing, and conspiracy. In 1990, Giancarlo Parretti paid \$1.3 billion for 98.5% of the company. He borrowed the money from Credit Lyonnais.

Not long after the purchase, Parretti began defaulting on his loans. When Credit Lyonnais came to collect, Parretti fought them tooth and nail. The bank won the right from a Delaware court to seize control of the company, so Parretti went to his own court, in Italy, to regain control. Temporarily at least, Parretti suc-

ceeded, but eventually, a second Delaware court overruled the Italian court's decision. When the curtain fell, Parretti was gone but the company was in chaos, managerially and financially.

In short, the summer of 1992 was not an auspicious time to walk through the doors of MGM/UA headquarters in Los Angeles. During Parretti's brief tenure as owner, there hadn't been much time, let alone money, to nurture the company's essential businesses. When Gary Marenzi, then the highly-regarded President of the London-based United International Pictures (UIP) Pay-TV Group, was asked



Pic: Kobal Collection

to head up MGM/UA Television, he made some quick calculations. He wanted to come back to California. The question was, should MGM/UA be the way to get there?

"I looked at MGM," he said, "and asked myself, 'What's the worst that can happen?'" The worst, he decided, would be if the bank pulled the plug on the company and even then, MGM/UA would need someone to service the library. And the MGM/UA library was, in Marenzi's words, "a tremendous hunk of clay to fashion a business out of."

Despite having sold off the pre-1986

collection of MGM films to Ted Turner, the MGM/UA library still includes 1,500 titles including the Pink Panther, James Bond, and Rocky films, as well as 2,500 hours of television. "The library put the company in a better position than 90% of the companies out there," said Marenzi.

So Marenzi took the job and set about rebuilding the company's television business. He reopened the Paris sales office and put Gilberte De Turenne, who had worked for the company until 1990, in charge of it. He also opened a distribution office in Sydney, and re-engaged another former employee, Osvaldo Barzelatto in Santiago, Chile, to handle free tv in Latin America.

In the spring of 1993, Frank Mancuso, previously head of Paramount, became chairman and CEO of Metro-Goldwyn-Mayer Inc., and Credit Lyonnais was persuaded not just to keep the company alive but to invest in it.

That meant new film and tv production. Only the long-running series *In The Heat of the Night* had kept MGM's tv distribution alive. Without production, distribution was running out of product. Over the years of turmoil, producers had grown reluctant to bring projects to the studio. In an effort to kick-start tv production, Marenzi forged a seven-year agreement with Showtime which gave the cable network exclusive premium tv rights to MGM and UA theatricals as well as a commitment for tv movies. Marenzi places the total value of the deal at over a billion dollars.

When he was negotiating with Showtime, he tried to interest them in series as well as movies. "We sat down and said it would be nice to have something beyond feature films," he said, "to sell some sizzle, to have some tv product." MGM/UA was especially interested in remaking some of their classic series: *The Outer Limits*, a popular 1960s sci-fi series; the box office success, *Poltergeist*; and the hit film-turned-tv series *Fame*. Marenzi knew if he could get a domestic commitment he could cover his deficit overseas, but Showtime wasn't sure they were interested.

Ultimately, MGM/UA persuaded Showtime to take 44 episodes of *The Outer Limits* in a novel cable/first-run deal. (See box, page 28.) The episodes of the series debut on Showtime and six months later appear in syndication. The hope, said Marenzi, is that MGM/UA can continue to clone this cable/first-run economic model. Already Showtime has agreed to take two additional series on the same basis.

Marenzi predicts that MGM/UA's pro-

duction pipeline will continue to be based on remakes from the library, reality series, and movies. "It's just a pragmatic approach," he said. "We don't have a lot of discretionary money to shoot pilots and develop things. The things we will go after are the things you can break even on really quickly, things where we own a property or we have some rights or we have old scripts. All the areas of production we went into are the most prudent areas."

The studio's first reality series, *LAPD*, is set for first-run this fall with clearances in 86% of the country. "Sure, there are a lot of shows like it," said Marenzi, "but it's an inexpensive show and if it hits, you make a lot of money." As for tv movies (MGM/UA is producing one movie each for ABC, CBS, and NBC in addition to its agreement with Showtime), Marenzi said the studio can make "a little bit of margin" through network license fees, worldwide free and pay-tv deals, and home video. "But that's just the first cycle," he said. "Five years down the road, we'll make more money on them."

Having successfully turned *The Outer Limits* and a second library title, *Poltergeist*, into series, the studio is now turning its attention to other library properties including *Fame*, *The Magnificent Seven* and *Running Scared*. Lest the strategy sound too formulaic, John Symes, president of MGM Worldwide Television, warned: "You can't take every theatrical property and point it towards tv. Historically, people fail with tv adaptations of movies most of the time. We're looking at certain genres that work. If we can find those properties we'll develop them." Looking down the road, Symes said: "If we are successful in launching these series, that will create opportunities for us to bring completely original projects to the marketplace."

New blood and new production is paying off in new revenue. Marenzi said that the company has taken domestic pay-per-view back as a business. "We have new pictures," he said. Internationally, revenue is also up, both on the pay-tv side and international free tv. Free tv revenue has doubled, Marenzi said, as he has tried to untangle some of the long-term licensing deals he inherited from previous management. Wherever possible, Marenzi has negotiated to get titles back.

Pay-tv revenue is up as well, by Marenzi's estimates, roughly fourfold. In part, that's a result of reasserting control over European pay-tv. Although MGM/UA remains a stakeholder in UIP,

the company has become less central to MGM/UA's distribution operation. More and more often, Marenzi is doing deals outside UIP. He explained that pay-tv is of increasing importance in terms of revenue. "We get 75% of our revenue from free tv," he said, "and by the turn of the century it will be 50/50. If you screw up in free tv, you'll get it back in six

months. You don't screw up a deal in pay-tv. You have to do it right the first time. It's much more strategic."

Marenzi has also tried to bring MGM/UA up to speed by cultivating international co-productions, equity investments and other strategic alliances. "We have unofficial alliances with many companies - Rai, FR2, BBC, Channel

Four, Sky," he said. "You don't always want to do a long term deal if the market is competitive, but they are all potential co-production partners."

These freefloating alliances notwithstanding, however, Marenzi is working hard to nail down concrete commitments. In October of last year, MGM/UA signed an agreement with Tele-Munchen

## Remake Makes Good

**The Outer Limits was MGM/UA's one shot at a comeback**

**F**or five long years, MGM/UA had been virtually invisible in the television business. Now it was trying to break back in. It had a hot property - at least it hoped so - a remake of the popular 1960s science-fiction series. John Symes, president of MGM/UA Worldwide Television Group, recalls that everyone at the company knew how much was riding on the series. "The fact that the show has been so well-received has given us a huge boost in credibility," he said. "If *The Outer Limits* had not gotten the reception it did, our ability to take advantage of the MGM library would have been greatly reduced."

Knowing how much was at risk, MGM/UA carefully put together the production. First, they agreed that the series was not going to be cheap. Each episode would be budgeted at over a million dollars. Then, the company convinced Showtime that, given the recent success of *Star Trek*, *The X-Files* and other sci-fi shows, *The Outer Limits* was a bankable series.

Soon after MGM/UA signed the deal with Showtime, the cable network suffered what Gary Marenzi, president of MGM/UA Telecommunications Group, calls "buyer's remorse." The two companies went back to the negotiating table.

This time, Showtime agreed to take twice as many episodes - 44 - at a lower per-episode fee. But the new agreement allowed MGM/UA to sell the series into syndication on a short window which would mean a much faster revenue return for MGM/UA. After the Showtime debut in the spring of 1995, the series' first-run window would begin just six months later. Showtime will not run *The Outer Limits* episodes from September through December, while the first-run episodes air. In January 1996, the cable network will begin airing second season episodes. "The initial cable window has been reduced so substantially," said Symes, "that cable and syndicators are almost sharing."

With that agreement in place, Symes looked for the right company to produce it. "We wanted to bring a theatrical feel to the series," he said, so they went to Trilogy Entertainment, a company known for its features, *Robin Hood: Prince of Thieves*, *Bäckdraft* and *Blown Away*.

MGM/UA insisted that the series be written by top science-fiction writers. "It all starts with the written word," Symes said. "The scripts allowed us to bring prominent actors into every episode." Lloyd and Jeff Bridges agreed to appear in the pilot. Leonard Nimoy, who acted in the original series, agreed to



The Outer Limits: Part of a prudent production strategy

appear in an episode that his son Adam directed. Rebecca DeMornay, Marlee Matlin, Richard Thomas and Daniel J. Travanti also agreed to appear.

When the series finally debuted last spring, Showtime's ratings for the period improved 15% and the pilot proved to be one of Showtime's highest-rated original movies ever. In fact, the series was such a success that Showtime traded in some of their tv movie commitments with MGM/UA for more series. *Poltergeist: The Legacy* will be produced using the same distribution model - 44 episodes with a short window into first-run syndication. A third MGM/UA series, as yet unnamed, will also be produced using the accelerated cablecast-to-syndication model.

So far, Showtime's airings seem not to have hurt *The Outer Limits* in syndication. Symes admits that at first there was some apprehension, but MGM/UA cleared the series in 95% of the country. In fact, Symes hopes that the cablecast will ultimately help the series. "The Showtime run will enhance, and hopefully quicken, the response to the show in syndication because the series has already gotten national exposure, albeit limited exposure," he said.

Overseas, MGM/UA has also had luck with the series. Gary Marenzi reports that *The Outer Limits* has been sold in 40 territories and the number continues to climb.

Despite the studio's success with their new production/distribution model, Symes does not believe deals like this one will become a mainstay of television production. "Programming will always be based primarily on exclusivity," he said, arguing that this deal works because Showtime has a relatively low penetration (8.5 million households) and *The Outer Limits* is a great title.

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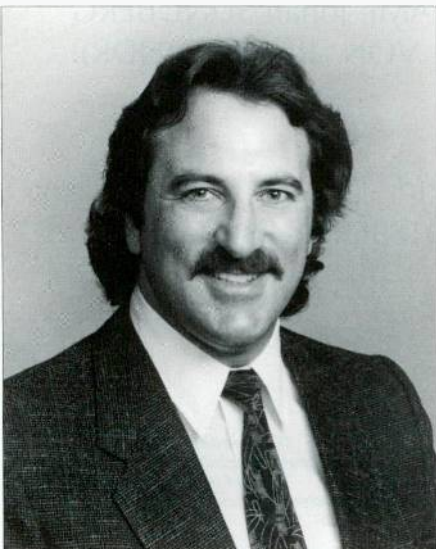
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giving the company the right to distribute the studio's tv movies and series in German-speaking territories. For Marenzi, a crucial aspect of the deal was the agreement to jointly develop projects. Although the two companies have yet to announce a co-production, Marenzi believes that in the next year the two companies will move forward.

Those co-productions may well involve another new MGM/UA partner, the Seven Network in Australia. In August, Marenzi signed an exclusive distribution license for Australian free-tv rights to MGM/UA films and tv programs. The agreement also included a development fund with which MGM and Seven will develop potential projects.

MGM/UA's biggest step in the international arena has been the decision to launch its own channel, MGM Gold, a satellite and cable-delivered service in Indonesia and other territories in Asia. MGM Gold is expected to launch some time in 1996. It is a joint venture with Asia Media Management, a company developing satellite entertainment services in Asia. Programming is expected to be drawn from the MGM/UA library of movies, tv series, children's programs, and animation.

"It's going to have our name on it," said Marenzi. "We want to build a brand with our name and our logo, not just for tv but for our products, no matter what they are." Like the new cable/first-run model they developed for *The Outer Limits*, MGM Gold is a model the company may clone in the future. Marenzi has already discussed the possibility of launching a channel in Western and Eastern Europe as well as Latin America.



Gary Marenzi: Glad he came back



LAPD: If it hits, the reality checks will roll in

Were MGM/UA to launch a channel in Latin America, the company might find himself competing against program services in which it already has a stake. But in Asia, MGM/UA doesn't have that problem. MGM Gold will not substantially cut into company licensing revenue. "In Asia, distributors don't make a lot of money licensing their product, so the risk, even if the channel doesn't grow as fast as we'd like, is small," Marenzi said.

From his standpoint, launching new channels in developing markets is a better bet than counting on international barter. "I don't want to pour water on what some people are saying is the next big thing," he said, "but I'm not real bullish on barter unless it's absolutely necessary. If you look at the mess the domestic market is in, you can't sell anything for cash unless it's second or third run product. Barter gets program directors in the consignment mode. I like people making their evaluations, putting their reputation on the line."

Marenzi is trying to keep his eye on the long term. MGM/UA holds equity stakes in five other international entertainment services including a small stake through UIP in Japan's pay-tv channel Star. In Australia, MGM/UA has teamed with Warner Bros and Disney for two movie channels with pay-tv operator Optus Vision. Those channels are set to launch later this year. The first will feature classic films from the partner's libraries, while the second will include recent Hollywood releases from the

three studios as well as Australian films from Aussie supplier Village Roadshow.

In Latin America, MGM/UA has a stake in Telecine, a Portuguese-language channel in Brazil which launched in December of last year. Thanks to good management from local partners, Marenzi said, Telecine has had a smooth start-up. MGM/UA had less luck launching CineCanal, a Spanish-language channel in Latin America which launched in 1993. The number of new channels in the market, Marenzi said, has made the situation confusing to consumers and MGM/UA has had a harder time establishing the channel.

In some territories, CineCanal has been offered as a basic service, while in others it is offered as a premium channel. MGM/UA is currently trying to reposition the channel as only a premium service throughout Latin America.

Sizing up MGM/UA after three years of hard work, Marenzi said, "It's like a different company. The old MGM doesn't exist anymore. We've gone from zero to a quantum leap."

It's that success that makes him guardedly optimistic about riding through MGM/UA's one last wild card. By law, Credit Lyonnais has to reduce its stake in the studio to 25% by May 1997. Marenzi said he tries not to let the change of ownership worry him. "Hopefully," he said, "whoever buys us will say, 'These guys are doing the right thing and that's why we want to buy the company.'" **IB**

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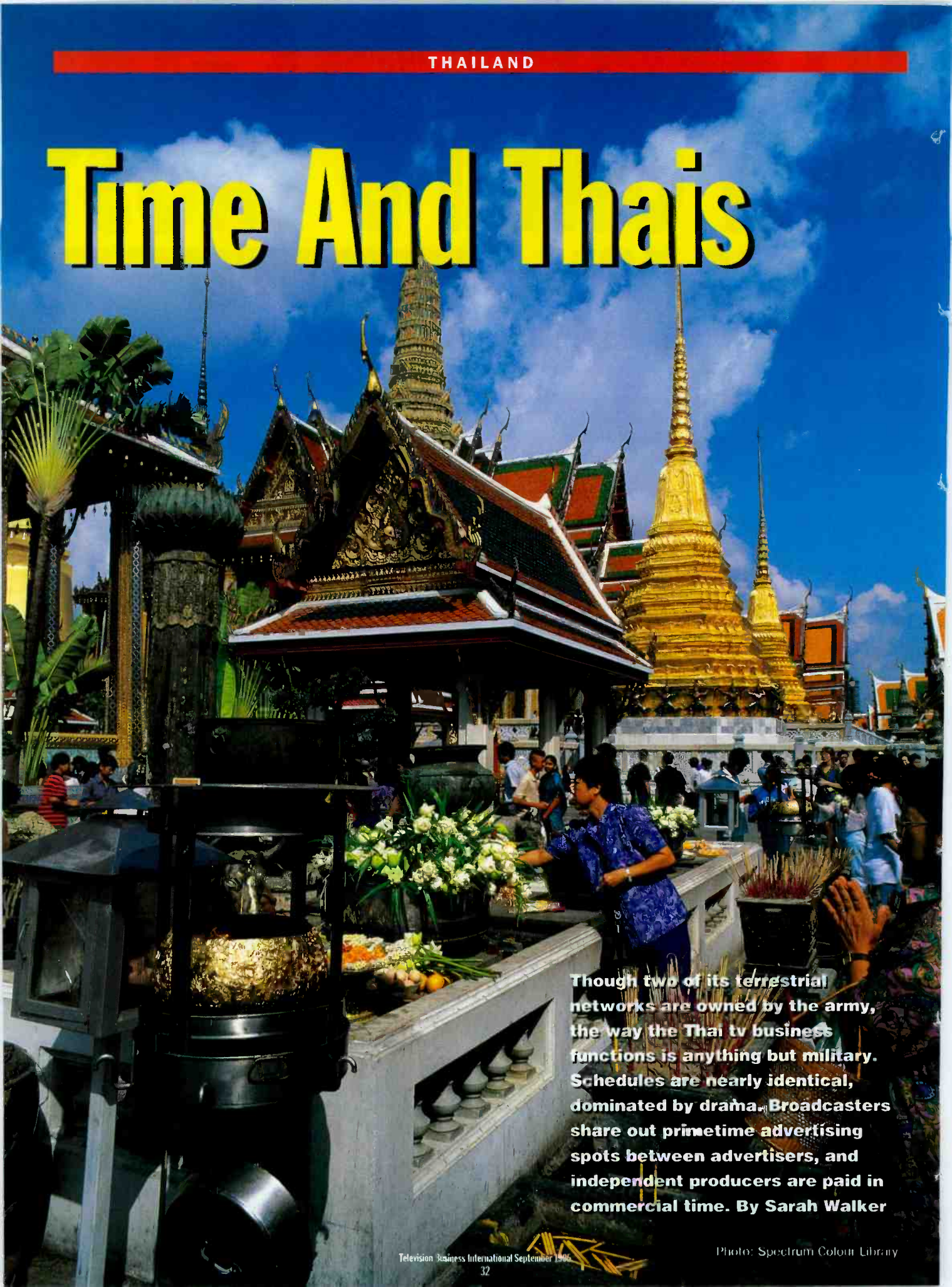
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# Time And Thais

A vibrant scene at a Thai temple, likely Wat Phnom in Bangkok. The image shows several golden stupas of varying heights against a bright blue sky with scattered white clouds. In the foreground, a woman in a blue patterned shirt is seen from the side, tending to a large arrangement of white flowers on a white stone table. To her left, a black metal incense burner is filled with burning incense. In the background, other people are visible, some in traditional Thai attire, engaged in various activities. The overall atmosphere is one of a busy, active religious site.

Though two of its terrestrial networks are owned by the army, the way the Thai tv business functions is anything but military. Schedules are nearly identical, dominated by drama. Broadcasters share out primetime advertising spots between advertisers, and independent producers are paid in commercial time. By Sarah Walker



With five national terrestrial broadcasters serving 13 million tv households, you would think Thailand had more than enough television to keep its population of 60 million-plus going. But the tv industry, as in many other Asian countries, keeps growing and growing.

In addition to the five terrestrials, Thailand also has three existing pay-tv operators: International Broadcasting Corporation (IBC), Thaisky Cable Network and Universal Cable Network (UTV), plus another 20 or so who have received licenses since the pay-tv market was deregulated (see box, p.00). Soon to join the fray will be a new UHF-delivered broadcaster, Siam TV, which received its license from the government this year and is set to begin broadcasts in 1997. A second UHF licensee could follow.

Tv broadcasting began in Thailand in 1952 when the Thai Television Co was established by the Public Relations Department and other government agencies to operate Thailand's first television station, now Channel 9. Between 1958 and 1970, three additional stations – Channels 3, 5 and 7 – also launched. The fifth service, Channel 11, launched in 1985. In 1977, the Mass Communications Organisation of Thailand (MCOT) was set up to operate the mass media on behalf of the government. MCOT is now the official owner of Channels 9 and 3, although the Bangkok Entertainment Co is responsible for the operations of Channel 3. MCOT is also one of the bodies responsible for handing out pay-tv licenses. Channel 5 is owned by the army and so is Channel 7, but the later more indirectly. It works under the Channel 5 license and meets with the station directors once a month to discuss public responses to programs, but on a day-to-day basis it is operated by the Bangkok TV and Radio Co, a unit of private company BBTv Satelvision.

Despite the fact that all the Thai broadcasters are owned by government or official bodies, there are few statutory programming requirements. Four of the five terrestrials are funded by advertising, with ten minutes of advertising time allowed to be sold in each hour. And, despite the growing number of potential competitors, it is unlikely revenues will be threatened in the short term. Advertising is banned on pay-tv.

According to figures provided by the Thai ratings organization Demaar, in the year to April 1994, gross tv advertising expenditure by the four commercial channels was \$244 million, rising to \$276

million in the year to April 1995.

Of this, Channel 7 took the lion's share: \$86 million in 1994 and \$103 million in 1995, increasing its revenue by 21%. This was followed by Channel 3, posting \$70 million in 1995, an increase of 15%. In third place was Channel 5 with a 3% revenue increase followed by Channel 9 with 8%.

Channel 7, not surprisingly, is also the ratings leader. Between April 1994 and April 1995 it often claimed a 40% plus audience share in the main Bangkok area, followed increasingly closely by Channel 3 and then Channel 5, 9 and finally 11, the latter barely managing more than a 1% share in any month.

According to Channel 7's development manager Boontem Dhaneswongse, about 70% of the broadcaster's programming is locally-made. "We buy mainly films, sports and miniseries. We used to buy a lot of action adventure but now there is more talk and not so much action, it is not so interesting to our viewers."

At Channel 3, the programming trend is also becoming more local. "We used to have two or three acquired series a week," said the broadcaster's Molvipa Visuwan. "Now at least two hours of our programming a day is produced in-house."

There is little differentiation between the schedules of the broadcasters with the most prevalent and popular genre being the Thai drama series. "They tend to operate a 'me too' philosophy," said one observer. "Channel 5 began showing drama at 9pm and all the others followed."

Aside from drama, the weekday mornings include other programming aimed primarily at the housewife, such as films and magazine-style shows. Following the news at lunchtime, the afternoon schedules are again heavy on entertainment such as gameshows, reruns and variety. At 5pm to 6pm most of the broadcasters show family programming, which is mainly imported cartoons.

However, it is the primetime 6pm to 10pm slot that is considered the most important in Thai terrestrial broadcasting, and here that the most advertising revenue is generated.

Up until the early 1990s the authorities imposed a rule that each broadcaster had to show the news in the early evening, followed by a locally-produced Thai drama, in order to help the growth of the independent production sector.

Although those rules have now been relaxed, each broadcaster still follows the

same pattern. The news is broadcast between 6pm and 8.30pm to 9pm, followed by drama, mostly locally-produced. Channel 3's acquisition of the Chinese-language series *Pao Bun Jin* (Judge Pao), also a huge hit in Taiwan and Hong Kong, has pushed its ratings above those of Channel 7 in that time period.

Not surprisingly these slots are the most expensive for advertisers: a 30-second spot on Channel 7 costs about \$7,200 during the news and \$10,000 during the drama slot compared to \$480 after midnight. The cost of a 30-second spot on Channel 3 has risen, since the success of Judge Pao, to \$9,600 compared to \$5,600 for late night. For the others the cost for the primetime drama is around \$8,000.

However, although primetime slots are the most expensive, the unconventional way in which the Thais sell them has led to a situation where prices are kept artificially low, leaving, said one advertising executive, "an over-demand for primetime and an under-demand for other parts of the schedules."

This is achieved through a quota arrangement whereby tv stations limit the amount of airtime they can sell to each agency during primetime and other especially popular slots. Agencies are allocated a certain number of primetime slots based on how many of their clients are likely to purchase spots in that time period. Deals are negotiated on a yearly basis.

"It is very important to fill that quota," said an executive at ad agency McCann Erickson in Thailand. "If we asked for 20 spots a month and our clients only came up with 15, then when negotiations come round for the following year, our quota would be lowered."

It is up to the station to decide which shows are given over to quotas. Generally the station with the highest share of viewing has the most quotas. Channel 9 has only one set of quota programs.

The Thai broadcasters' approach to programming and scheduling is also at

## Numbers Game

Viewing shares all indivs 6+, July '95

<b>Channel 3</b>	<b>38%</b>
<b>Channel 5</b>	<b>13%</b>
<b>Channel 7</b>	<b>34%</b>
<b>Channel 9</b>	<b>13%</b>
<b>Channel 11</b>	<b>2%</b>

Source: Nielsen SRG

times unconventional. An over-supply of advertising guarantees revenue at the most expensive times, meaning ratings are not always the bottom line.

The practice in Thailand has been to sell blocks of time to independent producers, commonly referred to as brokers, for a flat fee in exchange for programming. While brokers say they always come to a joint decision with the broadcaster as to what programming will be produced for that slot, some reports say broadcasters offload the slot to the brokers, who sell the airtime and then schedule whatever they want in the slot.

"It's an easy way to increase the budget. You just increase the prices of the slot, but it tears the direction of the schedule apart," said one programming executive.

Channel 5 and Channel 9 broker out most of their programming slots and as such own very few of the programs themselves.

However Channel 7 and Channel 3 operate differently and more conventionally.

"We sell the airtime at midnight and early in the morning because we don't have enough resources and there is not enough manpower to fill up 22 hours a day, but we always know what they are putting in the slot," said Channel 7's Dhaneswongse. "We generally own primetime and fringe periods ourselves."

The number of terrestrials, coupled with the relatively small number of productions made in-house, has created a buoyant production industry in Thailand, with the major independents/brokers being Grammy, Kantana, JSL and Media Of Medias. The nature of the industry means they each wear more than one hat. "We have our own marketing arm to sell the advertising. In 1994 we sold some 5,300 minutes of airtime," said Paul Srichandra, vice president of the Kantana Group. "We operate in a number of different ways, the channels all have different structures – some sell outright, some revenue share, some commission and some work across all principles."

A big producer of software, Kantana has four studios and produces a whole range of genres. Overall it supplies about 80 hours of programming a month to Channels 3, 5, 7 and 9, including 25 episodes of drama. Shows include *I will love you tomorrow* – a drama for Channel 9 and *The Challenge* for Channel 5. Kantana has also just acquired the format of quiz show *Show By Shohai* from Nippon Television Network of Japan which will also be broadcast on Channel 5.

Srichandra said the costs of produc-



Dramas like *The Devil's Princess* are a staple of the Thai viewing diet

tion in Thailand come in at around \$20,000 for a one-hour drama and \$10,000 for a variety or quiz show.

Grammy Entertainment, a tv production house, in addition to being the country's largest producer, distributor and copyright holder of Thai music, produces around 100 hours of programming a month for all the terrestrials, with the exception of Channel 3, whose move towards commissioning out programming instead of selling the airtime has made it less attractive to independents. "We are not just a production house," said Watanachai Jesdangkul, senior vice president, business development group. "We always produce for ourselves and take the ad revenue."

Grammy produces primetime drama serials and talk shows as well as music programming. Many of the late-night slots are given over to Grammy for music shows. The company's large roster of artists means it can produce such shows very cheaply.


Having built up substantial libraries, the relatively mature Thai independents are now hoping to spread their wings. All are looking at selling programming overseas or co-producing with overseas companies and some are going into channel development. Grammy has bought a stake in IBC (see box) while Kantana has set up a tv station in neighbouring Cambodia as a joint venture with the Thai NaKorn Pattana Co. Kantana is also part of the 12 member consortium behind UHF station Siam TV, alongside Siam TV and Communication Co. Ltd, a media and communications house owned by the Siam Commercial Bank and the Crown Property Bureau's

United Cinema Co, and newspaper groups Sang Enterprise Corporation and TH Vatanakij Holding Public Company, among others. With an initial capital investment of about \$162 million, Siam TV is building 36 transmission stations and four studios with the help of the BBC's technical department and is hoping for 97% coverage within two years.

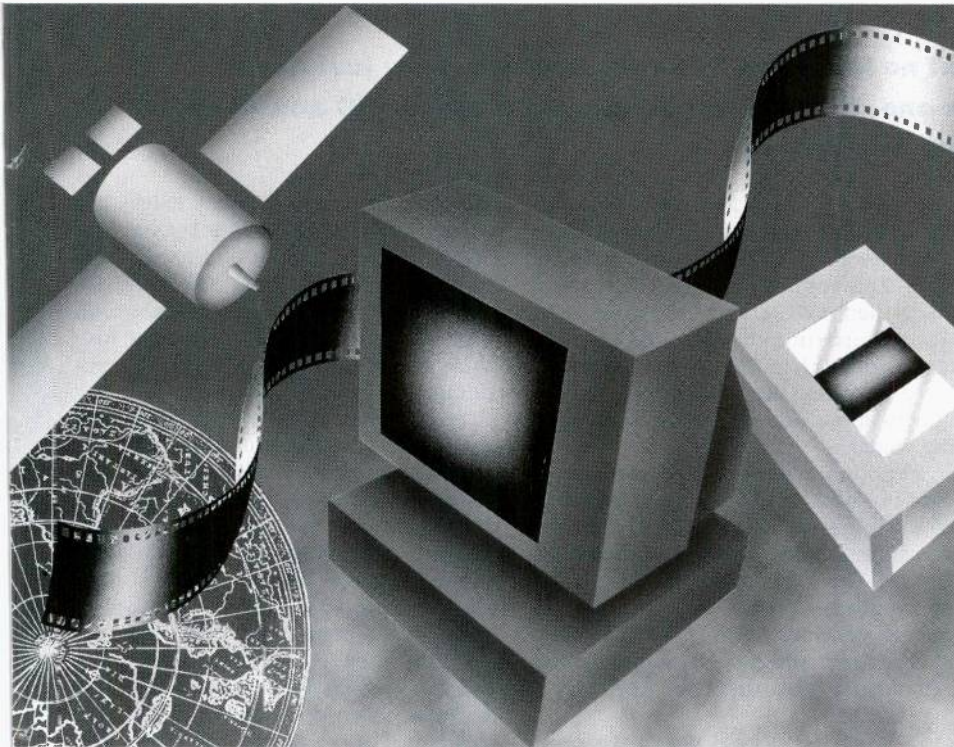
Not only is Siam TV the first broadcaster to be owned by the private sector, it's the first broadcaster, perhaps with the exception of Channel 11, to have specific government programming requirements and a commitment to show educational and socially enlightening programming. The channel's schedule which will be a mix of locally-produced and imported fare, will be made up of news (30%), documentaries (40%) and entertainment a mere 30%.

With the Thai television market so heavily centred around entertainment programming, the arrival of Siam TV in 1997 could provide viewers with an alternative to the daily diet of drama, drama and drama.

"Thai people still like to see drama, talk shows and variety shows," said Natavoot Chitasombat, executive vice president of shareholder Siam TV and Communication Co. "We have to make news and documentary programming that is more interesting and useful... Thais have a broader view of everything and would like to see something different."

Others are not so sure. "Its ratings will probably begin at zero," said one cynical observer. "But that won't matter. Ad agencies are desperate for additional choices." 

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# 27 Is A Crowd

**Thai authorities have handed out no less than 27 pay-tv licenses. Now just about everybody in the tv industry has one, though the two biggest players, IBC and ThaiSky, are hogging most of the available distribution**

**W**hile terrestrial television will no doubt continue to dominate for some time to come, Thailand's burgeoning pay-tv market is engaged in a scramble, with operators competing to gain distribution, hook up with the most attractive programmers and garner additional finance to plough back into original programming.

Until this year there were just two pay-tv operators in the market: International Broadcasting Corporation (IBC), now owned by a consortium of Shinawatra Computer and Communications Co, BBTV Satelvision and Grammy Entertainment, and the Wattachak Group's ThaiSky Cable Network. Both broadcast via microwave distribution.

However in May 1993, MCOT awarded a similar license to Universal Cable TV Network (UTV) owned by the giant Sino-Thai conglomerate CP Group. Since then, MCOT and the Public Relations Department – the other body authorized to hand out pay-tv licenses – have between them awarded over 25 concessions, and more are waiting in the wings.

Although anyone who is anyone in Thai business is a backer of at least one of the licensees, among them the telecoms companies Jasmine International Group, Thai Telephone and Telecommunications (TT&T), terrestrial broadcasters Channel 3 and Channel 7 and independent producer Grammy Entertainment, the market for pay-tv is at present small.

"If all the people who have cable watched nothing else it would only make a difference of about one rating point," said one tv executive.

Although industry estimates point to a potential subscriber base of 1.6 million in greater Bangkok, the country's richest area, present paying homes only amount to 220,000, with IBC claiming 150,000 and ThaiSky 70,000. UTV only launched in July but is aiming for 80,000 subs a year after start-up. And with the cost of subscriptions no higher than \$32 a month for each of the services and advertising banned, revenue potential in the short term isn't all that great.

New entrants are also going to be restricted by other means: firstly by delivery. All the MMDS frequencies have been taken up by ThaiSky and IBC and although some companies, such as UTV, are laying fibre-optic cable, it is a costly alternative. As regards DTH delivery, IBC, ThaiSky and UTV are the only companies to have obtained transponder space on the domestic satellites Thaicom 1 and 2, the others will have to wait until Thaicom 3 is launched in late 1996.

New entrants will also face a shortage of programming. IBC's eight channel line-up, aside from locally-

packaged channels, includes ESPN, The Discovery Channel, HBO Asia and CNNI, while ThaiSky's nine-channel bouquet includes several Star TV channels. UTV has distribution deals with Asia Business News, TNT/ Cartoon Network and MTV among others. It is providing a ten-channel service.

A schedule full of overseas fare may not be the way to go in the long term. Advertising agency McCann Erickson recently did a survey among 15-24 year olds to monitor whether or not pay-tv was popular among the Thai youth. Of all the operators, IBC was the most popular, but the vast majority of viewers had watched none in the past week.

"While there is room for expansion it is still a medium that has to grow before it can be used on (advertising) schedules here," said a McCann Erickson representative, anticipating a lift on the current ban. "It comes down to programming. There has to be some localization of programming. A vast majority of Thais still struggle with English and U.S. programs."

There are signs that the existing operators are already going in that direction. "We intend to spend as much on local production as free tv," said Bernard Sumayao, vice president of programming and production at UTV. He intend the network's family channel to be 50% locally-produced and has already commissioned a one-hour show from independent JSL called *The Laughing Mask*.

Of the three it is probably IBC that has scored the greatest coup, though. Earlier this year its majority owner Shinawatra sold an 18% stake to BBTV Satelvision, operator of Channel 7, and 18% to Grammy. Both are expected to bolster IBC's original production beyond the current 10% of output.

"Cable and broadcast tv complement each other," said Channel 7's development manager Boontem Dhaneswongse. "There are a certain amount of programmes that are not suitable for broadcast tv... we like to cover the whole spectrum, so cable is a natural choice."

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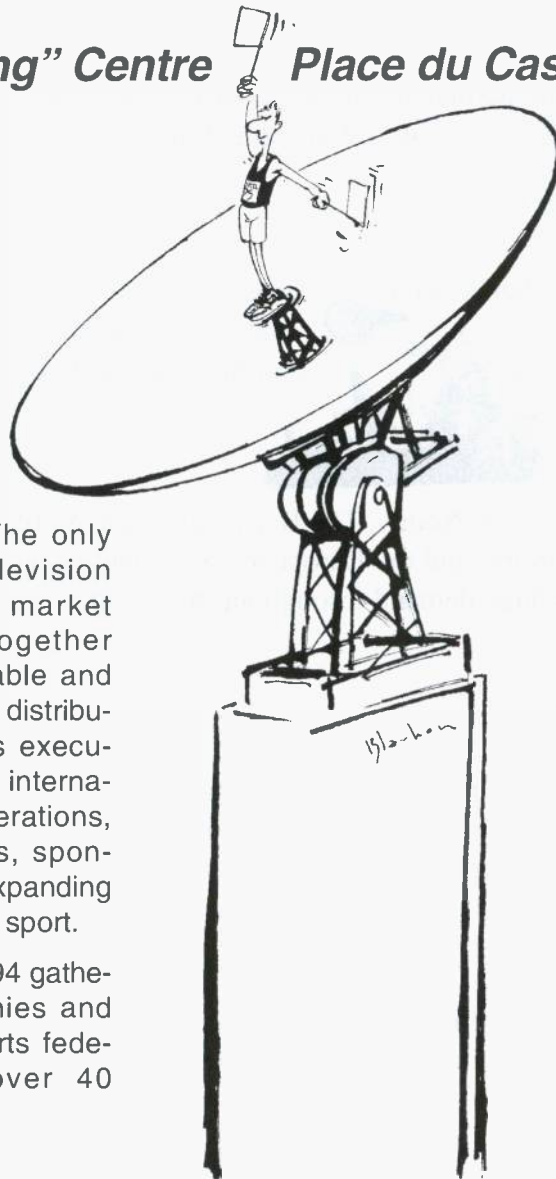
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## IN TUNE WITH CHILDREN WORLDWIDE

# Block Tactics

Few areas of the business are as commercial as kid's tv. Production costs are high, the audience is fickle and competition is intense. But dealing with young minds and young sensitivities, a hard sell can often be out of place. Starting TBI's annual focus on the genre, Tim Westcott reports on a distribution trend which is on the increase — the offer of blocks and packages of programming

I've got jewel power. At least, that's what it says, in fancy pink letters, on the badge the people from Bohbot International sent me. Jewel Power is what the U.S. company, through its Paris-based sales operation, is hoping to channel to little girls the world over via the adventures of Starla, the heroine of *Starla And The Jewel Riders*, one of the three Bohbot shows

launched on the international market earlier this year.

Starla: fully-financed by Bohbot and heading its aggressive international push



Starla (Princess Guinevere if you're in the U.S.) leads her cohorts on a quest to find the lost enchanted jewels and thus save the Land Of Avalon from the evil Lady Kale. Through their role model, young girls will learn to set and achieve goals in their own lives, enjoying romance, fantasy and a music soundtrack featuring original songs "in the classic tradition of Disney," according to the press material.

Together with the boy's animated show *Sky Surfer Strike Force*, live action edu-

chandising and promotional tie-ins.

Through research, it identified a daypart on Sunday mornings between 8am and 10am which was an ideal time for kids' viewing and was, at the time, neglected by many stations.

*Amazin' Adventures* was launched in 1992 and cleared in 70% of the market. In May 1995, Nielsen ratings recorded a rating of 3.5 and share of 15 among kids aged 2-11 and 3.6/17 among kids aged 6-11 for the block.

This year it will be seen in

166 tv stations by a potential 88% of the population.

"The success of the block has given us great leverage in the U.S.," said Allen

Bohbot, chief executive officer of Bohbot Communications Corp.

"The kinds of programs we are airing are getting considerably better. If we can find a way to entice programmers (around the world) to program the block it will be a valuable resource for our company."

Nadia Nardonnet, International Managing Director, said that three broadcasters have already signed up to take the block: 2x2 in Russia, RPC in Panama and Star in Greece. 2x2 starts airing a one-hour block this January, and RTC and Star will switch on a one-hour block in the fall of 1996. A full two-hour block becomes available for the year 1996/7.

Although these stations are comparative minnows, Nardonnet said she is in negotiation with a big fish - RTVE in Spain. The company is prepared to be patient. "Having a block of programming is rewarding for the broadcaster

because it creates a loyal audience and better awareness. It's very helpful in a competitive market where it is usually hard to keep children," said Nardonnet.

As it did in the U.S., Bohbot has sold the licenses to individual shows. *Starla* has sold to RTL in Germany, GMTV in the UK, France 3, Reteitalia and RTVE, while *AJ's Time Travellers* sold to RTL, Middle Eastern service Orbit, Canal Famille in Canada and Vision Plus in Asia. *Skysurfer Strike Force* has sold to BSkyB in the UK, Mediaset in Italy and Latin America. In markets where the leading network is offering a slightly lower license fee than its competition, Nardonnet is authorized to take the lower offer, said Bohbot. "Ultimately, you're judged by the company you keep." Bohbot's clients - each show is backed by a toy line - want big exposure to drive sales.

Broadcasters are becoming increasingly keen to take a share of merchandising revenues, recognizing the crucial importance of their viewers to the business. Bohbot is prepared to offer a percentage of merchandising in their territory if the broadcaster takes the block, but not if it is only buying a single show. Bohbot also says he could make taking a block a condition for a broadcaster wishing to buy a single show.

Bohbot is moving to increase its output. It has 12 shows currently airing in the U.S. and plans to launch three more next year, two of which it will finance itself. Average production budgets range from \$275,000-300,000 per half-hour for a 26-episode series. Last month it opened an acquisition and development office in LA which Bohbot said is taking 3-4 concepts a day from independent producers - "the Nelvanas, the Dics and the Film Romans."

Bohbot, which fully funded *Starla*, using an animation studio on a work for hire

basis, has also investigated studios in Britain, France and Spain, which could add programs with European content to its catalog.

Many of the producers which supply programs for its U.S. block have their own international sales operation. But from next year, according to Bohbot, it will be looking to retain all rights to shows in the block. "We're saying if you want to be in *Amazin' Adventures* in the U.S., you have to be in it around the world. We will not put a show on in the U.S. unless we control worldwide rights."

Bohbot said he plans to open a media buying office in London as the "hub" of a European operation next April. But, although it will clearly be pitching for the European business of its U.S. clients, Bohbot affirms he won't be trying to use advertising leverage. "We're not looking at doing barter deals. It's not a good business. Importing the barter business is the last thing we want to do." He admits, however, that being a major buyer of media might give it an "edge" over other distributors in some situations. Bohbot also backs its shows in the U.S. with promotional campaigns for clients including retail chain Toys R Us.

Rival distributors are predictably quick to pick holes in Bohbot's sales pitch. First, they say, the international market doesn't operate the same way as the U.S. "It's apples and oranges," said Neil Court, a consultant for Film Roman. "Bohbot's success in the U.S. is largely driven by the inability of independent stations to get access to the majors' programs," he said. "In Europe, broadcasters have access to anything they want."

The big studios, notably Disney and Warner Bros, already have broadcasters signed up to supply deals (see story, p.42). As well as the library, they have the name. "Warners and Disney

cont. page 44



Bohbot: Programs are getting better

tainment show *AJ's Time Travellers* and two Christmas specials, *Starla* is aiming to have a similarly dynamic effect on Bohbot International's sales, which totalled \$10 million in its first year.

The company is adopting the same approach to the international market as it has used in domestic syndication. That is, offering its programs in a block, backed up an array of inducements ranging from a cut of merchandising revenues to the advertising dollars of toy clients handled by its media buying arm.

Bohbot launched its distribution operation in 1990. At first it sold its programs like any normal distributor. Stations put its programs on at different times of day and different days of the week. That wasn't much help to Bohbot, which was looking for maximum synergy to drive its mer-



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# Brand Building

**B**roadcasters may never be offered so many inducements to hand over the programming of their children's segments lock, stock and barrel to a distributor.

Walt Disney and Warner Bros both offer branded blocks of animation programming. Disney blocks air in 35 territories and 42 have blocks bearing either the Warner name or that of Bugs Bunny. Turner has reintroduced a Hanna Barbera hour to the international market this year. Saban International, according to Stan Golden, Managing Director, is looking to build its own branded blocks on the back of the success of its *Mighty Morphin' Power Rangers*.

It doesn't stop there. Basic cable networks Nickelodeon and Cartoon Network have both launched international networks, and programming from both is airing in blocks. This month, Fox launches a children's block on its Latin American network, Canal Fox, and the Warner Channel also features a kids' segment made up of library product.

Sue Kröll, former head of TNT/Cartoon in Europe, is now at Warners developing plans for locally-tailored networks, including a family channel. Fox Children's Network is also, according to a spokesman, "moving aggressively forward on program services acquisition" overseas.

Disney's blocks vary from half an hour to two hours in length. The studio's name is usually featured, a reflection of the power of the brand name and its associative value to broadcasters. In each market, the block is produced by Disney and in Russia and India, it gets a share of advertising airtime from the broadcasters, RTR and Doordarshan respectively, as part of the deal.

Warner Bros describes The Warner Hour as a working title. It offers a flexible package including archive and new material, pre-recorded bridges and promotional back-up. Warners doesn't insist that the broadcaster uses the Warner name; it is "more concerned that the block is successful for the broadcaster," according to Lisa Gregorian, vice president of international research and marketing.

Lengths vary from half an hour to two-and-a-half hours. ITV (which has deals with both Warner Bros and Disney) incorporates Warner animation in a block fronted by a presenter, an approach also adopted in Denmark. In France, three networks have Warner-branded blocks.

One reason broadcasters are inclined to do deals with the majors is that they are often linked with larger output deals for feature film and network hours. Distributors claim some broadcasters buy more programming than they can show just

to secure film rights.

Mike Byrd, head of international syndication at Turner, said it had aggressively been selling a Hanna Barbera block for the last six to eight months. Artear in Argentina and Bangkok Broadcasting in Thailand have both signed up and Byrd said he would announce "three or four" further sales at Mipcom. Next year, Turner will target Europe.

Byrd said broadcasters are offered the best of Hanna Barbera's library of 3,600 half-hours of programming and interstitials to help tailor the block to their requirements. In addition, the broadcaster gets a cut of merchandising revenue in its territory — "something," noted Byrd, "Disney doesn't do."

Turner's Cartoon Network now airs as a 24-hour channel in Latin America and as a daytime service in Europe and Asia.

The HB block will, it is hoped, help to cross-promote the service, since many of the cartoons airing in the block will also appear on the network. Or, to put it another way, it opens up another window for Turner to exploit its rights at little extra cost. The same rationale could also apply to the Warner and Fox Networks.

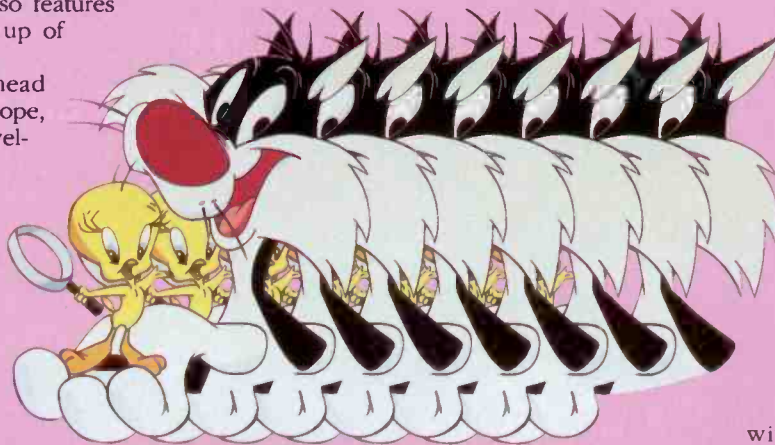
Nickelodeon, which is a 50/50 joint venture in the UK with BSkyB, has also launched a German network with production company Ravensburger and launches in Australia in partnership with the ABC later this year.

Further launches in India, Asia and possibly Benelux and Scandinavia are in the works for next year.

Nick blocks are airing on SIC in Portugal, Globosat in Brazil, UTV in Thailand and TV3 in Poland. "We also have definite bookings in Israel and South Africa and we are in negotiations for proposed launches in Scandinavia, Singapore and Malaysia," said Kathleen Hricik, senior v-p, program enterprises. SIC is about to produce Portuguese versions of the gameshows *Guts* and *Double Dare*.

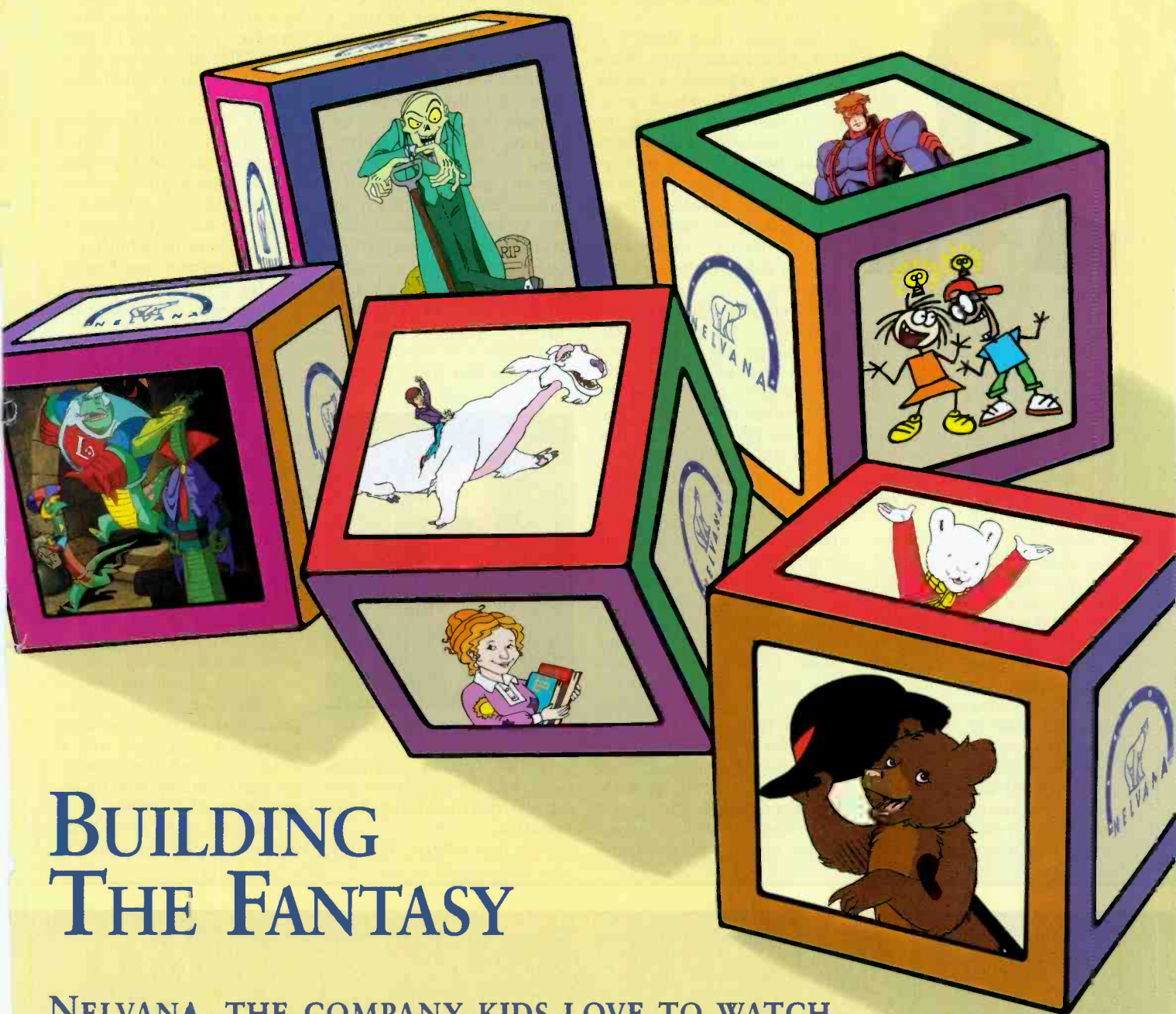
"Programs include the best of our current shows and library shows. It varies from country to country," said Hricik. "We are customizing and tailoring our blocks to create a block of programs that works for the broadcasters and their viewers."

The growth of the U.S. majors' worldwide cable and satellite distribution operations is, paradoxically, good news for broadcasters. It will mean more competition but it will also mean that the national windows offered by terrestrial channels will be of increased value to distributors. Those more adversely affected will be independents who are trying to build up their own international sales and specialist cable channels which are not aligned with or owned by the major content providers.



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Heyward: Euros "cherry-pick"

are able to sell a block internationally because they're selling a brand," said Andy Heyward, president of Dic Entertainment. "European buyers really like to cherry-pick. Unless you've got unsinkable brands like Disney they're not interested in taking it."

Bohbot recognizes that station managers in the U.S. willing to "abdicate" their children's hours to a distributor, are a different proposition to children's programmers in Europe. He notes that many U.S. buyers are content to buy after viewing a couple of minutes, while at Junior Mipcom, buyers sit through the entire tape. "There is a completely different mentality. It will take longer (for Bohbot) to get the credibility that will make the broadcaster take a

chance on the block," he admitted.

But even where there is a will, broadcasters are often unable to schedule a whole block. GMTV, which programs the early morning on the ITV network, will air *Starla* as two 11-minute segments. "We simply don't have the time available. A pre-packaged, pre-recorded block doesn't fit in," said Clive Crouch, sales director for the company.

Advertising regulations and channels' own policies are also tough on toy-related shows. Power Ranger toys, for example, can't be advertised within two hours of the show on ITV, so the ads have to go out on another day. (Toy lines are, however, effectively getting lots of free airtime and product placement whenever the show is aired.)

The competition argument – no broadcaster will be too fussy if they are being offered high-rated, good quality shows for low license fees – only goes so far. TCC, the UK children's channel, is battling against two other kids' networks for share of a cramped satellite tv universe. But Franklin Getchell, general manager, said: "We're not interested in blocks, for one simple reason: we are in the

midst of a campaign to brand our channel, and having a block of somebody else's programming that's branded as theirs doesn't help."

Several distributors also maintain that broadcasters are looking for more quality, more creative-driven shows and for more educational content. Sunbow, as its president CJ Kettler admitted, "has always been known for toy-related shows," but is gradually changing the kind of product it is distributing. "From a strategic point of view, we are looking for properties that stand on their



Weinberg: "speciality" business

own two feet as entertainment. And if they are successful, the merchandising flows from that."

"In the future, it's not

going to be about volume," agreed David Ferguson, director of co-production for Nelvana. "The winners are going to be the character-driven shows."

Ron Weinberg, president of Cinar, called kid's programs "more of a speciality than a volume-type business. The question is whether a program exists because it should exist or whether it exists to support merchandising. It's pretty easy for most programmers to distinguish between the two."

Brian Lacey, a consultant for 4Kids, though he says the kids market is one of the most commercially-driven areas of the tv business, noted "a recognition by some broadcasters like Rai, ZDF, and the BBC that they should make a greater commitment to broadcasting programs that are educationally positive and non-violent. That makes it doubly difficult to do block programming."

So, barring a sudden access of jewel power, distributors think it unlikely Bohbot will be able to achieve its goals. Bohbot, however, is no starry-eyed ingenue, and it would be a mistake to imagine his company will disappear in a puff of smoke.

"We can afford to be long-term visionaries," he said. **TBI**

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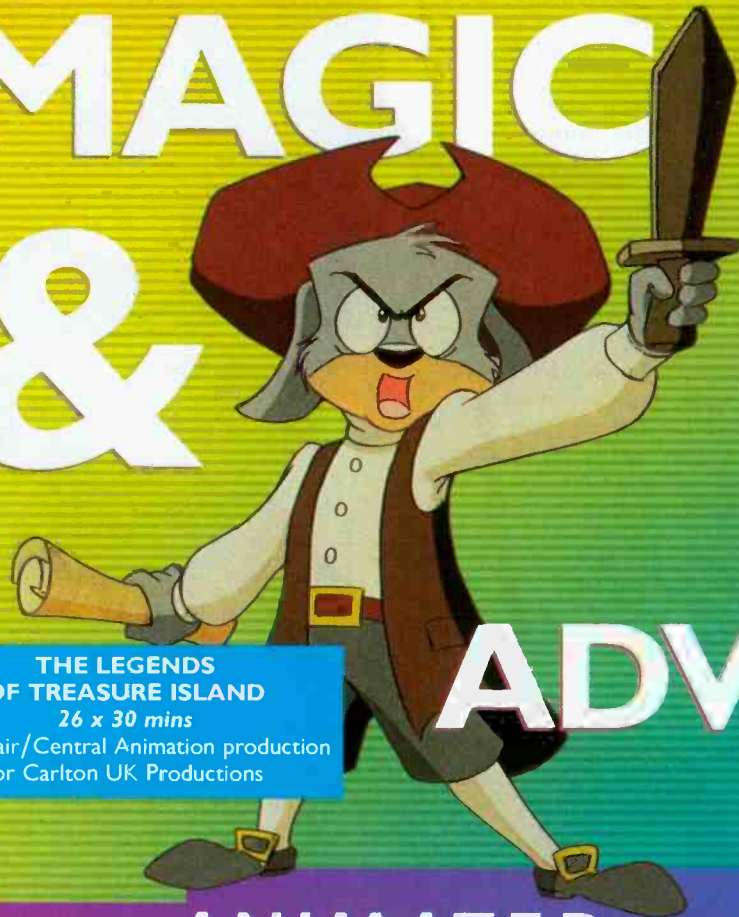
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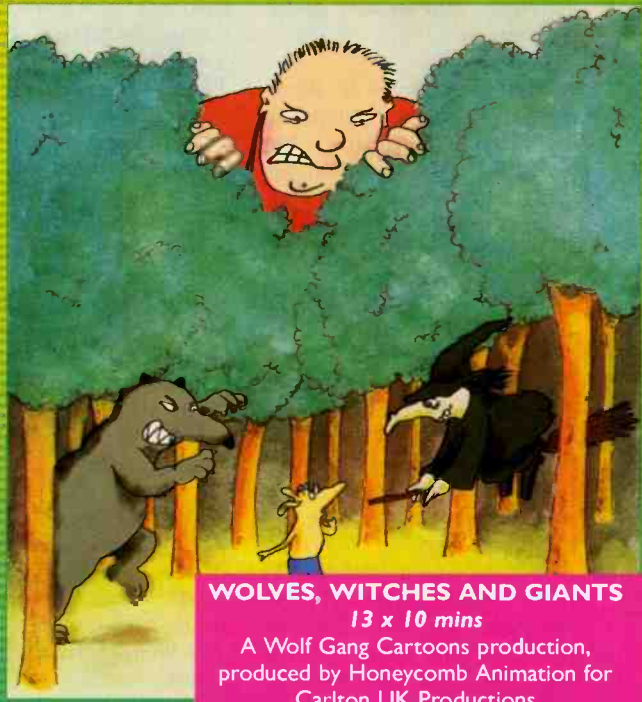
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# For The Kids

**Outside the major tv territories, production of programs for kids is either a low priority or virtually non-existent. TBI correspondents survey the state of the genre in four developing markets around the world.**

## CZECH REPUBLIC

*Scheduling fairy tales against its commercial rival's blood-thirsty evening news bulletin, Czech Television is trying to recapture market share lost to TV Nova. Normandy Mad-den reports*

TV Nova continues to dominate children's tv viewing in the Czech Republic, but Czech TV (CT) is implementing changes in its programming schedule to bring kids – and their parents – back to public broadcasting.

CT's overall audience share has declined steadily since TV Nova, the first national commercial broadcaster in Eastern Europe, was launched 20 months ago. The public broadcaster has been slow to respond to the presence of a commercial rival and the last media survey gave Czech Television's main station CT1 a 7% rating, while TV Nova enjoys a 75% rating. For children's programming, the ratings for both CT channels range from 5% to 12% and TV Nova's can top 14% but average around 12%.

But from September 1, CT revamped its schedule to bring it in line with public broadcasting practises throughout Europe, which will hopefully bring appeal to both parents and kids, according to Jaroslav Bazant, director of IP Praha, which handles advertising for the public broadcaster.

CT now has several blocks

dedicated to children's programming. Beginning at 5pm each weeknight, there are 50-minute fairy tales for 8 to 13 year olds, followed by a 10-minute animated spot for younger viewers. On Monday through to Thursday from 6.20pm to 7.15pm, CT shows a family series such as *The Young Riders* for the 10-plus age group. These programmes run against TV Nova's notoriously blood-thirsty nightly news program. On Friday, this timeslot contains educational nature films and documentaries.

Programming for kids is rounded out on Sunday with 120 minutes of cartoons, both domestic and imported. "We prefer Czech productions, but we don't broadcast only Czech animation. We also buy from companies such as Warner Brothers," explained Vaclav Kvasnicka, CT's head of programming. For Czech teens, there are also afternoon programmes, such as *The Wonder Years* and *Crossroads*.

Petr Sladeczek, head of program acquisition for TV Nova, argued that the changes at CT do not represent a significant change from previous schedules for young audiences. TV Nova, he said, is not worried about the success of its children's programming, most of which is imported from Disney, Warner Brothers and Hanna Barbera.

TV Nova broadcasts strong program-

ming on both Saturday and Sunday, beginning with animated programmes such as *The Pink Panther's New Adventures* beginning at 7.30am. At 9.45am live action shows such as *Zorro* and *21 Jump Street* air until 11am. And every Saturday afternoon *The New Adventures of Lassie* begins at 6.45pm.

One of Nova's most successful teen programs airs on Sunday

morning at 10am. *ESO* is an in-house pop music chart show hosted by Teresa Pergnerova, a Czech teen pop star. She earns a steady 14% rating each week.

Both stations admit that

it is difficult to obtain true ratings for children's programming. "The problem is we have no peplemeters," said Sladceck. "We can't measure young audiences properly and agencies don't want to



Zorro: Joining the fight for Nova

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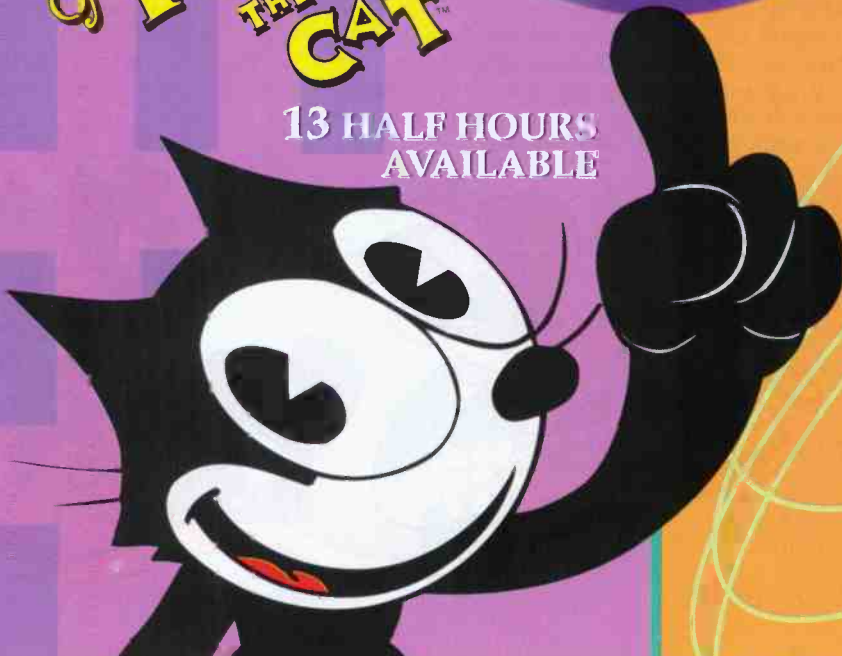
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recognise our own figures, which are based on diaries. Some agencies say they are not accurate, as kids can pretend and fill in the wrong data."

The lack of advertising, combined with a drop in adult audiences, prompted Nova to move its children's programs from early weeknight time slots to weekend mornings.

## INDIA

*With half of its population of 900 million aged under 25, India should be a major market for kid's programming. But as Asoka Raina reports, the airtime programmers devote to the genre is minuscule.*

Tejan Dewanji is nine years old. A popular model for BPL, a company that manufactures tv sets, among other things, he is also the youngest anchor on Indian television, presenting a weekly Hindi-language show on Zee TV called *It's My Show*.

*It's My Show*, is not aimed specifically at kids, despite the youth of its presenter, although it is much viewed by children and their families. Like many programs on Indian screens, *It's My Show* is based on India's vibrant film industry.

Indian programmers – national broadcaster Doordarshan and the newer, satellite-based channels led by Zee TV – have not made much of an effort to create segments of their schedules for kids. Or, to put it another way, they treat young children as miniature adults who watch much the same fare as their parents.

Doordarshan's deputy director general, Jai Chandiram, however, did admit that where the kid's genre is concerned, "a lot more could be done, and we are looking at the possibilities."

Children's programs form a minuscule part of Doordarshan's output – around 1.5%.

The genre tends to be bracketed with women's and youth programming, which account for a combined 5% of output compared to almost 25% devoted to film-based programs, 20% to serials, and 16% to news.

*Disney Adventures*, a block of Disney animation, is a regular feature of the schedule, airing in the mornings on the main Doordarshan channel. The shows – which include *TaleSpin* and *DuckTales* – are dubbed into Hindi by Buena Vista Television India, a joint venture between the U.S. studio and the Modi Group. Doordarshan also airs the weekly *Philips Top 10*, featuring the most popular film songs.

Turner International is seeking permission from the Indian government to set up a company to license its cartoon products in India, and if it is successful it is expected to start dubbing into local languages, including Hindi. Around half an hour of cartoon programs are airing on Doordarshan's recently-launched satellite channel.

Youth Entertainment Service (YES), launched in June by the Srishti group, is aiming to redress the absence of youth-targeted programming. At present, YES is a two-hour a day service which forms part of the Srishti Videocorp network. The company claims that 50% of India's 900 million population are aged less than 25, and that although 80% of tv ads are geared towards the youth demographic, very little programming is aimed at it. As well as popular dramas and music, YES is planning programs on career advice, innovative drama and comedy, debate and leisure programs. MTV and Star TV's Channel V, both satellite-delivered, also feature programs aimed directly at Indian youth.

Although Indian produc-

tion is burgeoning with the anticipated demand of more channels, and Indian tv adspend is expected to climb 44% this year to \$403 million (Zenith Media Worldwide), production of kid's programs is likely to remain a low priority.

Locally-made programs for children don't attract high ratings, or advertising revenues. Most advertisers prefer foreign programs and bought-in animated fare.

## ARGENTINA

*Kiddie novelas – not to everyone's taste but a bit with their target audience – are the most visible local productions in Argentina. But cable tv has breathed new life into animations, with four all-cartoon channels vying for viewers, reports Mike Galetto*

The lack of local animation production and an inbred hankering for telenovelas has resulted in a somewhat peculiar children's television genre here: soap operas for kids.

Like their grown-up counterparts, the kiddie-novelas deal with the stock topics of romance, betrayal and scandal, which in their diminutive forms turn out to be puppy love, broken hearts and bad grades.

And with state-run Argentina Televisora Color as the only broadcaster with morning programming, the children's shows

air alongside novelas in afternoon slots.

Canal 13/Artear since early this year has produced *Amigovios*, a one-hour kiddie-novela airing Monday through Friday. Canal 13 production director Hugo Di Guglielmo says the show has been "quite successful" and the company is already pitching it in foreign markets.

Telefe, meanwhile, has recently begun airing *Chiquititas*, another novela for youngsters. The show has already topped the 6.00pm weekday slot thanks in part to its not-so-little star, Gabriel Corrado, who may be better known for his role in Telefe's steamy international hit, *Perla Negra*. Moms and daughters are vying for couch space on this one.

Telefe has also been successful in another scaled-down genre – kid-oriented variety programs.

It struck gold with the *Jugate conmigo* (Play With Me) hour-long, circus-like show which aired weekday afternoons until last year. The show, however, looks to have flopped after being given a three-hour format and moved to Sunday nights.

Telefe may have recovered with *Nico*, another one-hour show named after its smart aleck host. Few over 18 can tolerate the show – parents have labeled it senseless and the host was recently bashed over the head with a metal



Hanna Barbera has landed in Argentina



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bar by a disturbed young adult – but kids have made it a success nationwide since debuting this season.

Cable's growth here, however, has given new lifeblood to cartoons. There are currently four cable channels for kids, including Turner's Cartoon Network, all of which are strictly animated.

The format has proved itself a good business. Cablin, the largest local channel is owned by 650,000-subscriber MSO, Video Cable Comunicacion, while another, The Big Channel, is widely said to be owned by a local toy company. Big Channel officials, however, have denied this.

All is not rosy for the locals. "The market is at a plateau after strong growth in 1993 and 1994," said Big Channel general manager Rodolfo Pochat. "There's strong competition and not much room for growth."

Adding to their troubles are Cartoon Network's significant inroads here and the possible launch of a Disney channel in Latin America.

Broadcasters are just now getting off the sidelines. Canal 13 earlier this year purchased Hanna Barbera stock from Turner Syndication and aims to make itself known as a cartoon broadcaster. Canal 13 will debut the material next year on the tentatively-titled *Hora de Hanna Barbera* (Hanna Barbera Hour). According to company Film Purchasing Advisor Walter Sequeira, the material will be aired on Canal 13, before Cartoon Network.

## MALAYSIA

*Despite low production costs, most of the children's shows aired in Malaysia are imported animation, reports Sarah Walker*

Although all the terrestrial broadcasters in Malaysia have children's slots in their schedules, the programming broadcast is mainly acquired anima-

tion, with very little original production.

Furthermore, in a market where all the stations are funded in whole or in part by advertising, an imminent increase in competition from new cable and satellite services, expected to launch by the end of the year, could marginalize the genre even further.

Presently about 25 hours of children's programming is provided by state-controlled broadcaster RTM's two channel service, TV1 and TV2, commercial channel TV3, and the recently-launched regional terrestrial station MetroVision.

The highest-rated kid's show in Malaysia at present is the Japanese (TV Asahi) cartoon *Doraemon*, broadcast on TV1 on Saturdays at 7pm. "Children's programming doesn't do well apart from animation," said Po Lin Ho from producer/distributor and licensing company Vision Entertainment.

Currently, Vision's production unit Double Vision is producing a one-hour Sunday morning children's program called *What's Up Doc* for RTM which is comprised of Warner Brothers cartoons and a local wrap around. RTM has an output deal with the studio.

Of all the broadcasters, RTM has the biggest commitment to children's fare, broadcasting over nine hours a week on TV1 and about 2.5 hours on TV2.

"We have a social obligation to provide for children," said Helen Abu, deputy director of tv at RTM. "We are not really motivated by revenue." The broadcaster strips *Sesame Street* across the schedule weekday mornings and itself produces a 30-minute maga-



Doraemon: Hooking viewers on TV1

zine called *Rice Mice* which is broadcast on Saturday mornings and costs in the region of \$2,000 to \$3,000.

Although 10% of the programming budget is accounted for by children's shows, the vast majority of RTM's schedule is made up of animated acquisitions such as *The Pink Panther* and *Blinky Bill*, for which Abu said RTM pays between \$500 and \$700 per half hour.

RTM does help with productions for an educational channel, ETV, which is broadcast by the Ministry of Information from 8.30am to 3.30pm using TV2's frequencies.


At TV3 about nine hours of the total schedule is allocated to children. The broadcaster has an output deal with Disney, programming from which occupies slots on Saturday mornings and Saturday afternoon. From Monday to Friday, the 4pm to 5pm slot is given over to imported animation series such as *Stunt Dawgs* and *Sharkey and George*.

The only show produced in-house, said assistant manager of programmes at TV3, Mahdi Ihwan, is a 30-minute

magazine show called *Alam Ria*. Broadcast on Saturday mornings, it costs in the region of \$4,000 an episode to produce.

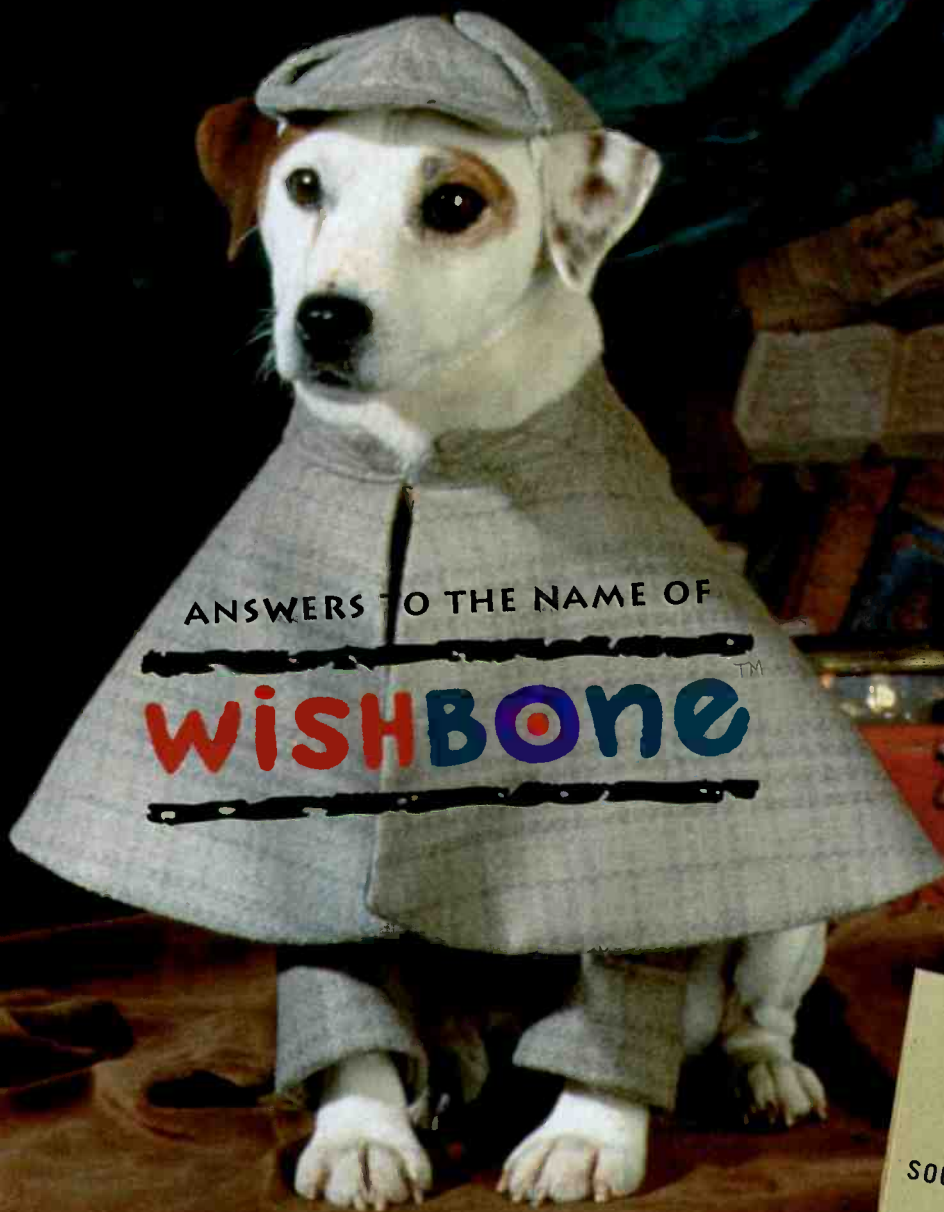
With the potential for advertising revenue from children's programs low, Ihwan said the likelihood is TV3 would decrease its children's output by September, however.

"There isn't a lot of money in children's programming in this country," said AK Foo, president and CEO of Malaysian distributor and production company Juita-Viden. "Advertisers zero in on prime-time, but children's programming is always in the fringe. However the market is driven by success, so once you have one..." Foo is now looking at developing children's shows across the board, from preschool to the youth market, in addition to developing his own characters.

One of these projects could be a local version of *Sesame Street* with the Children's Television Workshop. This would be in addition to the English and locally-dubbed versions Juita Viden already distributes to RTM. 

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# Celling Points

**Studios in the Far East are a hive of animation activity. Selling the advantage of cheaper labor costs and high productivity, they've been hired by producers from around the world. As Sarah Walker reports, costs as well as skills are on the increase**

**M**ost animation series shown on networks around the world bear the logos of American, European and Japanese companies. Yet, although the creative ideas and majority of financing is stumped up by those territories, most of the real graft that goes into the production of animation is still done by studios in the Far East.

Aside from pre-production, post-production and many of the computerized special effects, the time consuming process of creating a cartoon, from layout to ink and paint to camera work, is subcontracted out to a myriad of studios in countries such as South Korea, China, Hong Kong, Taiwan and the Philippines.

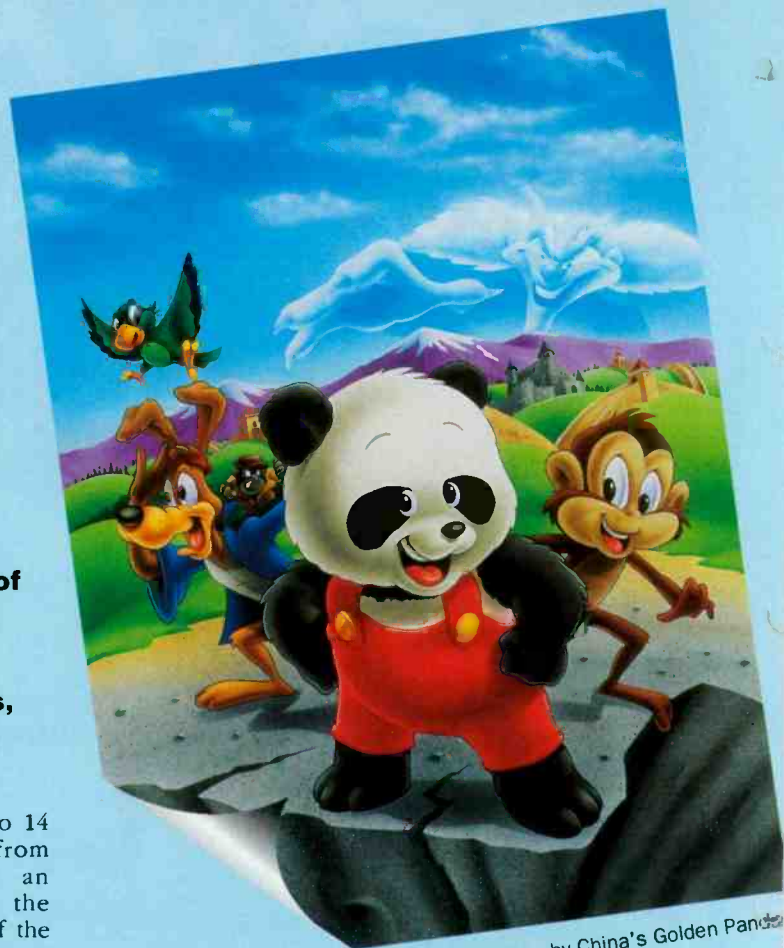
To do such work in the west would, said Gaumont's Marc Du Pontavice, "cost about two and a half to three times as much and take much, much longer."

It is the ready supply of cheap labor that has made Asian countries the hotbed for animation production. Typically employing anywhere from 200 to 1,000, a studio can churn out a 22 or 24-

minute episode in 12 to 14 weeks. Costs range from \$50,000 to \$200,000 an episode depending on the client, the complexity of the cartoon and the country it is being produced in. South Korea and Taiwan are the most expensive with costs ranging from \$100,000 for a basic show up to \$1800,00 for live action with special effects. China and the Philippines are cheaper. PRC prices start as low as \$50,000 per episode. However, a Disney episode in any country can reach \$200,000-plus.

The recognized leader of animation production is still South Korea, which inherited the mantle from Japan some ten years ago after rising labor costs priced Japan out of the market. Today around 90% of all U.S. network shows are still produced there.

However, rising costs in South Korea are beginning to threaten its dominance of the market. "The Koreans are very organized and reliable and produce quality work," said Saban International President Michel Welter. "But the price rises over the last few years have been enormous



Jin Jin: Animated for Saban by China's Golden Panda

and the problem is tv stations aren't paying any more."

Cost hikes have forced companies to look for cheaper alternatives provided by lesser developed Asian countries.

China's open-door policy of the last few years has enabled studios there to embrace free market principles and they are now touting themselves as a more cost-effective alternative. "In South Korea they are very well organized, they fit well into a production line, but they are not as creative," said Joanna Wong from the Beijing-based studio Golden Panda.

Employing between 200 and 300 staff at any one time, Golden Panda is doing the animation for Saban's *Jin Jin and the Panda Patrol*, a project the producer/distributor developed with the Chinese Ministry of Radio, Film and Television. And once that is

finished, it will begin work on the next Saban series, *Oliver Twist*.

Producing in China can create "a lot of headaches," said Welter. "These studios are not used to producing long-running series which require enormous commitment, organization and technique. We need more time to produce over there, but at the end of the day they are very talented and the productions look nice."

Other companies that have subcontracted work to China include the UK's BBC and Tony Collingwood Productions, while Shenzhen-based studio Colourland, 60% owned by Hong Kong-listed company Gold Tron Holdings, is working with Pixibox, Procidis and BRB. "(Subcontracting to China) has grown in the past few years. We are still inferior to Korea, Taiwan and Japan in terms of quality,



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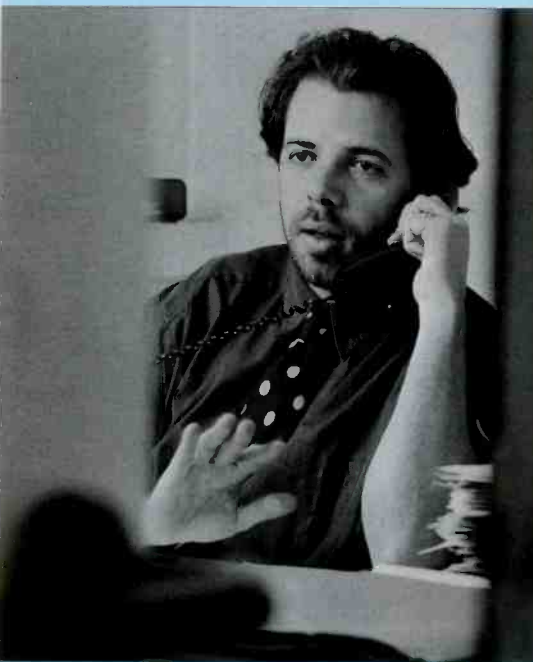
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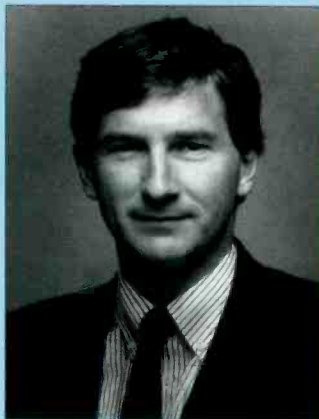
Du Pontavice: Advantages are cost and speed

but we are cheaper and can compare with the Philippines in terms of talent," said managing director Louis Sek. This year Colourland will animate some 90 30-minute episodes.

Filipino studios, on the other hand, are playing not just on the cost-effectiveness of their operations but also on their understanding of western culture.

"Not only do they speak English but they have a western view and in animation you really have to understand the gag if you are going to animate it well," said general manager of Fil-Cartoons, Bill Dennis. "The economics are right and there is a tremendous talent, while they may not have formal training they have the basic talent and skills."

Fil-Cartoons, located in Manila, has about 600 full-time employees and in 1994



Welter: Worth the headaches

world but the working environments and ethics are very different. Talent is one thing but to get productivity is another... There is a lot of bureaucracy, even in terms of getting supplies such as paint and cells into the country."

Companies are still testing out the cost-effectiveness of these new options by farming out two or three episodes at a time. The next generation of possible animators are already queuing up, with Vietnam and the countries of South America cited as the next possible contenders for cheaper production opportunities.

However tales of government bureaucracy, untrained labor pools, missed deadlines, high overheads caused by a lack of basic infrastructure, dusty studios and old equipment is making some western producers question the wisdom of stray-

produced over 1000 minutes of animation. Two-thirds of its work is for owner Hanna Barbera, but the studio subcontracts for others as well. Currently it is working on a pilot for German company Hahn Productions.

Rainbow Animation operates a studio in South Korea and last year opened a similar venture in Manila. "We went there to get a cost break," said Rainbow's Ted Tchoe. He has mixed feelings about the move. "Their cartoon style is more oriented towards the western

ing too far from the sanctum of South Korea.

"A lot of companies have had problems with the other countries by choosing a bad studio. They get a great deal from, say, China, but the material can be horrendous," said Peter Keefe, managing partner of Zen Entertainment. "Most of the big studios are using the same people in South Korea and Taiwan as they have been for the last ten years, only because they've tried out the cost-effectiveness of everywhere else. You may initially save \$20,000 but you'll spend \$30,000 trying to fix it." Keefe has had a long-term relationship with Korean studio Sei Young.

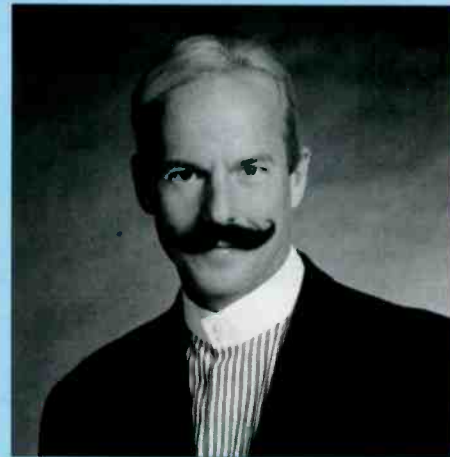
"South Korea is the most important country for Saturday morning network shows. I wouldn't take the chance of doing it anywhere else. You have your order in February to deliver in September. I wouldn't want to take the risk of not being on time," agrees Gaumont's Du Pontavice.

Aware that they could be in danger of losing a significant portion of their business, some Korean companies are taking steps to reduce costs by investing heavily in sophisticated computer equipment. Sei Young has spent \$5 million on Silicon Graphics hardware, an investment it hopes to break even on in three years, while Rainbow Animation has over \$1.5 million worth of computers in the U.S. that it uses for ink and paint, special effects and camera movement.

Not content with just subcontracting on the production side, Asian studios are also looking at expanding out of just the animating side of the business. Some, such as Cuckoo's Nest in Taiwan and

Sei Young, already contribute part of the financing of shows, in return for rights. Others are looking at creating and distributing their own shows from scratch.

"We are working on several of our own characters right now and are looking at creating a show with global appeal," said Don Han from Korean company Sem Animation. "We have been approached by several U.S. companies for co-productions but we want to keep editorial control." Financing-wise, Han said he is looking to find a



Keefe: Long-term link with Korea's Sei Young

contribution from a broadcaster.

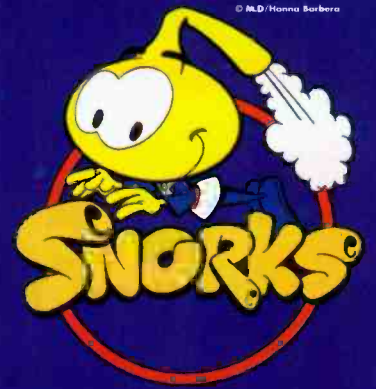
Currently, Fil Cartoons is working on the production of two seven-minute shorts. One, *Swamp and Ted*, has already been picked up by the Cartoon Network, while the other, *Rot 'n Skunks*, is still at the storyboard stage. "We have such a large talent base it makes sense to have our own ideas," said Dennis. "Initially the incremental costs are very small and it is a good exercise and motivator for everyone to start from the beginning through to the end."

"In the future we will be looking to create our own shows," said Colourland's Louis Sek. "When we get more expensive, clients will ask us to become co-producers so we might as well call all the shots." [E]

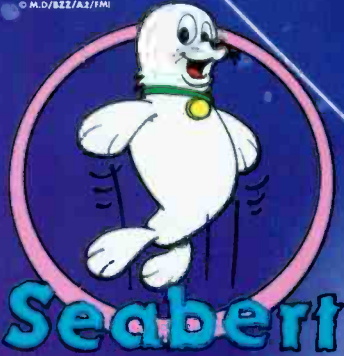
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# i Is For Investment Banker

The Children's Television Workshop, known round the world as the producer of *Sesame Street*, has sought high powered help as it moves to launch a cable network. By Rich Zahradnik

Maybe it's the name. The Children's Television Workshop. That name has always made the place sound like a happy co-operative of teachers and researchers, writers and producers, all earnestly striving to make shows like *Sesame Street*. When that name – that workshop idea – is uttered in the same breath with top media investment bank Allen & Co., it's pretty jarring. The Children's Television Workshop and media's biggest deal-maker. What gives?

To get an answer, look at children's television in America. PBS, home of CTW's 26-year-old hit *Sesame Street*, faces huge budget cuts and Congressional attacks. And the rest of the American television industry loses interest in educating and entertaining kids with

every passing year, month and day. CTW, squeezed by falling funding on the one side and evaporating demand on the other, realized it needed a new approach to the market

it had served so well for two and a half decades.

CTW saw "that the funding mechanisms that built our large successes – large-scale government and corporate funding – were not likely to be a part of our future," said David Britt, CTW's president and CEO. "To all intents and purposes, the proportion of (kids' tv) programming that was both entertaining and educational had probably shrunk to the smallest proportion it had ever been. And you can whine and fuss about that – which we've probably done – or you can turn it on its head and say, 'Wait a minute, this is an opportunity.'"

To capitalize on that opportunity, the organization had to change tack. CTW could no longer be content getting programs on the air one at a time. It was getting

burned in the competitive commercial tv marketplace. *Cro*, an animated series that helped explain basic science concepts, was cancelled from ABC's Saturday morning schedule – despite the fact it was winning the timeslot – to make way for an ABC-owned show. That's no real scandal given how the networks are moving to put on more of their own product now rules barring such activities have been repealed. But *Cro*'s demise was still a cruel blow: the animated series had been an easy and popular sell on the international market.

The cancellation of *Cro* was just a symptom. Government and corporate funding is on the wane. Others – read that *Barney* – have successfully gone after *Sesame Street*'s pre-school audience. CTW, a \$120 million a year production, publishing and distribution organization, had to secure a platform to nurture and protect its programming. Like its for-profit brethren in the tv business, that platform had to give CTW control over distribution. CTW needed its own channel.

In April of this year, CTW signalled it was serious about the idea when it brought in those heavy hitters at Allen & Co. to find partners for the channel, which will actually be the anchor for a broad package of multi-media services for children. Allen & Co. and CTW have had meetings with just about everybody who's anybody in cable and educational tv. CTW executives hope to launch the \$100 million venture – working title New Kid City –



Plazo Sésamo, one of CTW's honest-to-goodness international co-pros



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New Kid City, supported by advertising and license fees from cable operators, will offer programming for both pre-schoolers and kids six to eleven. "The cable service is a crucial step for us," explained Britt. "For older kids – those six to eleven – it's really the only reliable way we can get to them on an ongoing basis." As it negotiates with joint venture partners, CTW is offering cash, its extensive library and wealth of talent and experience. "We're not going to be a charity partner," Britt added.

The profit-making joint venture will have its own chief executive, as well as a charter outlining certain standards and practices, like no ads interrupting shows for pre-schoolers. Gary Knell, senior vice president for corporate affairs, said: "We're going in with our eyes wide open. We're being very upfront about the fact that this is a concept our partners are buying into as well."

In the American market, CTW's move would look to have the greatest impact on PBS. Already beset by other worries, the public broadcasting network now must watch as the creator of its most important children's program puts time, money and creative energy into a new venture.



Britt: Network crucial for older kids

But CTW executives deny New Kid City represents a blow to PBS. They point to the second leg of their new strategic plan: a commitment to produce *Sesame Street* – and fund a huge portion of the show's deficit – for as long as there is a PBS. In dollars, that commitment comes to \$13 million a year, since PBS only provides \$6 million of the show's \$19 million a year production budget. "There may be opportunities," noted Britt, "whereby we can reduce some of the funding difficulties at PBS by doing a double-window approach" with the cable service.

CTW hasn't abandoned producing shows for the commercial sector, either. The newest is *Big Bag*, a weekly commercial-free hour that will air on Turner Broadcasting's Cartoon Network.

Getting CTW to its new strategy did not come without some heartache. The company cut 47 jobs after it ended its 1994 fiscal year with a \$5.8 million deficit. CTW has the resources to underwrite such deficits – a \$34 million operations reserve fund and a \$71 million endowment fund – but the 1994 deficit was still too large for executives' liking. Domestic television production showed a \$17.9 million loss, the bulk of which came from the \$13 million CTW "invests" in *Sesame Street*. CTW executives are quick to point out that the *Sesame Street* deficit was not the problem. It's always been part of the plan for CTW to fund two-thirds of *Sesame Street* production – making it PBS's largest non-governmental supporter – out of its licensing and international television income. The real problem in 1994 was an increase in paper prices in its magazine publishing operations that added \$1 million in costs to the bottom line and a slow down in the growth of licensing income. During the year, product licensing made \$20 million on \$27.5 million in revenues, while interna-

tional tv showed net income of \$2.5 million on revenues of \$10.4 million.

CTW is a real leader in true-to-life, honest-to-god international co-production. The first *Sesame Street* co-production commenced in 1971 in Mexico. Since then, 14 streets have been built around the world, from Mexico's *Plaza Sésamo* to *Rechov Sumsum* in Israel, from *Susam Sokagi* in Turkey to *Sesamstrasse* in Germany. The *Sesame Street* co-productions are as complex as any in international tv, involving production on the local street set, a mix of live and animated material provided by the broadcaster and CTW, and Muppet segments produced by CTW. CTW holds curriculum development seminars in a country and then brings show writers into New York for their own series of workshops. It even has Jim Henson Productions develop special characters for each show. And all that only happens after a long courtship during which CTW works to make sure it's found the right partner or partners in a country. It took two and half years to do a deal in Poland, where the first East European version of *Sesame Street* will start airing next autumn.

"We do it the most difficult way you could, and what usually happens is we end up with an incredibly effective show locally," said J. Baxter Urist, senior vice president for product licensing and the international television group.

A local production can cost \$2.5 million to \$5 million a year for 130 half-hour episodes. That's pricey for many broadcasters around the world, admit executives, even if it is a good deal less than the U.S. *Street's* \$20 million budget. But then again, CTW has in the past gone out and raised its own fees from other funding sources. There aren't many other distributors willing to do that to make a show happen.

CTW is now involved in

delicate talks to create a *Sesame Street* in South Africa, one in Russia, and to open up the Israeli production to Palestinians. In Israel, "they said to us, 'look we've been at each other for years,'" said Steve Miller, regional vice president, Europe and Africa. "Now it's not about us, it's about the children."

The international tv group is also involved in straight sales of CTW programs – including *Sesame Street*, *Square One TV* and *Ghostwriter* – and format sales. CTW's latest and perhaps most intriguing format deal will see Polish TV produce a gameshow, *Risky Numbers*, that teaches math. The gameshow is based on segments from *Square One TV*, but is seeing its first incarnation as a separate show in Poland. There are thoughts of producing a version of *Risky Numbers* for the U.S.

"We're now moving into that next world, the world that's developing," said Miller. "Whereas, in the past in our deals, we were working with broadcasters, we're now working with foundations, with sponsors, as well as with broadcasters."

It's all meant to take CTW towards a single goal. Said Britt: "What we need to be five years from now is the largest provider of products and services through media that delight and educate children."

□



Urist: Co-pros are difficult but effective



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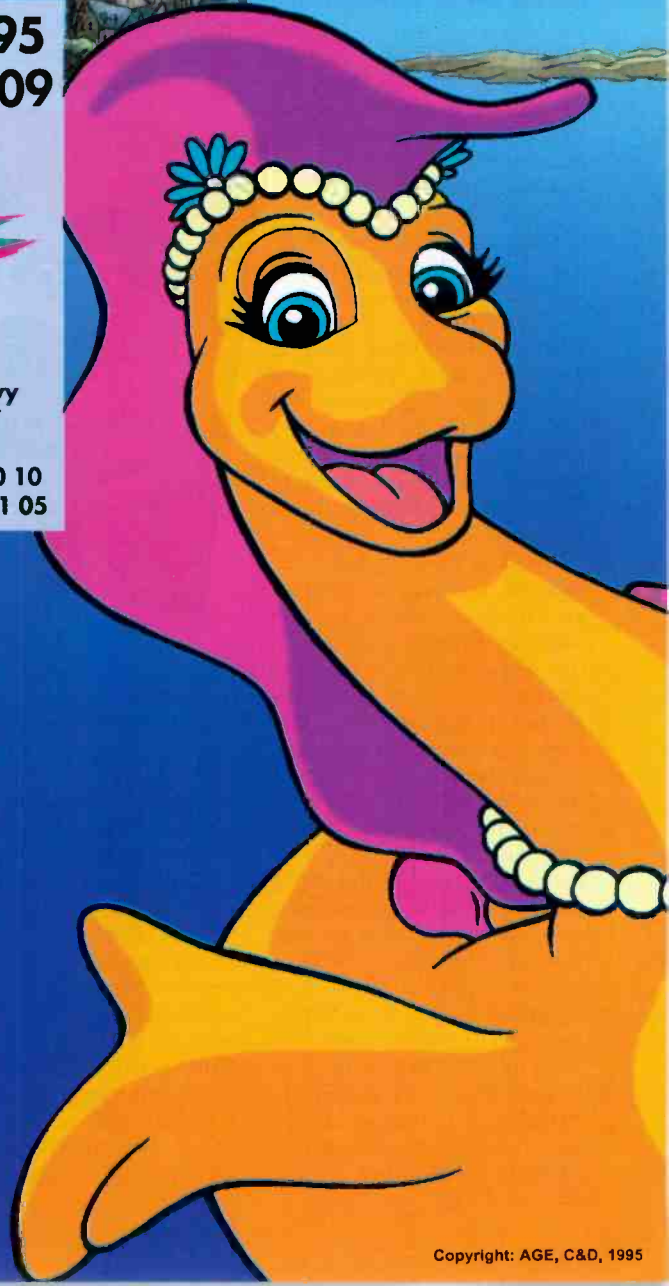
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# Cartoon Capers

**Despite its success in stimulating European animation, Cartoon has an uncertain future.**

**By Paul Nicholson**

Europe's animators have traditionally been a widespread group of slightly crazy creatives. Lacking the factory approach (and finance) to animation production characterized by the Americans and Japanese, the Europeans focused more on single, short-run productions that were often only broadcast in home markets.

Cartoon was created to change this. Its aim is to stimulate and build a European animation industry.

This month the annual Cartoon Forum takes place in Turku, Finland, where there will be intense analysis of a variety of planned animated programs, as well as heated discussion about the future of Cartoon itself, which is by no means secure.

To date Cartoon has been judged a success by just about everyone who has come into direct contact with the organization – whether producer, broadcaster or politician. More than \$4.3 million has been provided in pre-production aid to more than 250 separate projects since the start of Cartoon back in 1989. Cartoon estimates that about a third of the projects given pre-production aid have moved into production. That figure may be even higher (up to 40%) as full details of the last three financing sessions have not yet been fully accounted for.

But despite its success in stimulating European animation to date, the future for Cartoon is clouded by the

future of the Media Program itself. Plans are in place for a reorganization of the way European Community support finance is provided for the audiovisual sector. Media 2 (as the second round of funding is being



Aardman's *The Wrong Trousers*: Oscar-winning Eurotoon

called) is likely to be organized along three main lines: distribution, development and training. The problem for Cartoon is that its activities cover all three. The fear is that under the new structure, many of its activities and initiatives would disappear.

Officially, funding for the Media Program ends September 30 with the new structure not beginning in full until January 1996. One possibility for Cartoon is to continue operating in some kind of "no man's land" for six months until a place can be found for it within the new structure.

For the Europeans, Cartoon has created an awareness within the EU and its television industry of the volume and quality of creatives it has within its own borders. It has succeeded in uniting a variety of producers across Europe into studio groupings. The result has been more than just a sharing of

production responsibilities that have subsequently resulted have given European broadcasters more confidence in European producers – the end result being more commissions from within Europe.

Cartoon provides a range of services from financial support for training and the provision of information (it holds a database of studios, producers, creatives and commissioning editors) to the direct funding of pre-production.

Pre-production finance is provided as follows: up to \$3,900 for graphics research, up to \$15,600 for writing or adaptation of works, and as much as \$31,200 for the production of a pilot. All aid comes in the form of a loan repayable on completion. Aid is granted to a maximum of 50% of the budget and financing sessions take place twice a year. Generally about 100 projects are submitted from which between 25 and 30% will get money.

Further finance is available to groups of three animation studios (Studio Grouping Aid) of between \$234,000-468,000 over a maximum period of three years.

Cartoon has also developed a job bank which holds details of job vacancies across Europe. Launched at the Annecy festival earlier this year with 500 jobs detailed, the job bank has now risen to contain information on over 740 vacancies.

It is ironic that as projects initially financed with support from Cartoon are now coming on to European screens, there are question-marks over the whole future of this support mechanism. **EB**

experiences, but real projects and the authority to get projects done.

What has been more important for producers has been the increased credibility they have been given by broadcasters. Back in April 1989 when the philosophy for Cartoon was first being formulated, a meeting was held in Barcelona to which the leading 30 animation studios in Europe were invited.

One of the key problems all the studios had was with their domestic broadcasters, who felt they took too long to produce series for them. The studio groupings and the shared resources, ideas and

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# PRODUCT NEWS

- Canada's Portfolio Film and Television is launching what it claims to be the first interactive film for kids at the Mall of America in Bloomington, Minnesota in November. Produced by Portfolio and JA Delmage Productions, *The Secret Of Crystal Cave* is based on *Groundling Marsh*, now in its third season on YTV. The movie features puppet characters who, every now and then, will turn to a viewer and ask them a question. Depending on the response, the character will reply from one of four different soundtracks.

- Link Entertainment is handling the worldwide tv and video distribution for *The Slow Norris*, a series of 15x10-minute programs



which airs on the ITV Network this month. Produced by HTV, *The Slow Norris* is a pre-school series combining puppetry, animation and live action. It is based on stories invented by Dan Maddicott, controller of children's television at HTV.

- Australia-based animation studio Yoram Gross Film Studios (YGFS) is about to start production on *It's Samuel*, a 13x5-minute series which will air as part of *Big Bag*, being produced by Children's Television Workshop and The Cartoon Network. *Big Bag* will be distributed jointly by CTW and Turner. YGFS is currently co-producing *Blinky Bill* with the ABC, WDR, Beyond and EM-Entertainment and *Tabaluga* with Tabaluga, ZDF Enterprises and EM.

- Annie Miles, previously general manager of kids' satellite chan-

## Toy Link For Gaumont Cartoon Package

**FRANCE'S** Gaumont Television is producing two animated half-hour series in partnership with toy maker Abrams Gentile Entertainment (AGE). The two series, *Sky Dancers* and *Dragonflyz*, will be the first to emerge from Gaumont Multimedia, the animation, merchandising and CD-Rom design division set up by the French company earlier this year.

*Sky Dancers*, a 26-part series aimed at girls aged 2-

11, was created from a best-selling action doll developed by AGE and made by Lewis Galoob. AGE is developing an action figure for *Dragonflyz*, aimed at boys 6-11.

Marc du Pontavice, head of Gaumont Multimedia, said the two series would be sold together as a package. "*Sky Dancers* was a pre-existing property that has been outrageously successful around the world." Both series will debut in U.S. syndication in fall

1996, with AGE holding the U.S. rights with Active Entertainment, and Gaumont selling the show internationally.

According to du Pontavice, "four or five" broadcasters in Europe have already committed, and he expected both fantasy/action series to sell well in Asia.

Each episode is budgeted at \$360,000-375,000 and will combine computer-enhanced animation with music, dance and action.

## Back With The Brothers

**FILM** Roman is to produce an animated version of classic cult movie *The Blues Brothers*. The lead characters of Jake and Elwood Blues will be voiced by Dan Aykroyd - star of the original film - and Jim Belushi, whose late brother John played Elwood.

The germ of the idea came from Belushi's widow, Judith Belushi Pisano, and

writer/producer Michael Waeghe. The deal took seven months to negotiate, and sees Film Roman and Waeghe as executive producers with Tina Insana as producer.

The brothers "lend themselves perfectly to animation because we can push the line of the antics they'll get into," said Phil Roman, president of the Hollywood animation stu-

dio. "This promises to be an exciting primetime series both visually and musically."

The studio is co-ordinating the sale of the series to a U.S. network with the William Morris Agency. There is already significant interest from at least two, according to executive vice-president Bill Schultz. Film Roman will handle international sales.

## Fox Network Eyes International Launches

**FOX** is planning an "aggressive" move into international distribution of its kid's service, Fox Children's Network (FCN).

A one-hour daily block of children's shows, including *Mighty Morphin Power Rangers*, launches this month as part of the Latin American Canal Fox network. Further down the line, according to FCN spokesman Rod Regal, Fox is planning to follow basic cable nets Nickelodeon

and Cartoon Network by launching internationally.

"We are moving aggressively forward on program services acquisition," said Regal, referring to a recent trip by senior Fox executives to London. Without identifying potential partners or targets, he said Fox would be going head to head with other U.S. kids' operations by launching cable and satellite versions of Fox Children's Network. "We would certainly

like for it to be this year," he added.

FCN, which currently airs for three hours daily and two hours on Saturday morning, features series like *Power Rangers* and *The Tick*.

Although Fox doesn't own the international rights to these and other series, Regal said Fox would "clearly be getting those rights back."

He added: "We have the ability to offer some pretty outstanding success stories.

PHILIPPE MOUNIER

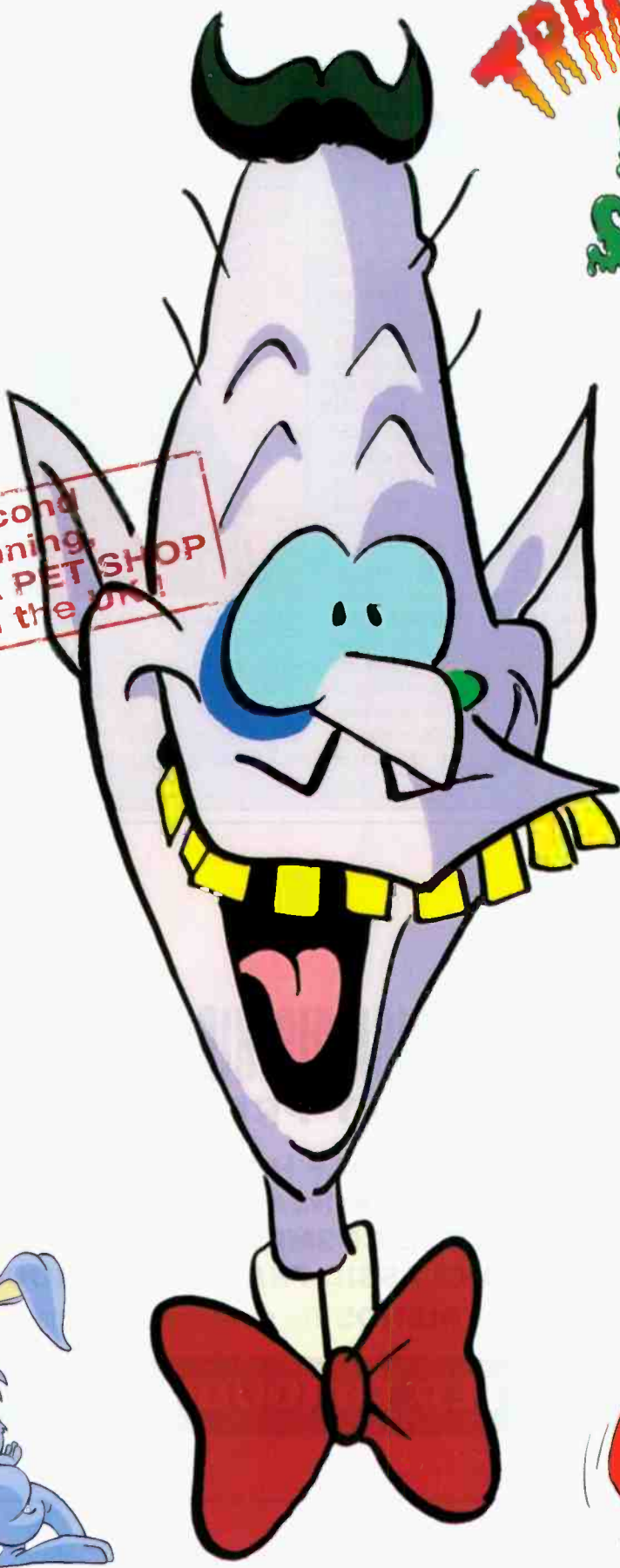


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nel TCC, is joining UK animation studio Cosgrove Hall as chief executive, a new position. Mark Hall, joint managing director of the studios, said Miles would "bring drive and focus" to the studio's "continued expansion." The studio, majority owned by MAI Media and HBO, currently has commissions from all UK networks and is making *Peter and the Wolf*, for ABC.

● DIC Entertainment has licensed its half-hour animated series *The Wizard Of Oz* to U.S. pay-tv network HBO, the BBC, France 3, TSI Malaysia, Taiwan TV, Singapore Broadcasting and Telepictures (the Middle East). DIC said it would offer over 100 half-hours of new animated programming at this year's Mipcom and Mipcom Junior.

● The Disney Channel is launching as part of the Multichannel satellite package operated by BSkyB in the UK on October 1. Directed at a family audience,

## NBC And TCC Hang Together

NBC Productions new teen live action series *Hang Time* will air simultaneously on the NBC network and on European kids, satellite channel TCC starting this month.

Executive produced by Mark Fink, who helped develop NBC's hit teen com *Saved By The Bell*, the series features a small town basketball team which attempts to reverse a lengthy losing streak by recruiting the most talented player in the neighbourhood, who is a girl.

TCC, which is distributed to cable and satellite homes in the UK, Benelux and Scandinavia, has previously aired Teen NBC series *Saved By The Bell* and *California Dreams*. Talks to acquire the license for *Hang Time* started when it acquired the latter



TCC is teaming up with NBC for *Hang Time*

series in January.

TCC, which has invested \$13.5 million in its autumn schedule, owns the UK rights and a share of ancillary rev-

enues. Joan Lofts, head of programming, said a terrestrial channel in the UK had expressed interest in the series.



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# German Nick Launches Own Productions

NICKELODEON'S second European venture, Nickelodeon Germany, has announced plans for its local original production. The joint venture between Nickelodeon Inc (90%) and Ravensburger Film & TV used the International Funkausstellung in Berlin to unveil three original German productions and a regionalised videotext service. The fledgling channel targets children aged between three and 14 years.

Nickelodeon Germany's first original production is a localized version of the action gameshow *Global Guts*, produced by Ravensburger and featuring 12 German children.

Currently in pre-production, the *Coast-to-Coast* series will focus in on a group of children travelling around the world, complete with video



Hess: Getting shows together

cameras, recording diaries of their experiences. The series is a co-production which also involves the Viacom-owned kid's networks in the U.S. and the UK. The third program, also in pre-production under the working title *Kid Portraits*, allows children from around Germany to film

their views on chosen topics.

Managing director Andreas Hess said it was important to "get together with the kids." The channel's videotext service, Nickelodeon Text, which includes a mailbox for the viewers to send messages to each other. Local pages would be introduced for each of the German states, while colour codes will enable the children to find their way around the system.

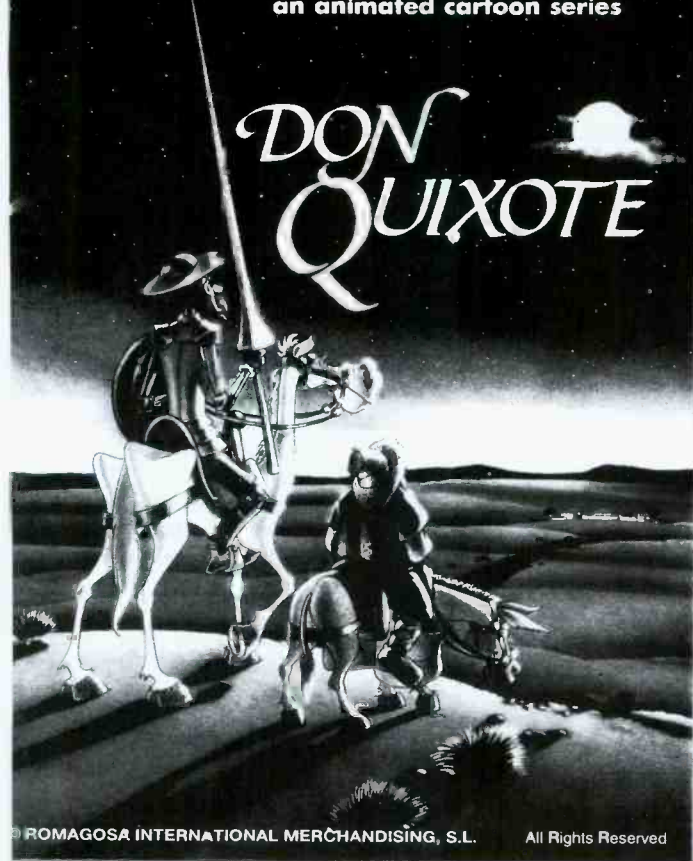
The new Nickelodeon is only available in one of Germany's 16 states – to the 2.5 million cable connected households in North Rhine Westphalia where Nickelodeon has its license. A handful of viewers will also be able to see the channel on the Kopernikus satellite until Viacom's digital platform on Eutelsat Hot Bird 1 is ready.

the channel will be available to subscribers to the premium-rate Multichannel package including both of Sky's film channels – an estimated audience of 2.6 million. Broadcast hours will be 6am-10pm, with mornings and afternoons targeted to children, early evenings dedicated to films (including *The Jungle Book*), series and specials, with concerts, classic and contemporary movies, documentaries and specials in the late evening.

● *Oscar's Orchestra*, a 13-episode animated series which debuts on the BBC this month, is the most expensive animation series hitherto produced independently in the UK, its makers say. Budgeted at \$4.5 million, the series was produced by Tony Collingwood Productions and funded by Warner Music Vision and Europe Images. The series features the voice of Dudley Moore as Oscar, a bright blue grand piano.

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MEDIA

# Together We Can Make Beautiful Television

The just-published Co-Production International 1995 offers a snapshot of the state of international co-production of kid's programs. Tim Westcott finds that a hard core of specialists is emerging

Television markets around the world are more competitive than they were when today's teens were no more than a twinkle in their fathers' eyes. The kid's genre

## Animation: Top 10 Producers

Cinar	Canada	12
France Animation	France	12
Nelvana	Canada	12
D'Ocon	Spain	9
Ellipse	France	8
C&D	France	7
DIC Entertainment	USA	6
Ravensburger	Germany	6
Saban	USA	6
4D Marina	France	5

is perhaps particularly exposed to competitive pressures: production costs, particularly with animation, are high, and the amount of advertising revenue that broadcasters can or are permitted to levy from their kid's timeslots is often restricted.

The sheer volume of output, animation expertise and the global success of Disney, Hanna Barbera and Warner Bros is unmatched, but smaller studios around the world – France Animation, Cinar, Nelvana, Saban and D'Ocon – are putting their names on the map and building their own international distribution. Many of these companies are working with international partners to spread the cost and the risk – and often coming back to do it again.

Co-Production International lists 109 animation co-productions either in progress or completed since 1991. They range from *Bob's Birthday*, the Oscar-winning short produced by the National Film Board of Canada and Channel 4 to *Bamboo Bears*, a series in 52 half-hour episodes co-produced by 4D Marina and TF1 from France, ZDF (Germany), Telescreen (the Netherlands) and Mitsui (Japan), which cost \$23 million to produce at an estimated \$885,000 an episode.

Some names feature more regularly than others, with Cinar, France Animation and Nelvana topping the list of animation producers with 12 co-productions apiece. Cinar and France Animation have worked together on *The Busy World Of Richard Scarry*, *Albert the Fifth Musketeer* and *The Tales Of The Cat And The Tree*. Nelvana has worked most often with Ellipse (two series of *Tintin*, *Rupert the*

## Animation: Top 10 Broadcasters

BBC	UK	15
France 3	France	13
TF1	France	11
Canal+	France	9
RTVE	Spain	6
S4C	UK	6
ZDF	Germany	6
Antena 3	Spain	5
Rai	Italy	5
RTBF	Belgium	4

*Bear and Doug*). A group of broadcasters which regularly co-produce has also emerged, headed by the BBC, France 3 and TF1.

U.S. activity in this area has come from the likes of Saban and DIC Entertainment, while a handful of networks have dabbled – Nickelodeon, Showtime, HBO and Fox Children's Network.

The longevity of a successful cartoon series, and the ability of the right idea to cross boundaries, partly accounts for the appeal of animation in the co-pro field. Drama is a much rarer bird both on broadcasters' schedules and in international co-pro terms. It can be expensive, does not travel so well, and the distinction between kids-targeted shows and those aimed at a family audience is often blurred.

The BBC, though it is able to put large sums of money into programming, has more and more adopted co-pro as a way of financing children's drama series, particularly adaptations of classic children's books. Two series of *The Borrowers* were co-produced with Working Title and Turner Network TV, while *The Chronicles Of Narnia* was made with WQED Wonderworks. Five years ago, the BBC merged its commercial and programming activities to create BBC Children's International.

Part of its remit is to develop long-term relationships with the likes of the Australian Children's Television Foundation, France Animation and Film Australia. Such relationships are generating an increasing number of children's drama productions.

Other sub-genres such as pre-school, education and

## Drama: Top Five Co-Producers

BBC	UK	6
France 3	France	3
Telewizja Polska	Poland	3
RTVE	Spain	3
Yorkshire/Tyne Tees	UK	3

The following were each involved in two co-productions: ABC, Barron Films, Grundy, Nine Network, Seven Network (Australia), Central, Red Rooster, Working Title (UK), Coral Europa (Spain), NDR, Ravensburger, ZDF (Germany), Nickelodeon (USA), Quarter Latin (France).

puppetry, have also witnessed a number of co-productions. They range from *Mighty Morphin Power Rangers*, developed from Japanese action-adventure series to the Britt Allcroft/Catalyst produced *Shining Time Station*. [E]

*Co-Production International 1995, published by 21st Century Publishing, costs £150 (Europe), £165 (rest of the world), and is available from TBI, 531-533 Kings Road, London SW10 0TZ.*



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**Growth in expenditure on kid's tv programming is coming largely from the private sector. Tim Westcott looks at the findings of this year's survey**

# Playtime

# Facilities

**T**BI's fifth annual survey of children's programming features information on 55 broadcasters around the world. Most are services which offer children's programming as part of a broader schedule, but seven specialized services – Canada's YTV, France's Canal J, Holland's Kindernet and the UK's TCC, the Cartoon Network and Nickelodeon, and Fox Children's Network from the U.S. – are included. The operations covered range from the BBC, which is budgeting \$93 million for children's programming this year, to AVRO, which programs an hour a week of the genre on Dutch public television for a budget of \$2.7 million.

Unsurprisingly, given the competitive dynamics at work in television around the world, the tendency has been for public service budgets to remain static while the newer private channels are able to make double-digit increases in budgets this year.

The ABC, the BBC, ZDF, DR, BRTN, AVRO and NRK all said their budget for 1995 is the same as last year, while RTE increased 3% and PBS crept up just 1%. RTL2 and Pro 7 both increased budgets, as did TV2 (Denmark), up 20%, MTV (up 30%). TV3 (Sweden) up 20% and Fuji TV up 10%.

There are some exceptions – France 3's budget for chil-

dren's programs has gone up each year since 1993, since more airtime has been allocated to the genre. This year's budget of \$31 million represents a 30% increase on the year before. Switzerland's German-language pubcaster DRS reported a budget of \$5.8 million this year, up 75% on the year before. Private channels Sat1, CTV, YTV and TCC said their budgets were the same (though TCC recently announced it had spent \$13.5 million on its upcoming autumn schedule). No broadcaster reported a cut in its budget.

Programming of animation also appears to show up a divide between pubcasters and private stations. While the ABC, BBC, NRK, and PBS devote a much larger amount of airtime to live action, private stations Canal Plus, MTV, Pro 7, NTV and Fuji TV all show nothing but animation in their kid's strands. RTL2 shows roughly 36 hours of animation a week, and 95% of Global TV's 32-hour weekly output is made up of animation.

Live action tends to be produced in-house rather than acquired. NBC produces its two-hour Saturday morning slot in-house, SIC of Portugal produces all of its output of around 14 hours of live action itself, and the 30% of Sat1's schedule devoted to live action is all in-house. Broadcasters' replies on the average cost of live-action half-hours, which range from

\$6,000 to \$350,000, indicate that it is something of a blanket term, covering everything from studio-based presenters to full-blown drama.

Animation tends to be acquired either from abroad or domestically, for obvious reasons. Fuji TV said it is producing all of its animation in-house, though it has also acquired from the U.S. and the UK. Broadcasters in Australia, Scandinavia, Germany and the UK are among those which import most of their animation. France 3 produces most of its animation in-house. In Canada, Global imports most of its animation, but CTV acquires its entire output domestically.

Overall, the biggest importers of programming, in terms of hours per year, are TVE (700 hours), TV2 Denmark, TV3 Sweden and Channel 4 (all around or over 500 hours), Kindemet (450 hours) and the ABC (400 hours). Territories which figure most often as the source of imports are the U.S.A., Canada, France, Australia and the UK.

YTV in Canada emerges as the busiest co-producer in the world this year. It's involved in 130 hours of co-pros this year and is prepared to invest up to 30% of the budget. Not far behind is the ABC,

with 76 hours this year, although it doesn't allocate a specific budget for co-pros. Canal J is co-producing 70 hours, NRK and TCC 40 hours, and YLE 30-35 hours this year. Canal Plus and SRC prefer to pre-buy rather than co-produce.

Top-rated shows are a mixture of the new, not-so-new and in some cases the truly venerable. *Reboot* is equal top on YTV, *Albert the 5th Musketeer* is the top-rated show on France 3, *Animals Of Farthing Wood* has done well on YLE and the BBC, and *Sailormoon* is one of the top-rated shows on Antena 3. Pro 7 says *The Flintstones* is one of its most popular shows. *Bugs Bunny* is one of the top-rated shows on Canal Plus. But they are mere newcomers. Fuji TV's *Sazae-San* on Sunday evenings has been running for 25 years and gets a rating of 25%.

TBI thanks all those who took the time and trouble to respond to the survey.

TBI

**Budget for live action half-hour**

	(\$US000s)
ABC (Aus)	48.1
BBC	Variable
C4	64
Fox	100-350
France 3	70
Fuji TV	120 approx
PBS*	150-300
RTE	120
YLE	5.8-9.6
ZDF	210

\* PBS does not produce. These prices are what PBS would expect producer to negotiate.  
Source: TBI

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# The TBI Global Children's Programming

COUNTRY	CHANNEL	HEADS OF DEPARTMENT/BUYERS	ANNUAL BUDGET	HOURS BROADCAST A WEEK	% A: LIVE ACTION % B: ANIMATION	PROGRAM TIMESLOTS	% OF LIVE ACTION A: PURCHASED ABRDAD B: PURCHASED DOMESTIC C: IN-MOUSE
Australia	ABC	Claire Henderson (head) Peter Jackson (co-ordinator) John Stephens (prog.dr)	15% of prog budget	24.5	A:70% B:30%	M-F: 8-30-10am/3-6pm Sat: 9-7pm Sun: 8-9am	A:60% B:15% C:25%
	*Nine Network		-	12-15	A:66% B:33%	M-F: 9-9.30am/4.30-5pm Sat: 7-11am Sun: 7-8am	A:<5% B: >95%
	Seven Network	Chris D'Mara (Animation Buyer)	-	20	B:75%	M-F: 7.30-9.00am/4-5pm Sat&Sun 7-9.00am	N/A
Austria	*DRF	Andreas Vana (head) Marie-Luise Kaltenecker (buyer)	-	15	A:50% B:45%	M-F: 3-5pm Sat: 9.30-10.30am/ 3-5pm Sun: 9-9.30am/3.30-5pm	C:100%
Belgium	BRTN	Hilda Verboven (head) Frans Huybrechts (buyer)	-	10+	A:60% B:40%	M-F: 6-7.30pm Wed: 4pm Sat: 9-10am Sun:9-10am Sun: 9-10am/6-7pm	A:51% C:49%
Canada	*SRC	Michel Lavoie (head)	\$13m	25	A: 40% B: 40%	M-F: 6.30-7am/10-11am/3.30- 5.30pm Sat: 7.30-11am/4.30- 5pm Sun: 7.30-10am	A: 15% B: 35% C: 50%
	CTV	Arthur Weinthal (vp entertainment prog)	-	-	B:100%	Weekday's early primetime	-
	YTV	Kevin Wright (prog dir) Paula Parker (prog acquis)	-	79	A: 50% B:50%	M-F 5am-8pm Sat-Sun 5am-12.3pm	A: 23% B: 22% C: 55%
	Global TV	Doug Hoover (vp prog)	-	32	A: 5% B: 95%	M-F 6-9am, Sat 6am-6pm Sun 6-9.30am, 4.30-6pm	B: 100%
Czech Rep	Nova	Petr Sladeczek	-	6	B: 100%	M 11am, Tu 5.50pm, W 11.30am, 4.50pm, Th 6.30pm, F 7.30am, Sa 8am, 9am, 9.20am, 9.45am Sun 7.35-10am (start times)	-
Denmark	DR	Mogens Vemmer (head) Anne Lise Adreasen (acqu)	-	10	A: 55% B: 45%	Daily: 6-6.30pm Tu-Th: 5.00- 6pm F: 4-6pm Sat: 10-12.30am	A: 25% B: 5% C: 70%
	TV2	Preben Vridstoft	\$6m	15	A:50% B:50%	M-F: 5.00-6.00pm Sat & Sun: 8-12am	A:75% B:25%
Finland	MTV	Arto Kirinen (Head of acquisitions)	-	5	B:100%	Sat: 9-11am, Sun: 9-10am	-
	YLE	Ingegerd Pesonen ( FST) Jussi Pekka Koskiranta (TV2) Ms Airi Vihunen (TV1)	\$10 m	13.30	A: 20% B: 30%	M-F: 4-7.30pm Sat & Sun: 8-9am, Sun: midday	A:30-40% C:60-100%
France	Canal J	Eve Baron (prog dir) Emmanuelle Baril (buyer)	\$8m	93	A:90% B:10%	M W Th F Sun: 7am-8pm Tu Sat: 7-9am	A: 80% B: 20%
	Canal Plus	Françoise Reymond (director)	-	11.40	B:100%	M-F: 7.30-8.00am/6-6.30pm Weds:1.30-2.30pm Sat: 5.15-7.00pm Sun: 7.45-8.30pm	-
	*M6	Christine Lentz Nathalie Drouaire (buyer)	-	4.5	A:20% B:80%	Wed: 2-4.30pm Sat: 8-10am	C: 100%
	France 3	Mireille Chalvon Bertrand Mosca	\$31m	21.30-30	A: 3% B: 85%	M-F: 7.15-8.15am, 4.30-5.30pm W 8.30am-12pm Sun: 7.40-10.55am	A: 50% C: 50%
Germany	ZDF	Susanne Müller (head)	\$27m	10	A: 50% B: 30%	M-Th: 2.30-3.30pm, Fri:1.45-3.30 Sat: 11am-1pm Sun: 7.15-8.30am Sun:10.15-11.30am	A:35% B:15% C: 50%
	NDR	Wolfgang Buresch	-	12	A: 50% B: 50%	7.30am-8.00am-6-6.45pm Daily Sun 2-3pm	A: 50% B: 50%
	RTL	Erhart Puschnig (head of acquisitions)	-	-	-	-	C: 100%
	Sat 1	Dorfs Kirch	-	7	A: 30% B: 70%	Sat: 6am-10am Sun: 8.00am- 10.00am	C:100%
	Pro 7	Marie-Line-Petrequin	-	33	B: 100%	M-F: 4.00-6.00pm Sat: 6.30-12am Sat: 4.00-8.00pm Sun: 6.30-12am	-
	RTL 2	Andrea Lang	-	40	A:10% B: 90%	Mon-Fri 7-9.30 am 1-5pm	-



# and Animation Survey

% ANIMATION A: PURCH ABROAD B: PURCH DOMESTIC C: IN-HOUSE	HOURS IMPORTED A YEAR	MAIN COUNTRIES FROM WHICH PROGRAMS ARE PURCHASED	PROGRAMS SUBTITLED OR DUBBED	OUTPUT DEALS?	HOURS OF PROGRAMS SOLD	BUDGET FOR CO-PRODUCTION?	HOURS OF CO-PRODUCTION INVOLVED IN THIS YEAR
A:80% B:20%	400	Canada (25%) U.S.(40%), UK (25%)	Neither	Yes	147 (Children's only)	Not separately	76
A:90% B: 10%	13-26	U.S. (90%) Europe (10%)	Neither	-	-	-	-
A:100%	-	U.S.	Neither	Disney	-	-	-
A:100%	300	Germany	Dub	Yes	-	Yes	20
A:76% C:24%	270+	U.S., UK, NZ, East and West Europe	Both	-	-	Yes	-
A:65% B: 35%	3-4 series	France (25%), U.S. (25%) UK/Australia (25%)	Dub	None	Don't sell	Mainly for pre-sales	-
B:100%	-	Canada	-	-	-	-	-
A:23% B: 22% C:55%	37	Canada, U.S, U.K	-	-	-	Yes 30%	130
A: 80% B: 20%	-	U.S.A	-	-	-	-	-
A: 100%	312	U.S.A.	-	Disney	-	-	-
A: 98% B: 2%	250	USA 50%, England, France Sweden, Czech Republic	Both	EBU Co-Production	-	No	30
A:90% B:10%	500	U.S., UK, Australia	Both	-	-	Few	-
A:100%	200	U.S. , Canada	Both	Disney	Don't sell	-	-
A:50-90% B: 10% C: 10-40%	370	UK, Denmark, Spain Canada, Germany,Sweden	Both	None	20-22	Yes about 10%	30-35 hours
A:60% B:40%	100%	France, Canada, UK Australia, USA, Germany	Dub	-	-	\$1.4m	70
A:63.4% B:36.6%	-	U.S. (48%), Europe (52%)	Dub	-	No sales	No	None
A: 60% B: 40%	-	U.S. Europe	Dub	-	-	-	-
A:30% C:70%	-	U.K., U.S.A, Japan	Dub	None	430	\$19m	-
A:60% B:30% C:10%	60	U.K., U.S.A., France, Canada Scandinavia, Australia	Dub	None	-	Yes	20
A: 70% B: 30%	-	-	-	-	-	-	-
A: 100%	-	U.S.A.	-	Disney, MCA-Uni. Columbia-Tristar	-	No	None
A:100%	-	U.S.A./Canada (50%), Europe (20%)	Dub	None	-	-	Yes 10
-	-	U.S.A. U.K. France	Dub	-	-	Yes	-
A:60% B:40%	-	U.S.A. France, Germany	-	None	-	Yes	-

## FOCUS: CHILDREN'S TELEVISION

COUNTRY	CHANNEL	HEADS OF DEPARTMENT/BUYERS	ANNUAL BUDGET	HOURS BROADCAST A WEEK	% A: LIVE ACTION % B: ANIMATION	PROGRAM TIMESLOTS	% OF LIVE ACTION A: PURCHASED ABROAD B: PURCHASED DOMESTICALLY C: IN-HOUSE
Ireland	RTE	Kevin Lenihan (head prog) Dermot Horan (head prog acqu)	\$5.6 m	30	A:50% B:50%	M-F 2-6pm, Sat 8am-12.30pm Sun 9am-11.30am	A:20% B: 10% C: 70%
Italy	Rai 1	Paola De Benedetti (head) Max Gusberti (head acqu, prod, co-prod cartoons)		18.40	A: 40% B: 60%	M-F: 3.45-6.00pm Sat: 7.-10.am Sun: 7.30-8.30am Sun 7.30-10.00am	—
Japan	Fuji TV	Kazuya Maeda (head of programs)	\$52m	7	B: 100%	—	Non
	*NTV	Acquisitions & external prods division	—	5	B: 100%	M-F: 5-6pm,	—
	*TV Asahi	Takaaki Narikawa (head of sales)	—	7.30	A: 20% B: 80%	M Th F Sat: 7-8pm F: 5-6pm Sat Sun: 6-6.30pm Sat: 5.5.30pm Sun:9-10am	C: 100%
	TBS	Masato Ueda (VP Prog)	—	2.30	A:40% B: 60%	Sat: 7-7.30am 5-6.30.pm Sun 11-11.30am	B: 100%
Netherlands	RTL4	Keers Oversier(head acqu)		22	—	—	—
	AVRO	Hans Lubberding	\$2.7m	1	A:50% B: 50%	Sat: 8-9.00am 5-6.00pm	A:75% B:25%
	*Kindernef	Eric Van Trommel (buyer)	—	25	A: 20 %B: 80%	M-F: 7-10am, Sat-Sun: 7-12am	A:75% B: 22% C:3%
	*VPRO	Danielle Lunenburg (head)	25% of total budget	6	A: 80% B:20%	M Tu Th F: 5.30-6pm W: 2-4pm Sun: 9-11am	A:30% C:70%
New Zealand	*TVNZ	Janine Morrell (executive producer)	\$3.3m production only	40	A: 25% B: 75%	M-F: 6.30-10am/2.30- 5pm, Sat: 6-11am, Sun: 6-10am	A: 10% C:90%
Norway	NRK	Kalle Furst (head)	—	7.30	A:70% B:30%	M-W 6-6.30 Th-Sun 6-7.00 am Sat & Sun 9-10am	A: 5% B: 3% C: 92%
Portugal	SIC	Manuel Fonseca(dep prog dir)	—	18	A:75% B: 25%	M-F 3.30-6pm Sat: 11.00am-2pm Sun: 11.00am-1.30pm	C:100%
Spain	Antena 3	Beatriz Maesso (buyer) Paloma Garcia (head)	—	24.30	A: 65% B: 35%	Daily: 8-11.30am (Holiday) Daily: 7-9.30am (rest of yr)	A: 80% C: 20%
	*TVE	Don Enric Frigola Vinas David Nogueira (buyer)	10-15% of program budget	40-55	A: 20% B: 80%	M-S: 7.30-11am/ 1-3pm (holidays), M-F: 7.30-9am/ 1-3pm/5-8m (rest)	A: 70% B:15% C:15%
Sweden	SVT (Ch1)	Helena Sandblad (head)	\$5m	7	—	M-F: 6.15-6.45pm, M: 7.15- 6.45-7.15pm, Sun: 10-10.30am	A: 40% C: 60%
	TV3	—	\$3.5m	20	A:10% B: 90%	Varies	A:100%
Switzerland	TSL	Augusta Chollet (buyer) Adriana Parola	5% tot budg	8	A: 40% B: 60%	—	A: 60% C: 40%
	TSR	Varnel Janry	—	12	A: 50% B: 50%	M-F: 5-5.30pm Wed: 2.30- 5.30pm, Sat: 8-11am Sun: 7.30-10am	A: 98% C: 2%
UK	DRS	Barbera Dusek	\$5.8m	7	A:50 B: 10%	M-F 4.45-5.10 Sat/Sun9-10am	A:10% B: 10% C: 80%
	BBC	Anna Home (head) Theresa Plummer-Andrews(hd acqu) Michael Carrington (dep hd acqu)	\$93m	20	A: 78% B: 22%	M-F: 10.05-10.35am/ 1.20-1.35pm/3.50-5.35pm Wends: 7.30am-12noon	A: 5% B: 1% C: 94%
UK	Cartoon Net.	Andy Bird (sen vp/md)	—	98	B: 100%	5am-7pm 7 Days a Week	—
	Channel 4	Lucinda Whiteley (commissioning editor)	—	25	A: 20% B: 80%	M-F: 6.30-7am/12.30-2pm/ 6-6.30pm, Sat: 6.00-7.45am, Sun: 7-11.15am	A: 20% C: 80%
	ITV	Vanessa Chapman (controller, ch & youth prog:)	\$64m	12.35	—	M-F 3.30-5.30pm Sat 9.25 11.30am Sun. 9.25-10.15am	—
	Nickelodeon	Simon Graly (dir prog) Howard Litton (acqu mgr)	—	84	A: 15% B: 85%	Mon-Sun 7am-7pm	Varies
U.S.	TCC	Joan Lotts (buyer)	—	77	A: 35% B: 65%	Daily: 6am-5pm	A: 80% B: 10% C: 10%
	*ABC	Jennie Trias (head)	—	5	A: 10% B: 90%	Sat: 8am-1pm	A: 20% B: 30% C: 50%
	*CBS	Judy Price (head)	—	5	A: 10% B: 90%	Sat: 8am-1pm	A: 0% B: 100%
	Fox	—	—	19	A: 70% B: 30%	M-F 7.30-8.30am 3-5.00pm Sat: *.00am- 12.00am	A: 5% B: 20% C: 75%
	NBC	Linda Mancuso (head)	—	2	A: 100%	Sat: 10am-12.30pm	C: 100%
	PBS	Alice Cahn (head)	—	—	A: 90% B:10%	M-F: 7am-6pm Sat: 6- 8pm Sun: 8am-1pm	B:100%

Notes: The information in this survey is compiled from questionnaires completed by broadcasters. \* Answers have been based on 1994 replies.

**FOCUS: CHILDREN'S TELEVISION**

<b>% ANIMATION A: PURCH ABROAD B: PURCH DOMESTIC C: IN-HOUSE</b>	<b>HOURS IMPORTED A YEAR</b>	<b>MAIN COUNTRIES FROM WHICH PROGRAMS ARE PURCHASED</b>	<b>PROGRAMS SUBTITLED OR DUBBED?</b>	<b>OUTPUT DEALS?</b>	<b>HOURS OF PROGRAMS SOLD</b>	<b>BUDGET FOR COPRODUCTION?</b>	<b>HOURS OF COPRODUCTION INVOLVED IN THIS YEAR</b>
A:95% B:5%	-	U.S, U.K, Australia Canada, France.	No	None	None	Yes (Varies)	21.5
-	-	U.S., Europe	-	-	-	-	None
-	-	-	-	-	-	-	-
B:100%	-	UK, U.S.A.	Both	None	-	No	None
B: 100%	0	Do not purchase	Neither	None	-	Yes	None
C: 100%	0	Do not purchase	Neither	-	-	No	-
A:16.7 B:83.3	0	U.S.A. Australia	Neither	None	70-75	None	None
-	-	U.S	-	-	-	-	-
A:100%	-	Sweden, U.S, U.K.	Both	Bos Bros	-	-	-
A: 80% B: 20%	450	Europe, UK, Canada, Australia, NZ	Both	None	No sales	Yes	-
A:90% C:10%	75	Scandinavia (50%),Canada (10%) U.S. (10%),Others (30%)	Both	None	No sales	No	3
A: 100%	-	U.S.	Neither	None	-	No	-
A: 98% B: 2%	120	U.S, U.K, Germany, Czech Rep Scandinavia.	Both	CTW	15-20	Yes	40
A:100%	936	U.S.	Dub	-	No sales	-	18
A: 100%	-	U.S.(30%),Japan (70%) Japan (70%)	Dub	no	-	-	-
A: 60% B: 5% C: 35%	700	U.S. (70%) France (20%)	Dub	Disney, Warner	-	-	-
-	40-70	Canada, U.S., Germany, UK	Dub	yes	-	Included in	-
A:100%	500+	U.S, Europe	Both	None	-	-	-
A: 85% B:10% C: 5%	150	UK (15%), U.S. (60%) Other (10%) Italy (15%)	Dub	-	-	-	-
A: 98% C: 2%	260	Europe (60%) U.S. (40%)	-	None	-	\$133,000	6
A:100%	50	U.S, U.K., France, Austria.	No	None	-	-	-
A: 60%B: 40%	100	U.S., Australia, Canada, Europe, New Zealand	Dub	None	None	Not specifically	26
-	-	-	-	-	-	-	-
A: 90% B: 10%	500	U.S., Australia, Canada, France	No	None	-	No	26
-	-	U.S.A	-	-	-	-	-
A:65% B&C varies	Varies	-	-	-	-	-	-
A: 80% B: 20%	-	Australia, Canada, U.S, Europe	Yes	None	-	Yes	40
A: 1% B: 90% C:15%	-	U.S.	Neither	-	-	Yes	3-10
B:80% C:20%	0	Do not purchase	Neither	None	-	Yes	-
A:5% B: 70% C: 20%	-	U.S. ,U.K., Australia	No	-	-	Yes	TBA
-	0	-	-	-	-	-	-
B:100%	0	U.S.	Subtitle	None	None	-	None

# TBI World Price Guide For Kids Programming

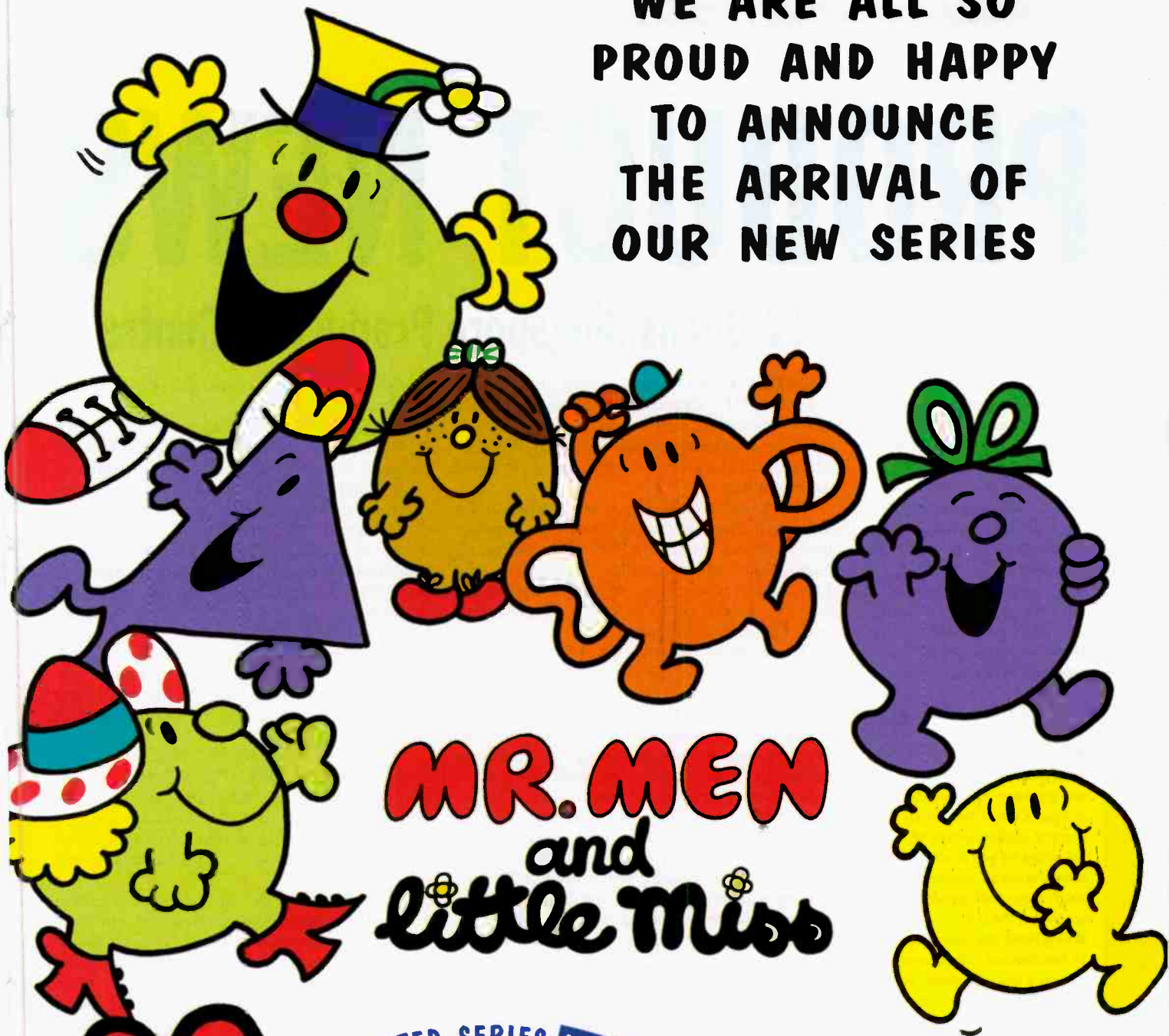
Prices listed are U.S. dollars for commercial half hours (22 to 24 minutes). Where no prices for live action shows are given it is because those countries do not purchase enough to accurately gauge average pricing levels. It is possible to gain higher prices than those listed in some markets if the product deemed

to be of very high quality. No price for the big three U.S. networks is listed as the prices they pay in commissioning from the domestic market have no relation to acquiring finished product, and they buy almost no imported animation or live action children's shows. Prices exclude dubbing costs.

## Highest and lowest prices paid for imported commercial half hours (U.S. dollar)

Country	Animation lowest - highest	Live action lowest - highest	Country	Animation lowest - highest	Live action lowest - highest
<b>Australia</b>			<b>Japan</b>		
Public	2,400 - 4,100	3,400 - 4,500	Public	5,000 - 15,000	
Private	3,500 - 6,000	3,500 - 6,000	Private	5,000 - 15,000	
<b>Belgium</b>			<b>Korea</b>	800 - 1,500	
Public	1,200 - 4,100	1,200 - 2,500	<b>Mexico</b>	2,000 - 4,000	
<b>Brazil</b>			<b>Netherlands</b>		
Globo	2,000 - 3,000		Public	3,000 - 5,000	3,000 - 7,200
Others	1,000 - 1,200		Private	2,500 - 5,000	2,500 - 5,000
<b>Canada</b>			<b>New Zealand</b>		
English nat nets	1,500 - 12,000		Public	375 - 1,000	375 - 1,000
English pay/cable	3,000 - 5,000		<b>Portugal</b>		
French nets	5,000 - 8,000	5,000 - 9,000	Public	1,500 - 3,000	1,500 - 3,000
<b>Denmark</b>			Private	800 - 1,500	
Public	1,000 - 3,000		<b>South Africa</b>		
Private	800 - 2,500	800-2,000	Public	2,000 - 3,000	
<b>Finland</b>			M-Net	750 - 1,200	
Public	1,000 - 3,800	1,000 - 3,800	<b>Spain</b>		
Private	800 - 1,200	1,000 - 1,500	Public	3,000 - 6,000	3,000 - 6,000
<b>France</b>			Private	1,500 - 8,000	3,000 - 7,200
Public	12,000-20,000	12,000-20,000	<b>Sweden</b>		
Private	14,000	14,000	Public	1,400 - 3,000	1,400 - 3,000
Canal J	800-1,400	800-1,400	Private	1,400 - 3,000	1,400 - 3,000
Canal Plus	5,000 - 13,400	5,000 - 13,400	<b>Switzerland</b>		
<b>Germany</b>			Public	1,300 - 2,400	1,300 - 2,400
Public	15,000 - 25,000	10,000 - 20,000	<b>UK</b>		
Private	16,600 - 66,600	16,600 - 66,600	Public	4,800 - 16,000	8,000 - 16,000
Pay tv	8,000-10,000	2,350 - 7,000	Private	10,000 - 30,000	10,000 - 30,000
<b>Hong Kong</b>	750 - 1,000		C4	4,800 - 48,000	11,200 - 32,000
<b>Italy</b>			<b>U.S.</b>		
Public	8,000 - 12,000	8,000 - 12,000	Fox	2,500 - 10,000	2,500 - 50,000
Private	8,000 - 12,000	8,000 - 12,000	PBS	12,000 - 100,000	10,000 - 100,000
Junior Tv	1,500 - 4,000	1,500 - 2,000	Syndication	25,000 - 40,000	15,000 - 20,000

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# PRODUCT NEWS

- The Monte Carlo Television Festival and NATPE International, which happen within a few weeks of each other at the beginning of each year, have agreed to co-operate in marketing their events to potential attendees. Monte Carlo will exhibit at next year's NATPE in Las Vegas (January 22-25). Next year's Monte Carlo festival and market takes place February 8-15.

- Jon Feltheimer is to succeed Mel Harris as president of Sony Television Entertainment. Feltheimer will oversee all aspects of Sony's global television business including Columbia Tristar's distribution and broadcasting activities.

- Joel Denton has joined Hallmark Entertainment as senior vice president, managing director of sales. Denton, who will be based in London, moves from Itel, where he was director of sales. He will be responsible for distribution of all Hallmark product outside the U.S.

- King World has commissioned TV New Zealand to produce a pilot for a new gameshow, *Poker Palace*. TVNZ director of programs Mike Lattin set up the deal, which draws on the Kiwi pubcaster's inhouse facilities and subsidiary Avalon Studios. Two pilots of *Poker Palace* for TVNZ and two demos for the U.S. gameshow specialist were being made last month.

- All American Fremantle International has transferred international sales vp Jennifer Chrein from New York to London to strengthen its European team.

- Canal Plus España has agreed its first documentary co-production with National Geographic Television. Itel and Canal Plus France are also co-producing. The program is provisionally titled *Heartbeat of the Forest*.

## UTV Opens Singapore Production Centre

**RAPIDLY-EXPANDING** Asian production company UTV International is to establish a major television production centre in Singapore to produce programming in English, Malay and Tamil for Singapore and other Asian markets.

Headquartered in Canada with offices and a state-of-the-art production and post-production facility in Bombay, UTV is 49% owned by News Corp subsidiary 20th Century Fox and has already produced a number of shows for Star TV, in addition to supplying Doordarshan and other Indian broadcasters.

According to Myleeta Aga, UTV's representative in Singapore, the island state has proved to be an attractive centre for a regional operation, due in part to government's efforts to turn it into a regional media hub. As yet, there are very few independent program producers operating there, despite the growth in channels and local production possibilities.

Aga said genres of programming to be produced will include sitcoms, soap operas, gameshows, reality-based shows, current affairs, children's and youth shows. UTV Singapore will be drawing on the Indian company's experience in cutting costs through high-volume production and economies of scale.

UTV will be ploughing \$4.9 million into the construction of a production and post-production studio complex which it hopes to have up and running by the end of the year. At the

moment the search is on for the right premises and suitable staff.

Shareholders of UTV Singapore will include UTV International and News Corp, but the company is also looking for other investment.

Although Singapore will be the south-east Asian hub, plans are also underway to set up a production site in Malaysia. Although that market is already served by a number of well-established independent producers, Aga said the 80% production quota which terrestrial broadcasters are expected to reach by 2000, plus the launch of MMDS service Mega TV and satellite pay-tv package Measat, will provide opportunities. UTV is also looking at setting up regional sales offices in Indonesia, The Philippines and Thailand in the first half of next year.

In addition to serving the Singaporean and Malaysian broadcasters, UTV will also be looking for regional and international co-production opportunities. It will also be looking to hold onto international rights to productions in order to maximise revenues from regional sales.

Although Aga said not all genres travel across the region, the production company has been encouraged by the success of *Sbanti* - a Tamil-language daily soap opera originally produced for Doordarshan, it has now been sold to broadcasters in Singapore, Sri Lanka and Indonesia.

## HIT Opens Doors In The US

**BRITISH** distributor HIT Entertainment has opened an office in Los Angeles to develop its production and distribution links with the US.

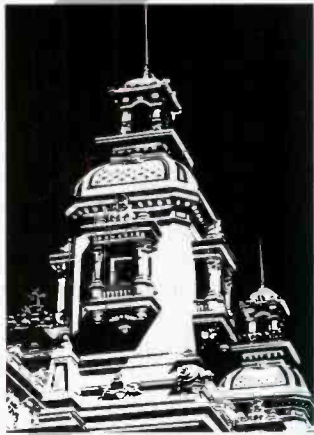
Sophie Turner-Laing, deputy managing director of HIT, said it made the move "predominantly to acquire international distribution rights in the children's and natural history field, and to facilitate the sale of shows in HIT's international catalog."

She added that HIT was also keen to explore the possibility of raising finance from U.S. networks and from cable for new productions. "It's just such a huge marketplace. The potential for exploitation of ancillary rights is much bigger than in Europe."

The Beverly Hills office, HIT Entertainment USA Inc., will be headed by Dorian Langdon, who was formerly responsible for worldwide sales and production at Hemdale Home Video Inc.



HIT series: Dennis & Gnasher



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- MGM/UA Telecommunications Group has inked an exclusive licensing and co-production agreement with Seven Network in Australia. The commercial network will get Australian free tv rights to MGM and UA theatrical and tv properties, starting with 1995 releases.
- Channel 4 International has appointed Minotaur International as one of its chosen specialist documentary distributors. The contract covers over 200 hours of catalog, including the broadcaster's scientific series *Equinox*.
- The Kinnevik-owned Modern Times Group (MTG) has appointed U.S. cable executive Sid Amira to expand its pay-per-view operations.
- Grundy Worldwide has landed its first light entertainment commission in the Netherlands from upstart commercial network Veronica. The network ordered eight 50-minute episodes of *Man O Man*.

## Endemol Goes All American

LIGHT entertainment specialists All American Fremantle International and Endemol Entertainment have formed a strategic alliance to combine operations in Portugal and Greece. They plan to look beyond Europe for further joint venture opportunities, particularly in Asia.

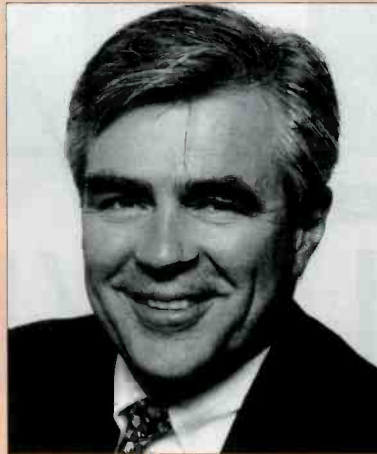
In Greece, the two companies have formed a joint venture with newspaper publisher Eleftherotypia. Versions of *Wheel Of Fortune*, *Dating Game*, *Let's Make A Deal* and *Other Tricks* are already in production in Greece. In Portugal, All American and Endemol will pool production and management resources to work on joint and individual projects. Endemol is working on five shows for SIC and three for RTP.

David Champatloup, present of internation-

al television at All American, said it made "real sense" for the two companies to work together in certain countries. "Together we can achieve economies of scale which will allow us to deliver a broad range of proven programs at very competitive prices."

Holland's Endemol has also linked up with All American to produce and syndicate a version of the gameshow *All You Need Is Love* for the U.S. market.

All American last month added the David Gerber Company into its operations and named David Gerber, formerly head of Columbia and MGM's television arms, as President of All American Television Production. The company has a four-hour miniseries for CBS and a two-hour movie for Fox currently in production.



Champatloup: "Economies of scale"

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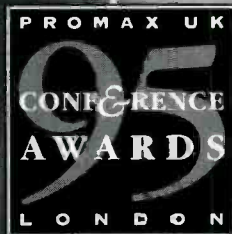
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Not long ago, only engineering whizz-kids knew about digital compression. And, once the concept began to percolate through, many perhaps wondered whether it spelt the decline of the satellite business. For, if digital compression meant several or more channels per transponder where analog gave one, you surely would not need as many satellites.

The reality appears to be the opposite; that many more channels means greater demand. Thus Europe's leading supplier, SES, plans to launch three satellites inside the next two years offering a total of 56 digital transponders, or 560 extra tv channels, assuming a digital compression ratio of 10:1. That supply has been gobbled up and there is still a demand for more, much more.

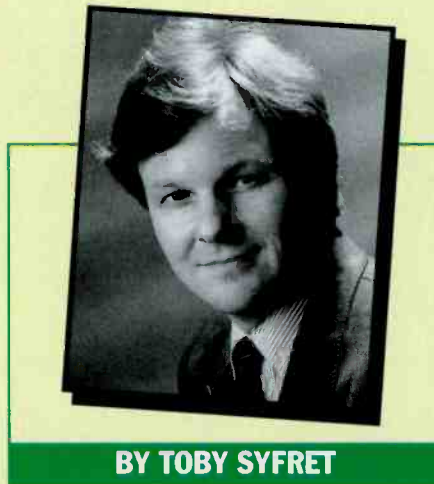
One point to have escaped no-one's attention is that 36 out of the 56 transponders, or almost 65% of capacity, has been allocated to the current dominant forces in European pay-tv: Canal Plus, CLT, Kirch and Nethold. A further batch of transponders are expected to be allocated to BSkyB, leaving a handful for the rest.

Needless to say, the allocation has provoked renewed criticism of SES commercial policy which, it is said, continues to favour certain players. Worse still, at least two favored parties, BSkyB and Canal Plus, have been very successful at locking out competition from their highly profitable analog pay-tv markets, and now these allocations on Astra give them a head start to establish their subscriber base and proprietary conditional access technologies in the digital era.

Yet, assuming all this to be true, we must still wonder at the nature of the victory. SES sources say that they have given large chunks of capacity to the leading pay-tv operators in order to kick-start the market for digital services; but what kind of kick can they give? Do they really have something to offer the public, or do they suppose the public will be seduced into buying digital decoders by the sheer quantity of channels contained in the package?

For sure, there are plenty of ideas for the new channels kicking about. They include near-video-on-demand (NVOD), pay-per-view (PPV), simulcast channels,

# Me TV In A Race Against Free TV



BY TOBY SYFRET

the same channels broadcast at staggered transmission times, channels imported from overseas, and nice, cheap-to-produce spin-off channels.


Taken as a whole, there is very little in the current plans to excite the imagination. In so far as the pay-tv operators rely on subscription income for their new channels, exact audience size is not a big issue. That said, audiences are a measure of appeal, and they must seek to attract viewership. However, it is one thing to bring in lots of extra channels at very low cost, another to build audiences without investing large extra sums in programming. Moreover, it is very hard to see how all the new channels can survive on subscription alone, however low their overheads; and if they want advertising support, audience share is critical.

Meanwhile, the actions of the current pay-tv operators, with the addition of

CLT and maybe one or two others, will contribute to the growing dichotomy in the concept of tv channels. Nowadays, whenever programs are aired or articles written about the future on the information superhighway, the Malones and Dillers of this world will time and again be seen advocating the world of Me TV; that is to say, the world not of 500-plus channels, but of one self-selected channel. Then lined up on the other side of the fence one gets the corporate officers of the U.S. majors proclaiming the "never die" qualities of universally available Free TV. One wonders what the two sets of talking faces would say if they were forced to swap sides just for once.

And this leads to a further observation. Perhaps part of the reason pay-tv operators have figured so prominently in the first round of digital allocations by Astra is that most of the big terrestrial free tv operators do not really believe in it. Other reasons (e.g lack of funds) or other excuses (e.g. restrictive regulations on channel ownership) notwithstanding, there has been very little evidence to suggest that it matters to them.

What is unclear is whether the leading pay-tv operators are buying up so much digital capacity as a defensive hedge of their existing pay-tv interests, or out of the belief that this is the route to the information superhighway. In two years' time we may find out.

This is to be my farewell Advertising column for TBI as I embark on a new career. Somewhere, if only I knew where to look, is my copy of the launch issue of TBI. It contains my first column for the magazine. It was very exciting to be involved from the start, especially as a non-journalist, and later to continue as TBI built its identity and achieved success. I am proud to have played a small part in the formative years, and would like to thank past and present editors, the rest of the TBI team, and readers, for a long and happy experience. 

**It is one thing to bring in extra channels at low cost, another to build audiences without investing large sums**

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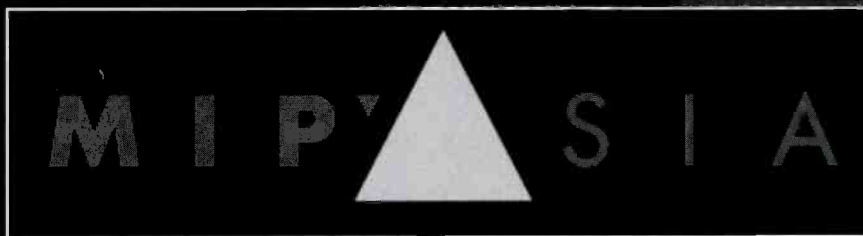
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# What? You're Not On The Web?

**TV shows round the world continue to jump on the World Wide Web... NewTek to take Video Toaster beyond the Amiga platform**

In June, TBI wrote about broadcasters and producers using both the World Wide Web and commercial on-line services to promote their programs and stay in touch with viewers. Since then, more deals have been inked, more broadcasters have begun toying with the net and more technology has appeared on the scene.

Microsoft continues to add broadcast companies to its roster of Microsoft Network content providers. The software giant's latest agreement was made with Sweden's Modern Times Group (MTG), Kinnevik's media division. Kinnevik is the media monolith that launched the first Scandinavian tv channel off the first Astra satellite and now owns a host of broadcast, pay-per-view and home shopping channels, as well as radio, music, newspaper and magazine ventures. MTG can be found on the World Wide Web at "http://www.everyday.se/MTG/".

America's TV Guide has just finished beta testing an on-line service. The good folks at the Rupert Murdoch-owned magazine had originally intended to set up a stand-alone, dial-up service until Murdoch's News Corp. bought the on-line service Delphi. TV Guide on-line now seems slated to become one of the services Delphi will put up on the Web, though TV Guide currently appears as only an address

on the service without any content. Beta test items included crossword puzzles and personalized tv listings, similar to the cable boxes that now allow users to display personal tv schedules. TV Guide's currently empty World Wide Web address is "http://tvguide.com" and no one at Delphi or the magazine will say anything about when there'll be something to look at.

Earlier this year, the Sci-Fi Channel began merging on-line chat with television. Fans of the show *The Prisoner* stayed up until 3 a.m. Eastern standard time on Thursday nights to log in and comment on the show as it progressed. One at a time, the comments of the viewers scrolled onto the tv screen below the picture. The content of the discussion was not unlike that of *Mystery Science Theater 3000*, witty commentary on the on-screen action (though the boys at *MST* are more practised and funnier).

The feature has been popular with viewers, and the Sci-Fi Channel will use the technology in the fall primetime season. *On-Line Showcase* – the show's working title – will feature different episodes of the channel's most popular series with on-line comments scrolling along at the bottom of the picture. *On-Line Showcase* will air on Friday nights at 10 p.m., with a re-broadcast at 2 a.m. The Sci-Fi

Channel can be found on the World Wide Web at "http://www.scifi.com/".

## A Pal Toaster

NewTek, maker of the Video Toaster, the Emmy-winning desktop video post-production system, has begun to expand out towards non-Amiga and non-NTSC markets. The original Toaster and its popular 3D package, Lightwave, were originally designed to be inexpensive enough for the one-man independent video producer while powerful enough for the professional market. Both products have been exceptionally successful at filling that niche. Lightwave effects have been an integral part of a whole roster of American television programs, including *Babylon 5*, *Robocop*, *seaQuest DSV*, *Star Trek: Voyager*, *Unsolved Mysteries* and *Weird Science*.

The new Video Toaster has left behind its reliance on the Amiga platform. The new Toaster, at a cost of \$7,995, is shipping with software for Windows, Windows NT, DEC Alpha and MIPS platforms, as well as Amiga, and can potentially run off of any box with a SCSI port and a hard drive. For an additional \$2,000, the Toaster can be fitted with an LCD display and used as a digital field recorder. It will even do limited cuts-only editing without

a computer connection. This ability could greatly reduce the time consumed in shooting, reviewing, logging and editing footage.

In their first step away from being an NTSC-only company, NewTek has unbundled Lightwave from the Toaster. The new Lightwave runs on all of the platforms listed above that will save in PAL format as well as NTSC. The new Lightwave also benefits from NewTek's relationships with Xaos Tools and Elastic Reality, two makers of special effects software.

With Lightwave blazing the trail, the Toaster itself may soon be available as a Pal literate device.

**Stephen Jacobs, TBI's new Hard Tech columnist, has previously written about video, communications and computing technology for TBI, as well as Wired, Video Maker and Fast Forward. If you've got news for him, send it to TBI at our London address, or directly to Stephen Jacobs, Assistant Professor, Information Technology, Rochester Institute of Technology, 102 Lomb Memorial Drive, Rochester, N.Y. 14623, USA.**

**His telephone number is 716-475-7100 and his e-mail address is sxj@cs.rit.edu.**

# Counting Up Growth

**No wonder everybody is merging. VS&A's annual look at the U.S. industry sees continued expansion – torrid growth, even, in some sectors – for the next five years.**

**By Jean-Luc Renaud**

Spending by advertisers and end-users on products and services provided by the U.S. communications industry totalled \$233.5 billion in 1994. Advertisers accounted for \$95.7 billion (41%) and end-users \$137.8 billion (59%) of the total. By 1999, total spending is forecast to reach \$323.7 billion – advertisers accounting for \$126.3 billion (39%) and end-users \$197.4 billion (61%).

These figures are dissected over the 330 pages of Communications Industry Forecast – the ninth annual edition of Veronis, Suhler & Associates Inc.'s highly-regarded compendium on the U.S. communications industry.

VS&A's definition of the media industry includes tv and radio broadcasting, subscription video services, filmed enter-

tainment, recorded music, business information services, interactive digital media, and newspaper, book and magazine publishing.

5.7% during the 1994-1999 period, up from the rate during the previous five-year period (3.1%). VS&A expects overall end-user spending to grow at 7.4% a year over the forecast period, an improvement over the 6.8% increase of the last five years.

Although sensitive to the economy, end-user spending is less cyclical than advertiser spending. During the 1991 recession, for example, end-user spending did not decline as it did for advertising, although growth slowed, and during the ensuing recovery, end-user spending did not bounce back as strongly. As for long-term trends, end-user spending has been affected by new technologies that have penetrated the market. Penetration growth of home video and cable in the 1980s fueled end-user spending, VS&A explained, but as these industries have matured, growth has slowed. Similarly, penetration growth for interactive digital media will stimulate spending in the 1990s. VS&A noted that, although consumers have adopted a number of new technologies, they have not abandoned their media staples; spending on books, movies, newspapers, and magazines has continued to grow.

terms of time spent on them by consumers. Video-game usage escalated at a 29.7% compound annual rate, while time spent by the average consumer watching basic networks increased by 13.1% compounded annually over the 1989-1994 period. The time spent watching prerecorded videocassettes rose by 5.9%. Further penetration gains should continue to spur video-game and home video usage.

Time spent in 1994 on consumer online services averaged three hours per person, while Internet access services recorded two hours per person of usage. As these media become established, VS&A looks for usage levels to rise significantly over the forecast period; the two sectors will also see growth as a result of increasing computer penetration. By 1999, the time spent using online and Internet-access services will average an estimated 14 hours per person, and usage of educational software will average five hours.

As per VS&A, consumers spent \$456.26 per person on media in 1994. Subscription video services were the largest segment, getting \$110 in per capita spending. Books were the next-largest category at \$79.22, followed by home

## Communications Industry Spending (\$000s)

Year	TV B'casting	Radio B'casting	Subscription Video Services	Filmed Entertainment	Recorded Music	Newspaper Publishing	Book Publishing	Magazine Publishing	Business Info Services	Interactive Digital Media	Total
1989	24,356	8,323	15,785	22,352	6,580	44,148	18,036	18,693	21,314	1,527	181,114
1990	25,507	8,726	18,047	23,826	7,541	44,700	19,043	19,313	22,753	3,137	192,593
1991	24,208	8,476	19,585	24,323	7,834	42,588	20,101	19,024	24,206	3,364	193,709
1992	25,879	8,654	21,278	25,701	9,024	43,396	21,224	20,097	25,568	3,717	204,538
1993	26,444	9,457	23,246	27,615	10,047	44,916	22,635	20,848	27,067	4,421	216,696
1994	29,045	10,295	24,078	29,512	12,068	48,055	23,794	22,240	28,663	5,749	233,499
1995	30,430	11,257	26,175	31,363	13,496	50,569	25,490	23,729	30,375	7,178	250,062
1996	33,050	11,900	28,891	32,877	14,225	52,801	27,009	25,246	32,230	8,776	267,005
1997	33,800	12,770	31,239	35,099	15,629	55,172	28,720	26,615	34,260	10,652	283,956
1998	36,050	13,445	33,667	37,018	17,249	58,167	30,750	28,153	36,425	12,604	303,528
1999	37,550	14,505	36,119	39,054	18,916	61,706	33,150	29,742	38,740	14,238	323,720

Source: Veronis, Suhler & Associates

I will concentrate here on the sections of Communications Industry Forecast of interest to TBI readers. VS&A found that, over the last five years, video games, home video and basic tv networks were some of the fastest-growing sectors in

video at \$72.97 per person.

The least expensive media, on an hourly basis, tend to be the most widely used. In the U.S., broadcast television and radio are free to consumers and account for the largest amount of time

spent. Subscription video services, next in terms of time spent, cost only 23 cents per hour in 1994. Recorded music ranked fourth in time spent, and its hourly cost was 19 cents. The most expensive media on an hourly basis were consumer on-line and Internet

years.

For the five-year forecast period, VS&A projects spending on basic cable services to rise at a 7.3% compound annual rate. By 1999, spending on basic services should total \$22.1 billion, up from \$15.6 billion in 1994. Premium

expand by offering greater selection, more convenient viewing options and attractive pricing. VS&A expects spending to rise at a 28.7% rate compounded annually over the next five years, climbing to \$1 billion in 1999 from \$297 million in 1994.

## End-User Spending Per Person Per Year (\$)

Year	Subscription Video Services	Recorded Music	Daily Newspapers	Consumer Books	Consumer Magazines	Home Video	Movies in Theaters	Home Video Games	Consumer On-Line/Internet Access Services	Educational Software Media	Total
1989	77.86	32.25	45.71	61.24	31.49	50.71	24.67	5.39	2.22	0.10	331.65
1990	87.90	36.64	47.55	63.90	33.14	56.35	24.40	12.39	2.93	0.22	365.43
1991	94.44	37.73	46.56	68.18	33.45	58.69	23.13	12.47	3.61	0.48	378.77
1992	101.28	43.05	48.54	71.37	34.26	63.23	23.24	13.08	4.39	0.70	403.15
1993	108.54	47.42	48.25	74.90	35.27	68.42	24.33	14.56	5.35	1.15	428.19
1994	110.00	56.35	49.28	79.22	36.36	72.97	25.20	17.00	7.44	2.44	456.26
1995	117.84	62.36	52.67	84.20	38.79	78.19	25.13	18.95	11.23	2.99	492.35
1996	128.65	65.07	55.78	88.89	40.53	81.47	24.83	20.70	16.34	3.48	525.74
1997	137.16	70.76	58.08	93.91	42.12	86.47	25.82	22.89	21.82	4.28	563.32
1998	145.75	77.29	60.61	100.03	43.75	89.85	26.61	25.38	27.03	5.24	601.55
1999	154.30	83.92	62.76	107.19	45.53	93.56	27.39	28.13	29.95	6.43	639.17

Source: Veronis, Suhler & Assocs

access services (\$2.48), movies in theaters (\$2.10), home video (\$1.40), and educational software (\$1.22), each over the \$1 per hour mark. Books and home video games fall in a middle ground, costing 78 cents and 77 cents per hour, respectively. The hourly cost of reading newspapers was 29 cents and of reading consumer magazines, 43 cents. These two media receive much of their funding from advertisers, helping to keep down the cost to end users.

Spending on subscription video services rose at an 8.8% compound annual rate over the last five years – 11.3% for basic cable services, 0.8% for premium cable channels and 31% for pay-per-view movies.

The U.S. market, probably to no one's surprise, is becoming more and more competitive, said VS&A. Direct broadcast satellite (DBS) is available, wireless cable (called MMDS in Europe) is becoming a force, and video dial tone services like video-on-demand (VOD) will probably come on line during the forecast period. In an analysis that could be valid in Europe as well, VS&A forecast the emergence of these competing delivery channels should keep rate increases by cable operators in check. Since one or another of the various subscription video services is already available in nearly all tv households, there will be fewer new subscribers to generate subscription spending growth over the next five

channels should benefit from increased competition at the basic services level. With lower growth in basic fees, subscribers will have more money to spend for premium channels, VS&A said. The report projects spending on premium services to continue to grow at a rate of 8.7% annually over the forecast period, increasing from \$5.3 billion in 1994 to an estimated \$8 billion in 1999.

Pay-per-view movies represent a small component of the subscription video services segment but one that is growing rapidly. Over the last five years, spending rose at a 31% compound annual rate. DBS should help PPV continue to

Advertising on subscription video services is forecast to grow at an 11.1% compound annual rate over the forecast period, rising to \$5 billion from \$2.9 billion in 1994.

Bringing together the various sub-sectors, VS&A calculates that total spending on subscription video services will grow at an 8.4% compound annual rate to \$36.1 billion in 1999. This compares with advertiser spending on broadcast television of \$37.6 billion in 1999.

Not surprisingly, growing interest in the Internet will spur torrid growth in spending on on-line and Internet-access services. The analysts expect subscription spending for these services to increase at a 33.4% compound annual rate over the forecast period, reaching \$6.1 billion by 1999. Spending on packaged PC/multimedia software, which includes consumer reference and general-interest titles, educational and entertainment software, will grow at a 23.2% compound annual rate, driven by growth in the CD-Rom universe. Spending will increase from \$1.4 billion in 1994 to an estimated \$4 billion by 1999.

For interactive digital media as a group, spending will rise from \$5.7 billion in 1994 to an estimated \$14.2 billion by 1999, growing 19.9% annually. Although forecast growth is down from the 30.4% increase of the last five years, this segment will still be the fastest growing in the communications industry.

## Share Of Spending 1994 (%)

Industry Segment	Advertising	End User
Television Broadcasting	100	0
Radio Broadcasting	100	0
Subscription Video Services	12	88
Filmed Entertainment	6	94
Recorded Music	0	100
Newspaper Publishing	79	21
Book Publishing	0	100
Magazine Publishing	61	39
Business Information Services	0	100
Interactive Digital Media*	0	100
Total	41	59

\* Excludes about \$30m in advertising  
Sources: Veronis, Suhler & Assocs, Wikofsky Gruen Assocs



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