



Pay TV, telco ads prop up media

There's nothing like a boost in advertising spending to make the media industry's year and 1995 has been a particularly good year - thanks especially to the arrival of payTV and the ongoing marketing war between Telstra and Optus.

Despite recent news of Telstra's \$534million financial blow-out, the telecommunications giant continues to spend record amounts on self-promotion. A recent survey by *Business Review Weekly* magazine listed Telstra as Australia's second largest advertiser (just behind Coles Myer) with an estimated annual ad spend of \$80 million. But ad industry insiders say this is a conservative budget estimate which does not take into account Telstra's massive 'below line' communications budget for direct marketing, inserts and sponsorships.

Telstra's director of corporate marketing, Jim Madigan, denied rumours of a \$43 million cut to his budget but foreshadowed a decrease in ad spending in 1996 and a more focussed campaign which will highlight the 'Advancing Australia' theme.

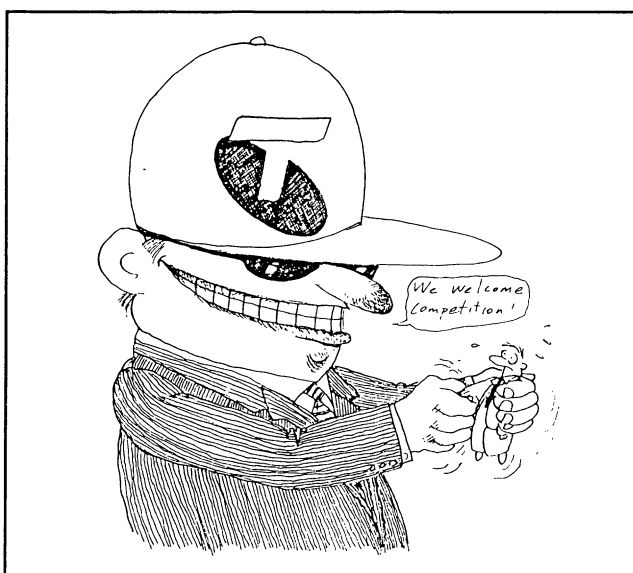
He said Telstra had too much advertising 'out there at present' because of the number of different Telstra products and the number of departments with budgets to promote them separately. Telstra employs three different advertising agencies - DDB Needham, Mojo and John Singleton.

According to an annual survey by analysts, AIM Data, Telstra spent 54 per cent of the total 1994 communications industry advertising spend of \$117 million compared to Optus's 20 per cent. This was a drop overall on the previous year which saw the big

two in a marketing frenzy over the long-distance carrier preselection ballot. That year, Telecom spent at least \$83 million while the new comer, Optus, spent close to \$35 million.

The *BRW* survey listed Optus Communications in Australia's top 20 advertisers with a fairly consistent spend of close to \$30 million a year.

Optus's marketing and communi-



cations manager Laurel Jackson said the company does not compete with Telstra. 'We want to swim our own race,' she said. 'There's a position for Optus which is very unique - it's young, vibrant and innovative. We're focussing our attention on a specific market.'

Jackson estimates that whatever Optus spends on advertising, Telstra spends five times that amount.

This year, the TV networks, major daily newspapers and glossy magazines have received an important filip from the overall growth in media advertising - up by \$261.8 million to an expected \$2.54 billion by the end of this year. The television networks received the major share of the increase with their advertising revenue up by a reported 20.2 per cent.

One TV industry insider said while air time rates had remained fairly stable, demand for special events sponsorship for such events as the Rugby Union World Cup or the Melbourne Cup had resulted in major rate increases. He said the competition between the telecommunications companies had been a major contributor to this increase.

The arrival of payTV late in the year also contributed to the increased profits of the television networks.

Foxtel's ad spend is estimated at \$10 million for this year alone while Optus Vision is spending \$10-15 million in an effort to snare customers early. Foxtel's high profile cinema and outdoor poster campaign, orchestrated by the ad agency Young & Rubicam, is likely to dominate the pay TV marketing wars with block bookings of cinema screens in Sydney, Melbourne, and Brisbane well into 1996.

Cost savings were clearly made in the News Corp stable with Foxtel heavily promoted through full-page advertisements in all major Murdoch (and competition) newspapers. Had Foxtel paid the going rate for its 10-page self promotion in *The Australian* on the day of its launch, the ad bill would have exceeded \$190,000. The full-page colour ads, which continue to appear in *The Australian*, would cost \$22,000.

The expected loss of Australis's planned \$10 million advertising spend as a result of its proposed merger with Foxtel could be a disappointment for the media but what may be lost there is made up by the creation of Super League which is reported to have pushed the News Corporation ad budget up from \$17 million in 1994 to around \$21 million this year. □