

# **P**ay-per-view channels box clever

*Live boxing bouts, wrestling matches and music concerts are the staple diet of pay television subscribers hooked on pay-per-view events. What can they expect next?*

**P**ay-per-view hit Australian pay television screens on February 8, 1997 when Optus Vision gained rights to the World Boxing Championship (WBC) heavyweight bout between Lennox Lewis and Oliver McCall. Since then, subscribers to any one of several services - among them Foxtel, Austar, Galaxy as well as Optus Vision - have been able to access some of the world's major sporting and entertainment events.

Optus Vision's pay-per-view channel, the Main Attraction, screens roughly three events a month: one boxing, one wrestling and one entertainment, usually a music concert. Subscribers pay \$29.95 in advance for a boxing event or \$39.95 on the day. Wrestling and music concerts cost subscribers \$19.95 in advance and \$24.95 on the day.

## **Advertising Revenue**

There is some advertising but most of Main Attraction's revenue derives from subscriptions. Advertisers to sponsor the channel include PepsiCo, Kentucky Fried Chicken and other takeaway or home delivery fastfood advertisers such as pizza restaurants. Conventional adbreaks are unusual but advertisers can sponsor a particular event. Accompanying publicity includes a mention on a 15-minute infotainment segment in the lead up to an event on Optus Vision's Barker Channel (its 24-hour channel which functions primarily as a Main Attraction promotion vehicle) and in the network's monthly subscriber magazine.

"We use a lot of marketing tools to advise our clients of what's on pay-per-view," says Rob Lyons, general manager of the Main Attraction. "There's the magazine and the Barker Channel, both of which highlight and promote an event prior to its screening. We have discovered during the past year that there is definitely a market in Australia for pay-per-view television. Wrestling events are growing in popularity and the more we learn how to market pay-per-view as an option, the better the response gets to it."

Advertiser response has been positive even though selling advertising on pay-per-view is not a main priority at this stage. "We are not blitzing the marketplace for advertising, we don't have a dedicated team trying to sell on the Main Attraction. Our main aim now is to boost the number of households watching pay-per-view events," says Lyons.

The Main Attraction is available to any one of Optus Vision's roughly 175,000 paid up subscribers. Lyons says that the channel is unlikely to screen more than three events each month as the indications so far are that one household will pay for one of the three on offer, not all of them. "For us, it's more a case of developing growth through increasing the number of subscriber households who take a PPV event each month."

At rival Foxtel's 24-hour pay-per-view channel, Event TV, general manager Kim Carver agrees that the aim at this stage in pay-per-

view's development is to boost the number of subscriber households paying extra for events. "I would be wary of watering down the channel with too many events. Two or three per month is just fine," she says.

Each of the three event categories - boxing, wrestling and entertainment and variety - is specifically targeted. According to Lyons, the majority of boxing bout watchers are male, wrestling appeals to families, and concerts - among them Celine Dion, Bette Midler's Diva Las Vegas, Phil Collins, Garth Brooks and The Bee Gees - are watched predominantly by females aged 25 years and older.

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Programming deals are signed individually with the exception of the wrestling events which are negotiated for a longer period of time (unspecified by Optus) with World Championship Wrestling in Atlanta, the U.S. Boxing is screened via deals with individual promoters such as Don King or local promoters in Australia, and the concerts are also signed in separate deals with bodies such as IMG International (The Bee Gees) and HBO in the U.S. (Garth Brooks).

At Foxtel, pay-per-view television has been a feature of the network's channel offerings since May 13, 1997 when its first broadcast was the Oscar

de la Hoya versus Purnell Whitaker WBC welterweight championship boxing bout. To date, the network has screened 13 events in total on its Event TV pay-per-view channel. The prices mirror those of Optus Vision and offer the same "early bird" advance booking discount.

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"It's early days yet in pay-per-view television in Australia," says Carver. "We have a varied response to individual events but it's fair to say that wrestling and boxing are very popular."

As well as the branded channels, other pay television operators also run pay-per-view television.

Regional multi-platform operator Austar (MMDS, satellite and cable platforms) runs pay-per-view events on a certain channel, sub-licensing programming from several sources including Optus Vision, and sporting channels which sub-licence such as Fox Sports and Sky Television.

After launching pay-per-view in October 1997, Austar took a break until February this year but is now screening up to three events each month depending what is on offer from its various suppliers. As the events tend to be live feeds from other operators or programming suppliers, Austar does not take any advertising and depends on its subscribers for financial support. Even so says Sue Crees, marketing manager with responsibility for pay-per-view at Austar, a pay-per-view channel is financially viable.

"We are totally focused on growing our business and at this point in time are covering our costs with relation to pay-per-view. The importance of pay-per-view events in Australia and their specific importance to Austar will only continue to develop," she says.

Managers at each network reiterate that the response from subscribers is positive and can only grow as Australians become used to paying for exclusive events not available on free-to-air television until long after the live event. They highlight the U.S. experience, where pay-per-view television incorporates movies and a much greater range of sporting and entertainment events and often is allowed to screen them before they reach video stores, as the way forward for Australian pay-per-view television - though no one would specifically admit to following that path.

"Since January this year, pay-per-view has done better for us, I think because people are getting used to the concept of paying more for a specific event and also because we now have enough of a lead time before the event to promote it properly. We are also being more careful about the events that we show," says Carver.

Particular successes for Event TV have included Bette Midler's Diva Las Vegas and the now infamous "bitten ear" boxing fight between Mike Tyson and Evander Holyfield.

Like Optus, Foxtel buys pay television-only rights for individual events and deals with promoters or suppliers on a case-by-case basis. This is largely because packages of pay-per-view programming carry no guarantee that each featured event will be a "big one" in terms of popularity.

Exclusive rights to an event are rare. "We have had some events exclusive to Foxtel but if rights are extremely expensive then it is better to share the cost with the

other networks. We had exclusive rights for a Night at the Opera featuring the three tenors and Kiri Te Kanawa, and further down the line we may try and get more exclusive rights," says Carver.

Having bought the rights (shared or exclusive) to an event, networks are generally allowed two screenings. It is usual to run the event twice within a 24-hour period, once live (in the case of sporting events) and then repeated soon after for "a second bite at the cherry". Concerts tend to be screened as closely as possible to the actual live event.

Definitive numbers of people actually paying to watch boxing, wrestling or music concerts in Australia are difficult to come by -

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"confidential" say the channel managers. Claims by one that 10 per cent of subscribers watch a pay-per-view event each month were scoffed at by rival operators. "They're dreaming!" said one, and retorted that two per cent of overall subscribers would be a more realistic figure.

If the two per cent figure is closer to the mark, then Optus, Foxtel and Austar have roughly 4,000 pay-per-view subscribers each on a monthly basis. At roughly \$30 a household, that's \$120,000 a month in revenue for each network's pay-per-view channel. No wonder they share the cost of rights. <

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