

TV revolution puts future in viewers' hands

Continued from C1

likely to roll out similar services once it builds its own ADSL2+ network following the opening of Telecom's network next year, Harley says.

IPTV services typically include the ability to time-shift programmes, allowing viewers to watch shows whenever they want, as well as deeper on-screen programming guides and pay-per-view options. On-screen voting through a remote control will replace the cellphone text voting seen on shows such as *NZ Idol*. Viewers will also be able to pause, rewind and fast forward live TV.

Movie offerings also figure prominently in most IPTV scenarios, which means ISPs will go head to head with video rental stores and traditional television providers.

Rick Friesen, chief operating officer of CanWest — which owns TV3 and C4 — argues that internet TV is still a myth in New Zealand, but the network was discussing when the time could be right to move towards it.

"In terms of television, if we could live in a land where there were only three television stations and no more, that would be a wonderful thing for us but that's not reality," he says. "You just adapt to changing times and internet television will be part of that landscape."

Friesen says it will be at least five years before the commercial impact of internet television hits, but when it does, it could be a threat.

"It's another way of getting the programming and obviously once it's fully established, and you can get a comparable signal on internet TV, then the viewer obviously has the option to bypass advertisers and bypass television networks."

The key for networks is to maintain strong relationships with content providers, he says. CanWest currently buys shows to screen free-to-air but it would need to negotiate buying another set of rights — called IPTV rights — from content providers if it were to set up some form of IPTV.

CanWest has not yet bought the rights because the technology to use them does not yet exist, Friesen says.

A TVNZ spokesperson said the network wanted to provide IPTV service and it had some rights. Sky also holds IPTV rights for its "valuable" programmes, chief executive John Fellet says. "It's better to get it before you need it than when you're desperate to get it."

Fellet says IPTV is not yet a commercial reality but when it is the pay-TV network plans to be a part of it. Sky and Telecom have tested a hybrid box taking both internet and digital feeds and Sky is working through the logistics of launching a service into New Zealand.



ACCESS ALL AREAS: Apple has already sold millions of downloads of popular shows such as *Desperate Housewives* for viewing on iPods and computers in the US.

If we could live in a land where there were only three television stations and no more, that would be a wonderful thing for us but that's not reality.

RICK FRIESEN
CANWEST CHIEF OPERATING OFFICER



"It's our goal to try to be everybody's pay-TV partner and so if Woosh wants to offer an IPTV television product, we'd like to partner, if Telecom wants to do it, if whoever wants to do it — we have a history of working with everybody," says Fellet. "We view it as just one more way into the household."

Major telcos around the world are also eyeing IPTV as a new revenue stream. Telecom last month formed a video division to plan out its offerings. "It's a question of when and what, rather than if," says Philip King, general manager of video services. King says Telecom is not likely to compete on full television services with Sky, but will rather look to complementary offerings such as downloadable movies and interactive

features such as time shifting. It is likely to do this in partnership with Sky. "We've got a highly evolved pay-TV market in New Zealand anyway, so the opportunity really is to do something additive to what customers [already] get in the home, not pretending there isn't already a lot of choice out there," he says. "We have no presence in the broadcast TV market today so it would take a long time to build expertise and

capability in that regard into what is already a mature market." King expects the IPTV market to really start rolling in mid-2007, once ADSL2+ services start to set in. Geof Heydon, Asia-Pacific director of innovation and market development for network giant Alcatel, says telcos worldwide are looking at IPTV services as replacement income for declining traditional calling revenue. Most telcos are holding off on committing to plans until they see how AT&T, which is leading the way, does in the United States later this year.

Advertisers face fight for viewers

Young and wealthy are already paying for ad-free television via the internet

BY MARTHA MCKENZIE-MINIFIE
MEDIA WRITER

ADVERTISERS will have to do more to seduce internet TV viewers by sponsoring shows and making commercials consumers actually want to watch.

A predicted reversal of the age-old rule that advertising pays for TV is forcing the change. Overseas, people can download TV shows for free with ads or pay for ad-free programming.

The first group shelling out for ad-free TV are the young and wealthy viewers whom advertisers already find hard to reach.

Nielsen Media Research this week unveiled plans in the United States to measure TV viewing on the internet, mobile phones and other gadgets — a move that could dramatically change the way viewership figures are tallied and shift advertising spending.

The challenge for New Zealand advertisers will only increase once more broadcast platforms, such as internet and mobile, become available here, says media buyer Martin Gillman, Total Media's chief executive.

Instead of commercial breaks being dominant, expect to see more programme sponsorship and products being integrated into shows.

"We've moved from the old days of being flashers to being seducers," says Gillman. "Instead of saying 'look, here I am' and you open your raincoat and bare all, it's more to do with how we involve our potential customers with our products in a way that is positive."

Gillman believes broadcast TV will remain dominant in the medium term and predicts a general shift towards consumers paying for content rather than advertisers.

He compares the change to New Zealanders' growing acceptance of pay-TV.

"If you were talking 10 years ago and you said 'it will not be long before the All Blacks will only be seen [on TV] live on subscription TV' everyone would have said 'no, no, no, no, of course it wouldn't [happen]'. But of course it has," says Gillman.

"The consumer purchase will probably replace advertiser funding." Michael Carney, media strategist

1.3m
New Zealand homes have a television.

3.2m
New Zealanders aged 14+ watch TV a week.

1.4m
New Zealanders aged 14+ rented a DVD or video in the last three months.

\$666m
was spent on television advertising last year.

650,500+
Sky TV subscribers.

SOURCES: Roy Morgan International/Advertising Standards Authority

CURIOUS INVESTOR BEHAVIOUR No.15

Heuristic simplification:
According to Nobel laureate Herbert Simon, people are so swamped with information that they react consciously to only a tiny part of it.

We adopt rules of thumb instead of absorbing the entire data. In general, shortcuts serve us well, but the simplifying processes that are normally efficient time-savers can have disastrous consequences in the world of investment. Subjective and selective calculations produce distortions and errors of judgement.

Do you ever find yourself seduced by the convenience of shortcuts?

Platinum
ASSET MANAGEMENT

www.platinum.co.nz | 0800 700 726

Platinum Asset Management Limited ABN 25 063 565 006 AFSL 221935 offers financial products. The current product disclosure statement (PDS No 6 and Supplementary) is available at www.platinum.co.nz or via 0800 700 726. You need to consider this PDS in deciding whether to acquire, or continue to hold, units in the Platinum Funds. This advertisement does not take into account the investment objectives, financial situation and particular needs of any person. Before making an investment decision you need to consider (with your securities adviser) your particular investment needs, objectives and financial circumstances. Platinum is a member of the Platinum Group of companies.

12 Mths 8.80% pa
18 Mths 9.35% pa
24 Mths 9.80% pa
36 Mths 8.95% pa

All rates effective (19/12/05) and subject to change without prior notice.

9.80%
per annum
FOR 24 MONTHS

First ranking secured debenture stock.*
Interest paid or compounded quarterly.
For an investment statement phone **0800 36 10 10**.
Minimum Investment \$1000.

*First ranking among the securities offered by Five Star Consumer Finance Limited. Subject to permitted prior charges and claims given priority by legislation.

Five Star
Consumer Finance Limited
P.O.Box 65 488, Mairangi Bay, North Shore 1330
Ph: (09) 969 0855 Fax: (09) 969 0857
FreePhone: 0800 36 10 10
Email: info@fivestar.co.nz
www.fivestar.co.nz

FW0148

ANNOUNCEMENT
VIKING CAPITAL LIMITED

Brent King, Sir William Birch and Grant Baker advise that Viking Capital Limited's public offer of shares and warrants closes on Wednesday 21 June 2006.

Copies of the registered prospectus for the offer are available from sharebrokers or Viking's NZAX information portal on the NZAX website at www.nzx.com/market/security_details/by_security?code=VIK&status=prelist.

Application has been made to NZX for permission to list the shares and warrants on the NZAX, and all requirements of NZX relating thereto that can be complied with on or before the date of the prospectus have been complied with. However, NZX does not accept responsibility for any statement in the prospectus.

Further information contact
Brent King Chairman & Managing Director + 64 21 632 660
www.vikingcapital.co.nz

Do you want to be part of the best Marketing team, or will you let someone else beat you to it?

Go to the Careers section to find out more.

www.careers.bnz.co.nz

EEO Employers Group

JONES LANG LASALLE HOTELS MREINZ

Moose Lodge
Rotorua

- 38.3ha freehold site fronting Lake Rotouiti.
- 19 luxury guestrooms, thermal baths, conference area and tennis court.
- Private Championship 9 hole golf course.
- Suit lodge, executive retreat or opulent residence.
- Ten minutes from Rotorua Airport. (soon to be international)
- Past guests include Royalty, Heads of State and Prime Ministers.

For Sale By Expressions of Interest Closing 21st July 2006
Dean Humphries 9 914 5875 or dean.humphries@ap.jll.com
Mike Batchelor +61 7 3231 1406 or mike.batchelor@ap.jll.com
www.joneslanglasallehotels.com

It's your time & to scream shout

LOMBARD financiers
INVEST WISELY, LIVE WELL

Betty, Nancy & Margaret - Age 67
Their dream - "to support the N.Z. Sevens team in Hong Kong"

First Ranking* Secured Debenture Stock

9.10% P.A.
18 month term

9.15% P.A.
24 month term

For deposits over \$50,000 please telephone for a quote. Minimum \$1,000. Rates are subject to change without notice. *First ranking among the securities offered by Lombard Finance & Investments Limited. Subject to prior permitted charges and claims given priority by legislation.

For more information and a copy of the Investment Statement Freephone 0800 229 229.

First Ranking Secured Debenture Stock are offered by Lombard Finance & Investments Limited.

www.lombard.co.nz

SNZ16/06/05

SECURED FIRST RANKING DEPOSITS*

SIMPLY GREAT RETURNS...

8.98%
pa
FOR 24 MONTHS

8.78%
pa
FOR 18 MONTHS

8.68%
pa
FOR 12 MONTHS

United FINANCE
Investing made simple

www.unitedfinance.co.nz

For an investment statement and application form, call now on **0800 809 840**

*Ranking subject to prior charges (if any). Rates subject to change. Minimum investment \$5,000. United Finance Limited, Level 3, 2 Kitchener Street, Auckland. Email: investment@unitedfinance.co.nz