

Multi-channel strategy – how and why it works



Manfred Aronsson
CEO MTG Sweden

MTG



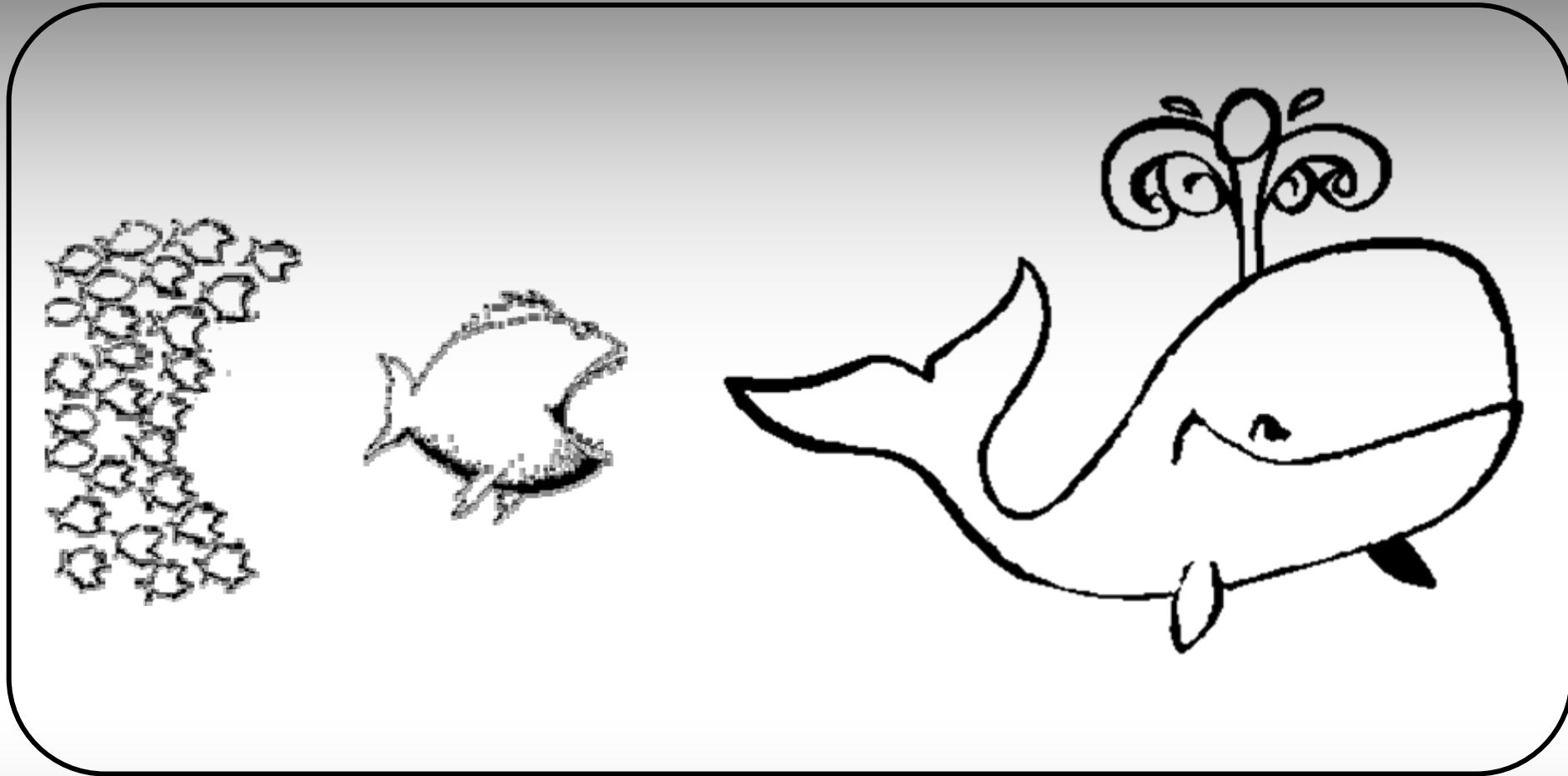
Manfred Aronsson: Background



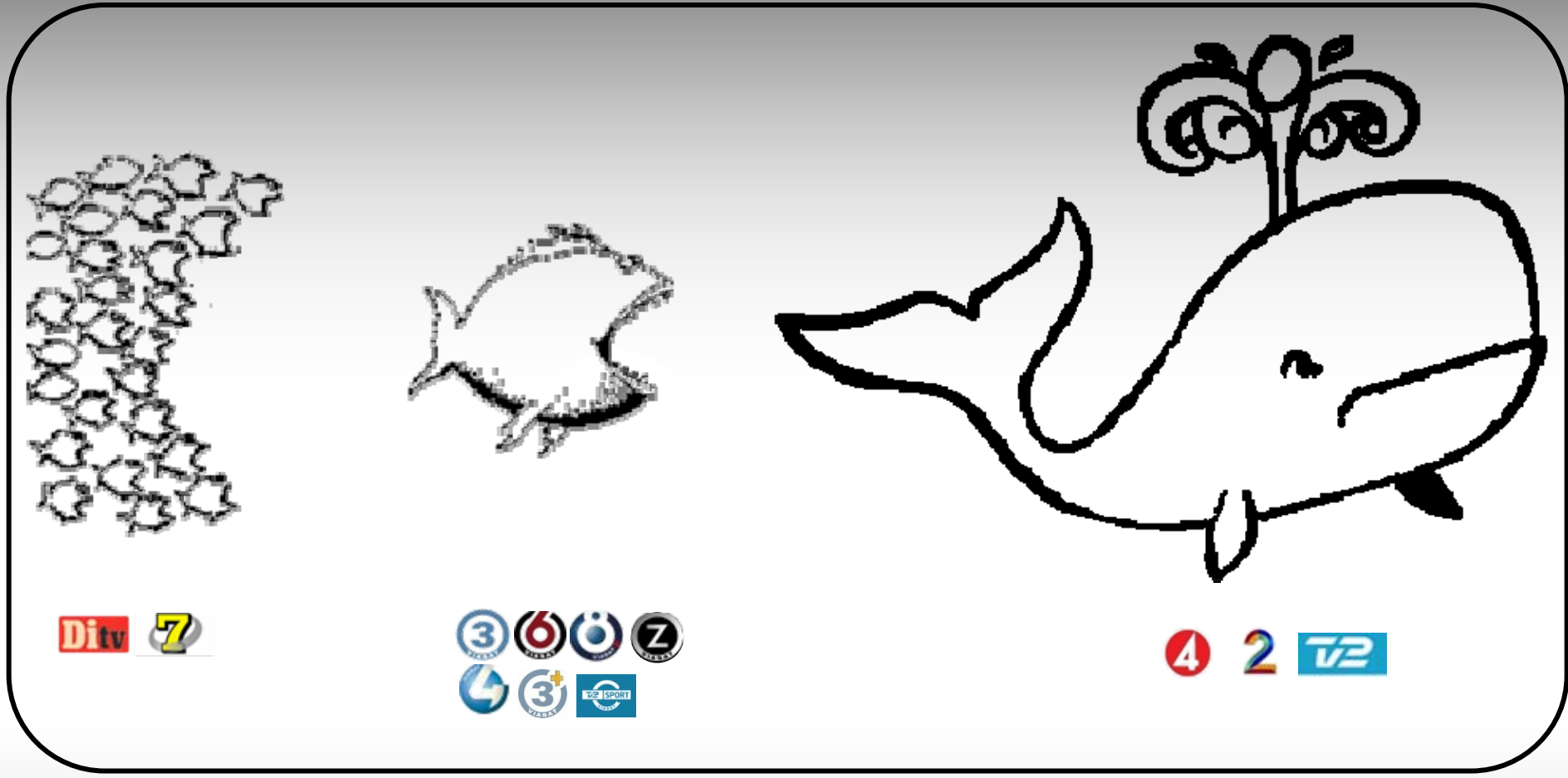
CEO MTG Sweden

- Management trainee, TV3
- Head of Marketing, TV3 UK
- Head of Sales, Kanal 5 Sweden
- CEO, Kanal 5 Sweden
- Acting Chairman, Canal+ Nordic

Digital TV distribution offers growth opportunities...



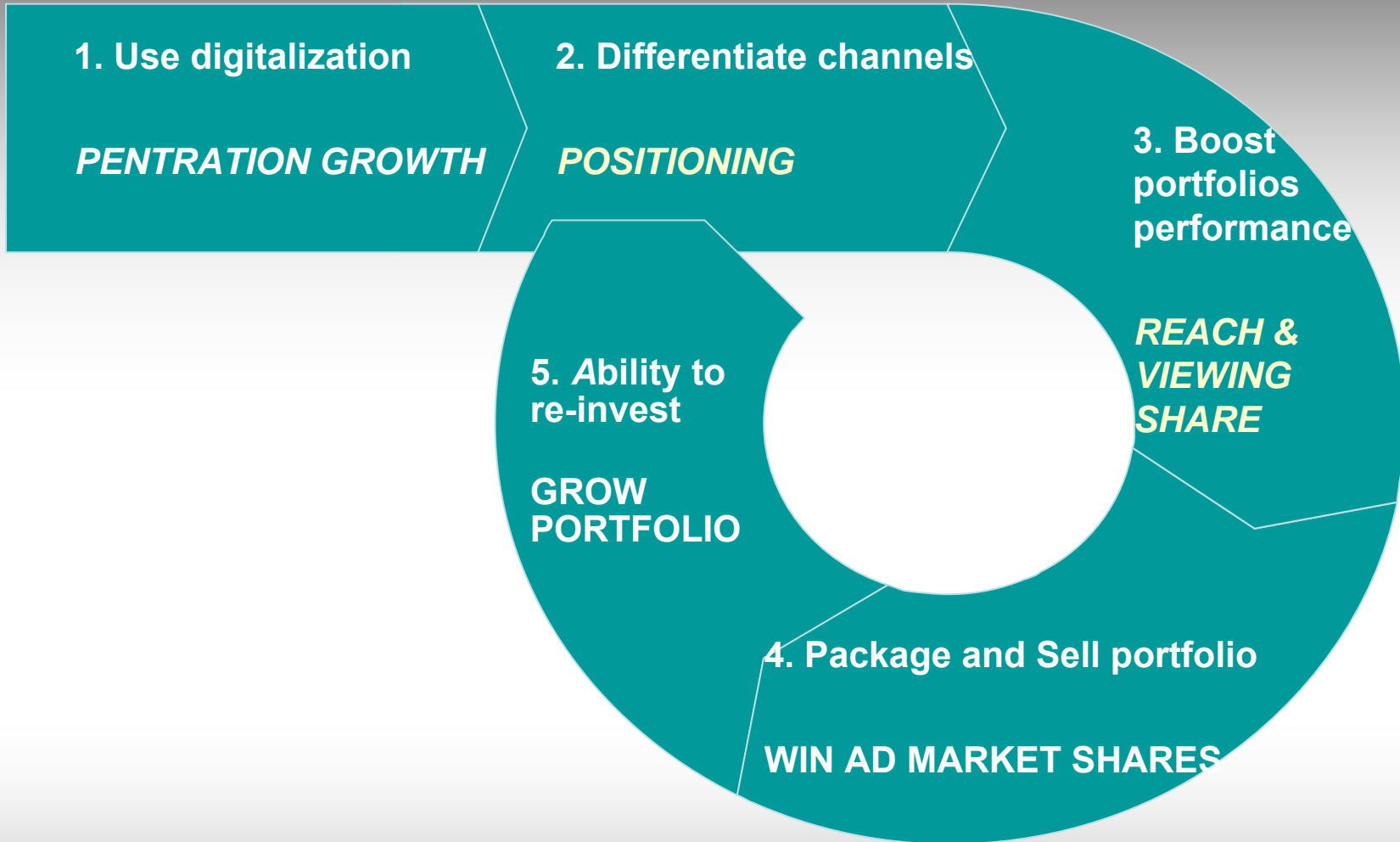
...but on whose expense ??



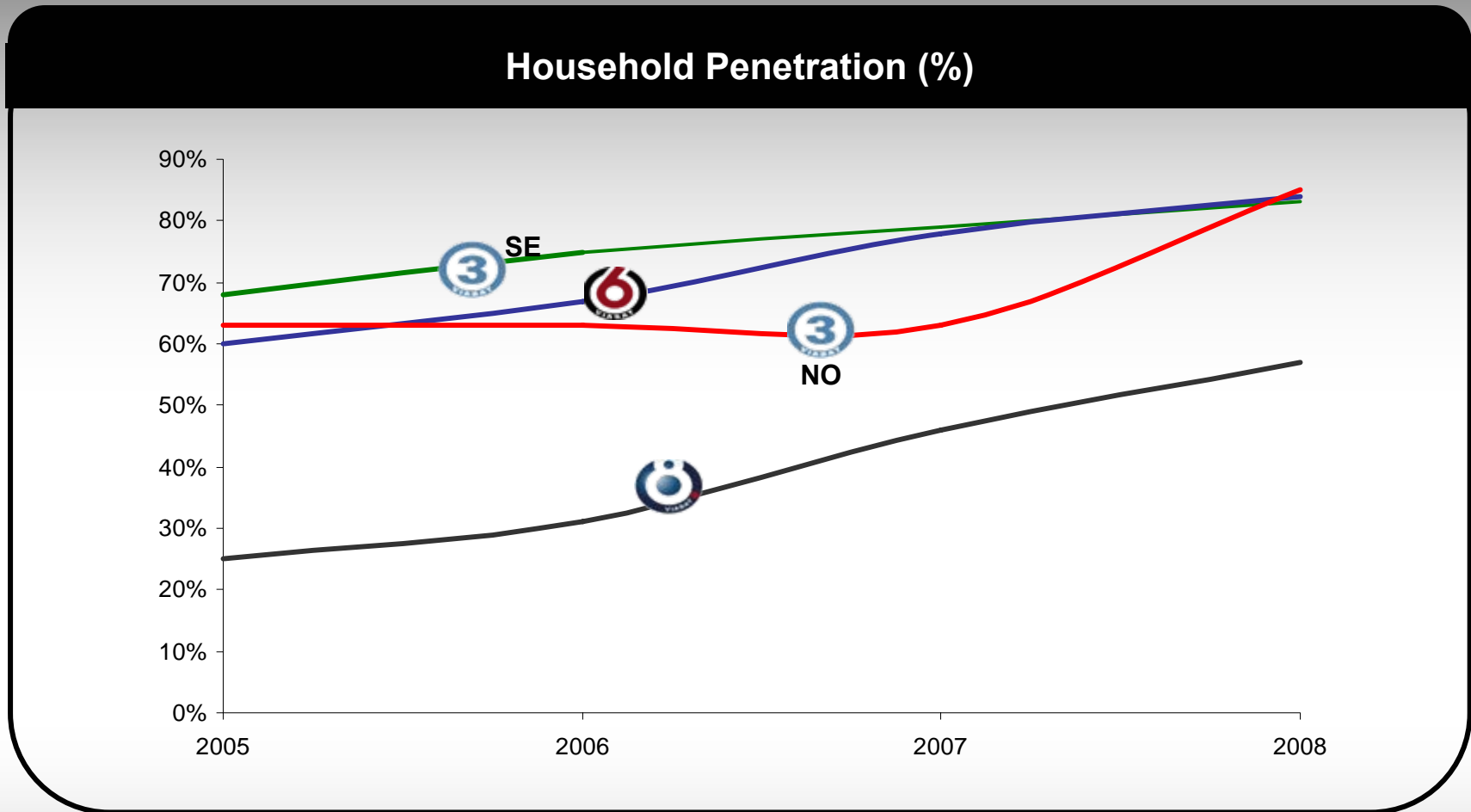
Channels distributed in Sweden 2002...



MTG's challenge: Exploit opportunities, avoid risks...



1. Digital distribution boosts channel penetration




2. MTG channel portfolio – Clear positions







- "The Father"
- Sophisticated and well educated
- Quality entertainment, lifestyle & drama
- M 25-59



- "The Mothership"
- Mature, established
- Broad, tabloid, emotional
- F 25-59







- "Exploring young adult"
- Up-beat, rebellious
- Fast growing
- Edgy series and own prod, action, reality, sports
- 15-34

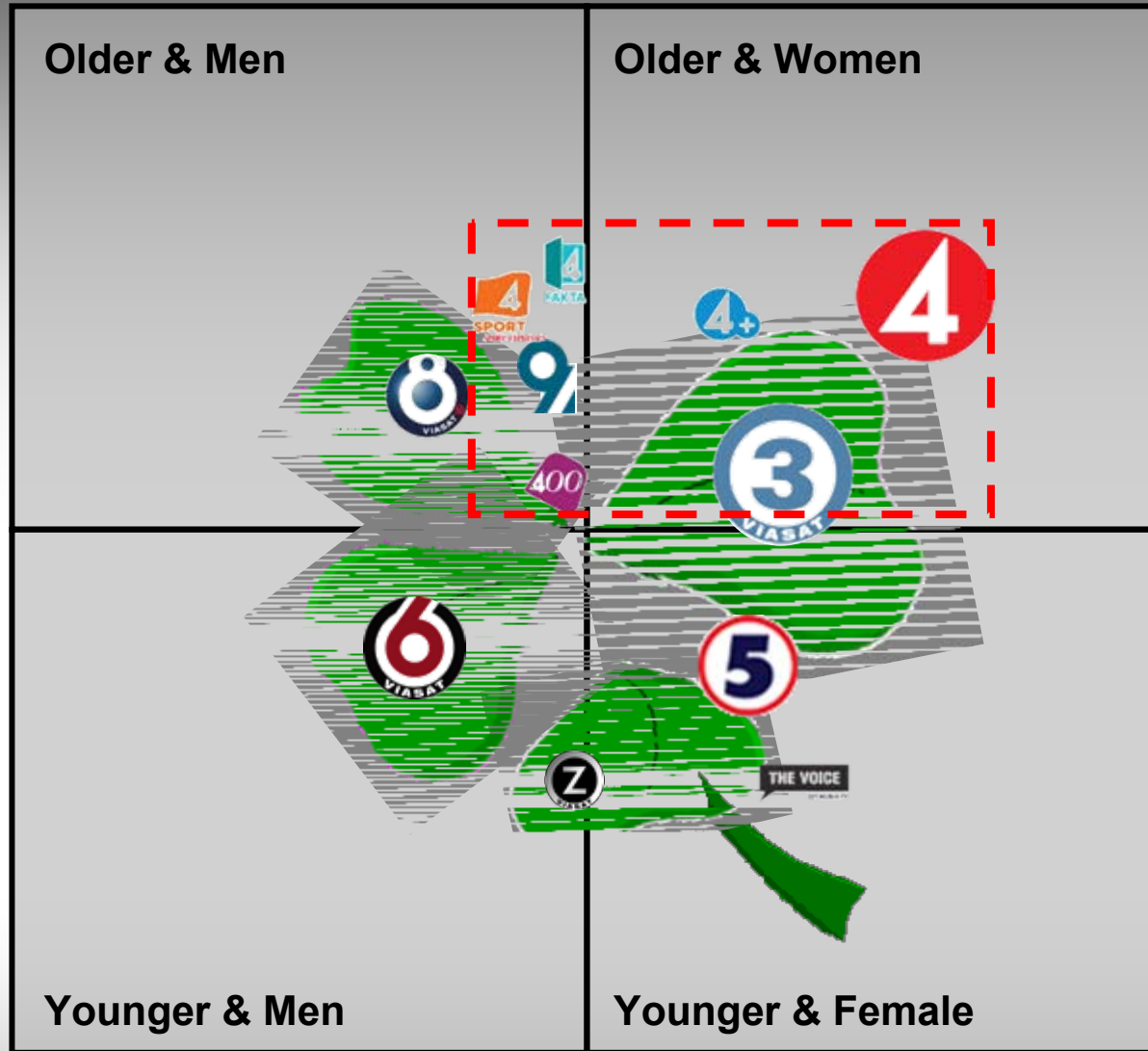





- "The young teenager"
- Experimental and cool
- Linked to Playahead community
- 12-24

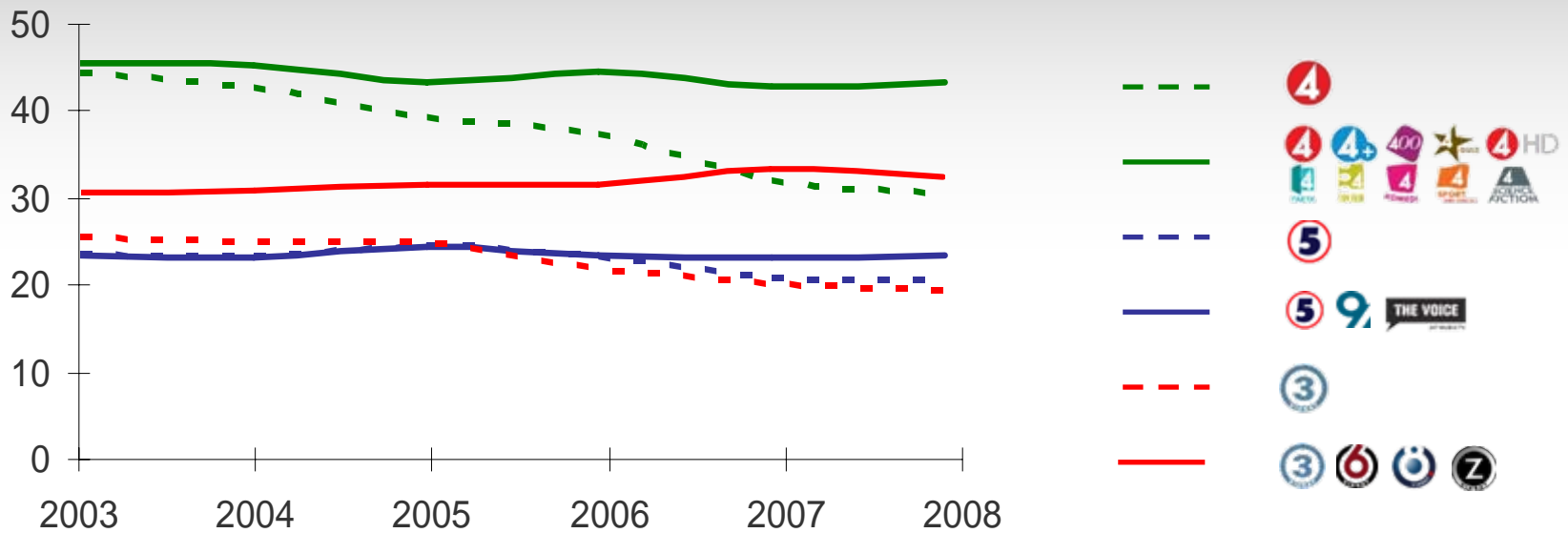

2. Channel families – Complementing or cannibalizing?



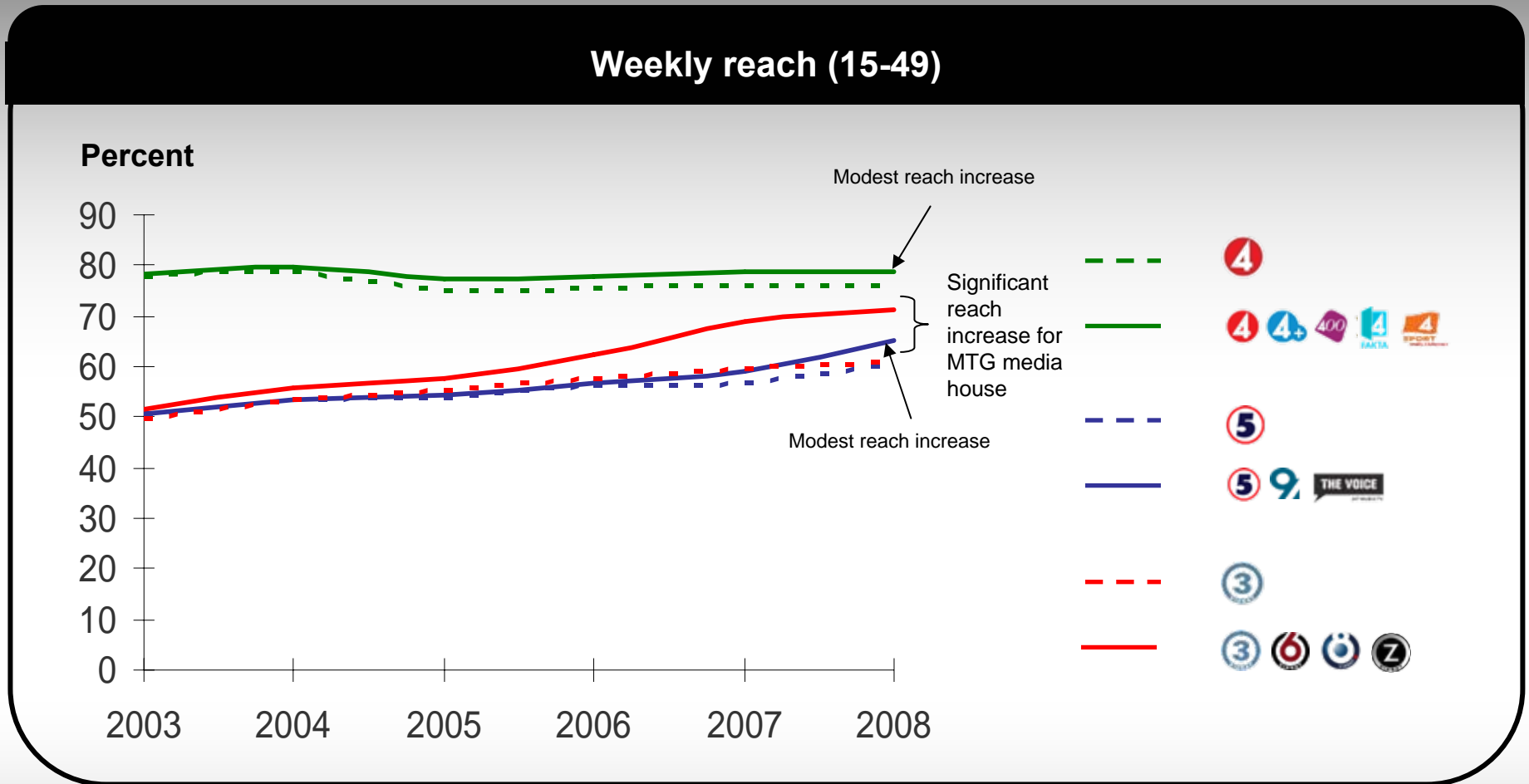
3. The incumbent is being fragmentized



Commercial Share of Viewing (15-49)



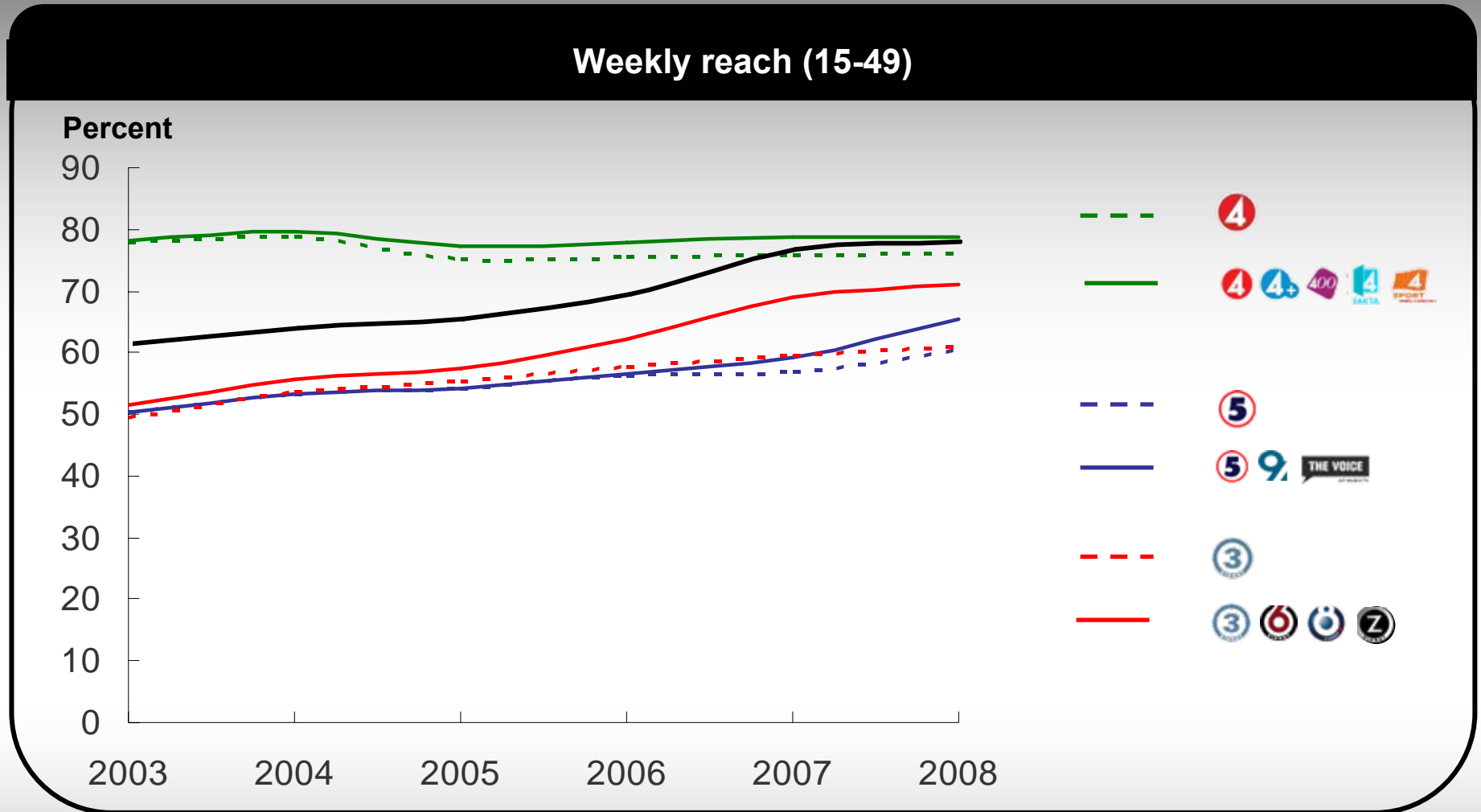
3. A clear MTG channel family challenges TV4's position



3. Bad times for incumbents...



For the first time TV4 can be fully substituted by its competition



Source: MMS, Weekly reach A 15-49, 2003 - 2008 w18

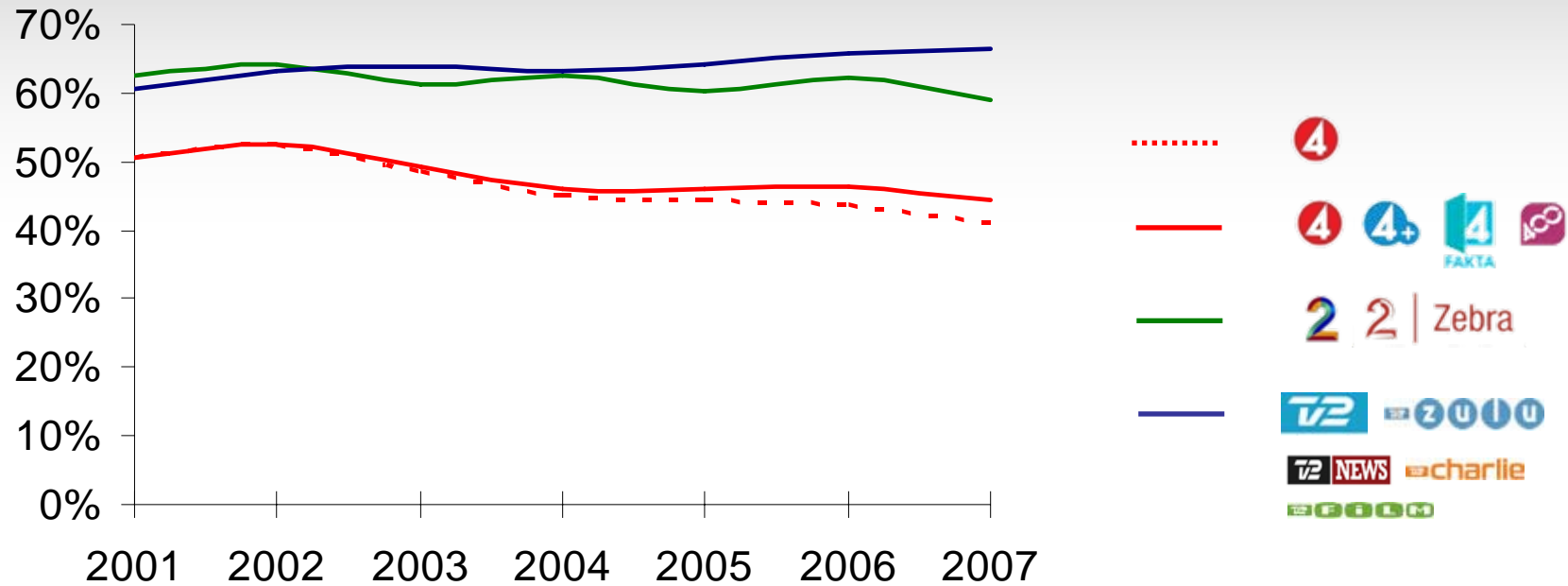


3. TV4 dominance and market shares erodes...

Opportunities in Norway and Denmark break incumbents position

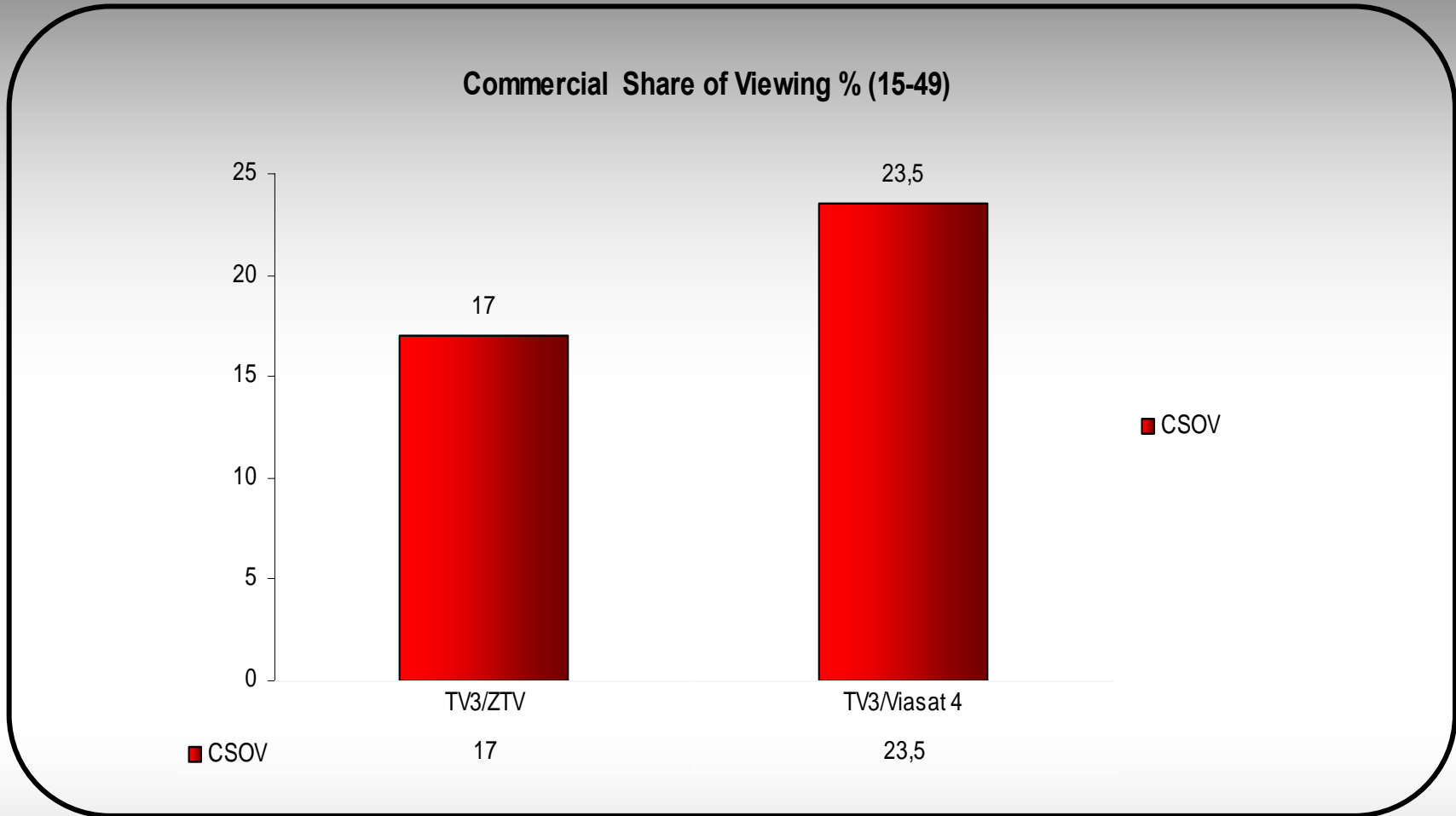


Market shares of TV ad market



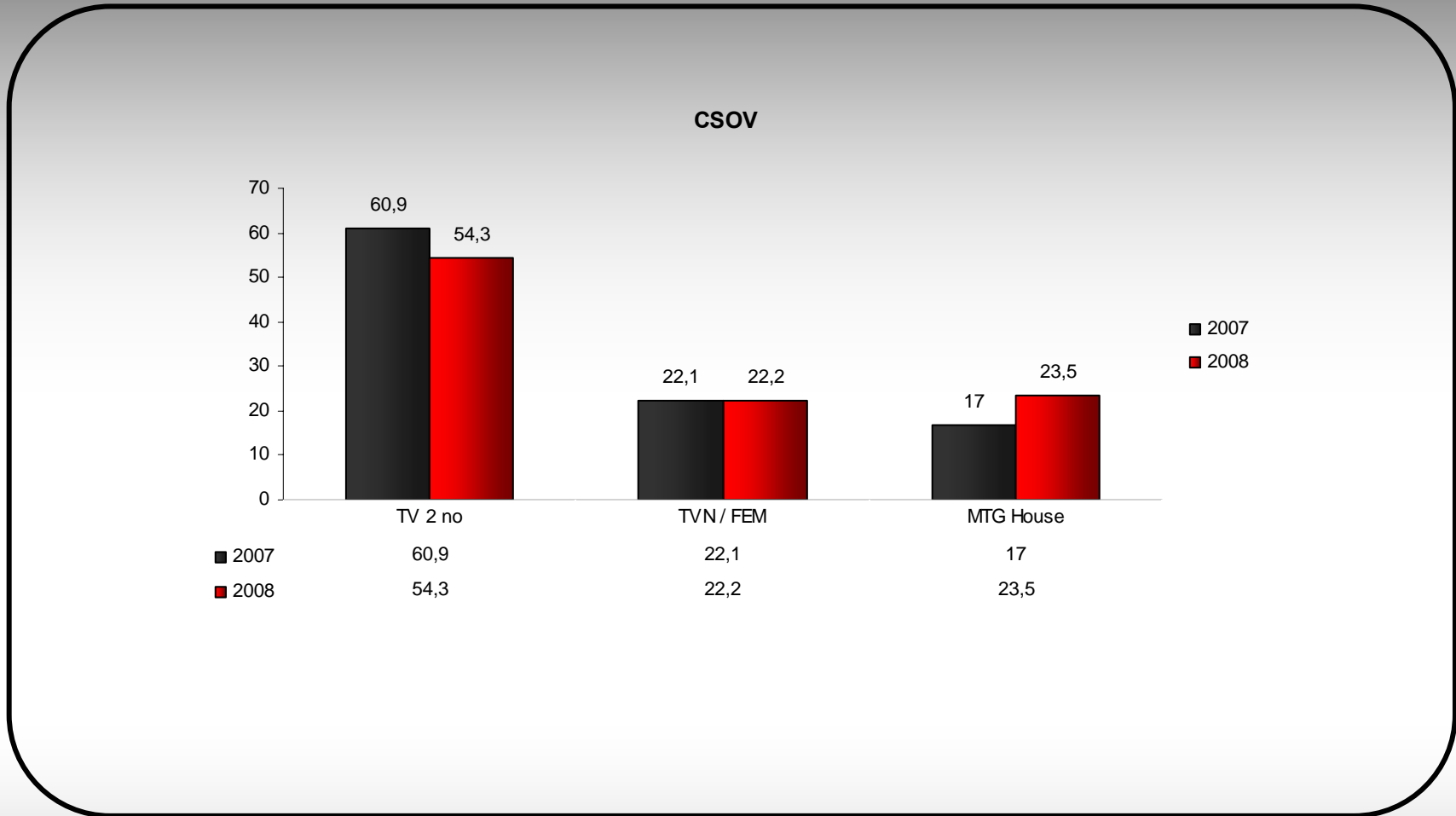
3. Significant improvements in Norway

Viewing share performance after DTH SWAP in March



3. Significant improvements in Norway

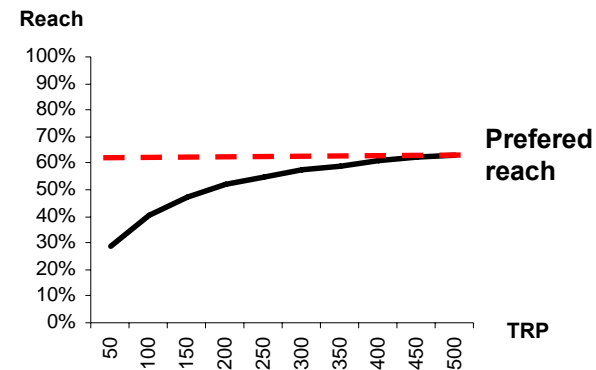
Viewing share performance after DTH SWAP in March





4. Before: Separate sales

- Bottleneck in TV3, TV6 inventory not fully used
- Risk if ratings failed on TV3
- Lower price on TV6 than TV3
- Combined reach potential not exploited by advertisers

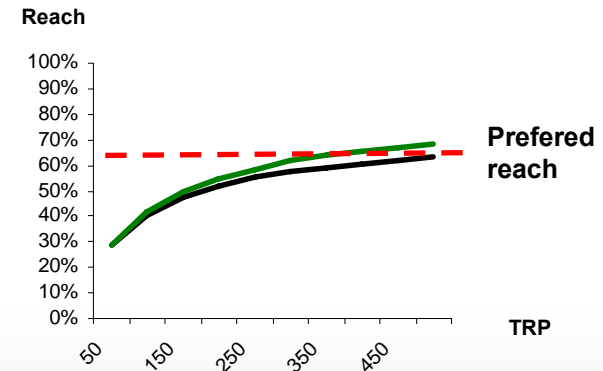


- Double campaign handling work for both channels and agencies



4. Now: Bundled sales

- TV3 / TV6 now sold bundled (one product)
- Optimizing TRP inventory – perfect match of actually produced and sold viewers
- Less TV3 rating dependence
- TV3 / TV6 viewers priced identical
- With correct fuel mix a full tank reaches 10% longer



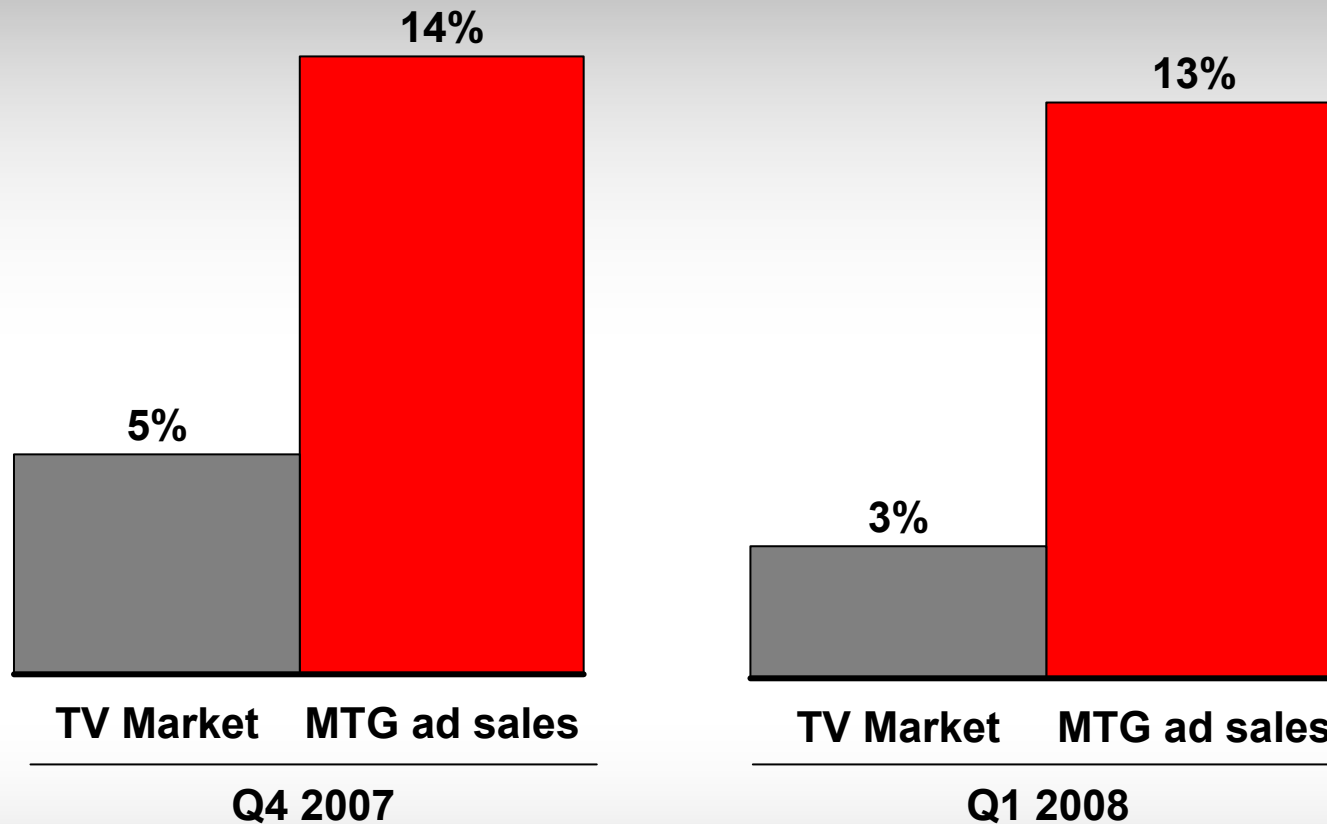
- Simplified handling



4. MTG's multi channel strategy seems to pay off !

TV advertising market growth and MTG ad sales growth in Scandinavia

Penetration → Clear positioning → Reach and Bundling → Market shares



The MTG media house is rolled out in several territories



Sweden



Denmark



Norway



Estonia



Latvia



Lithuania



Russia



Bulgaria



Hungary

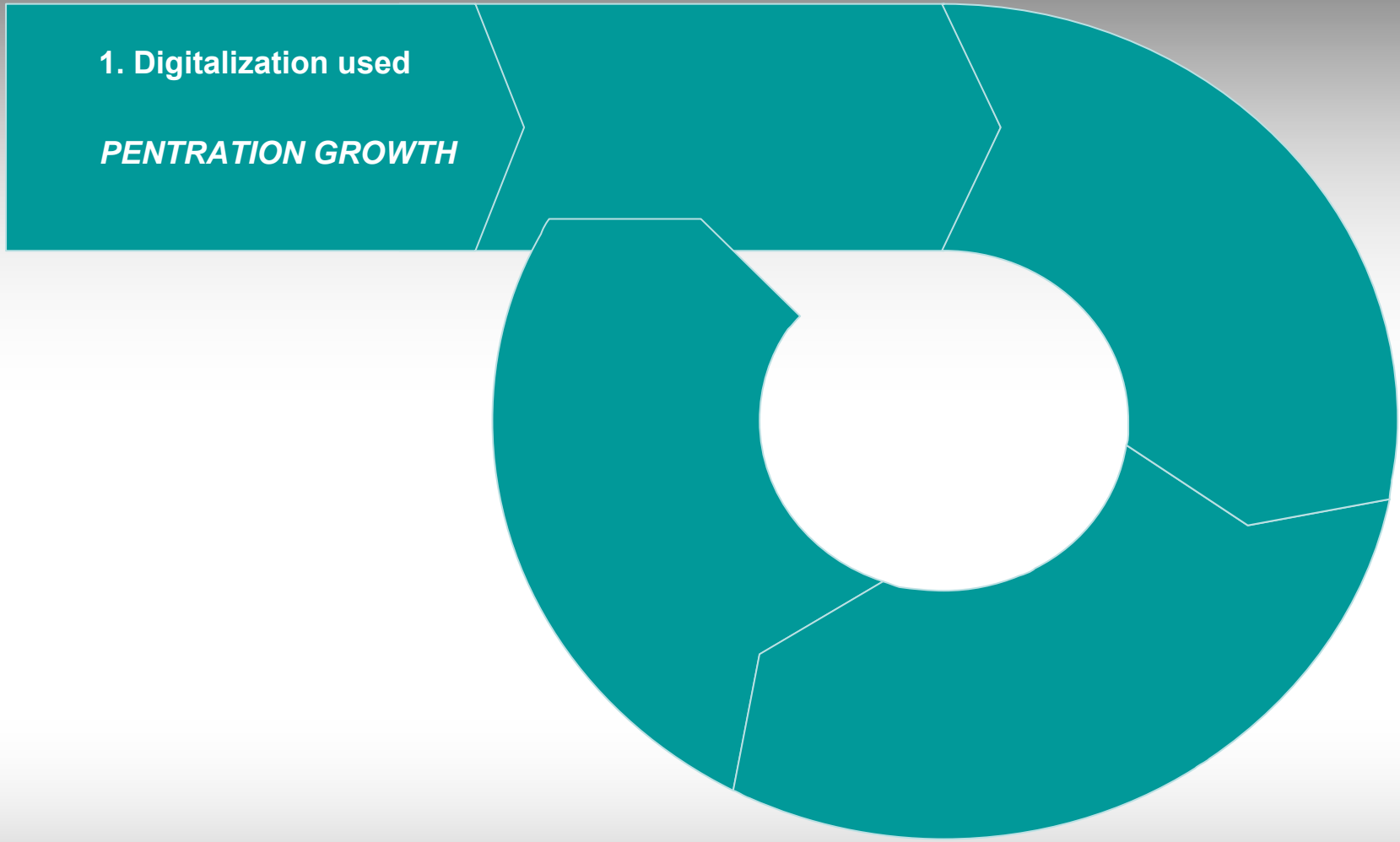


Conclusions

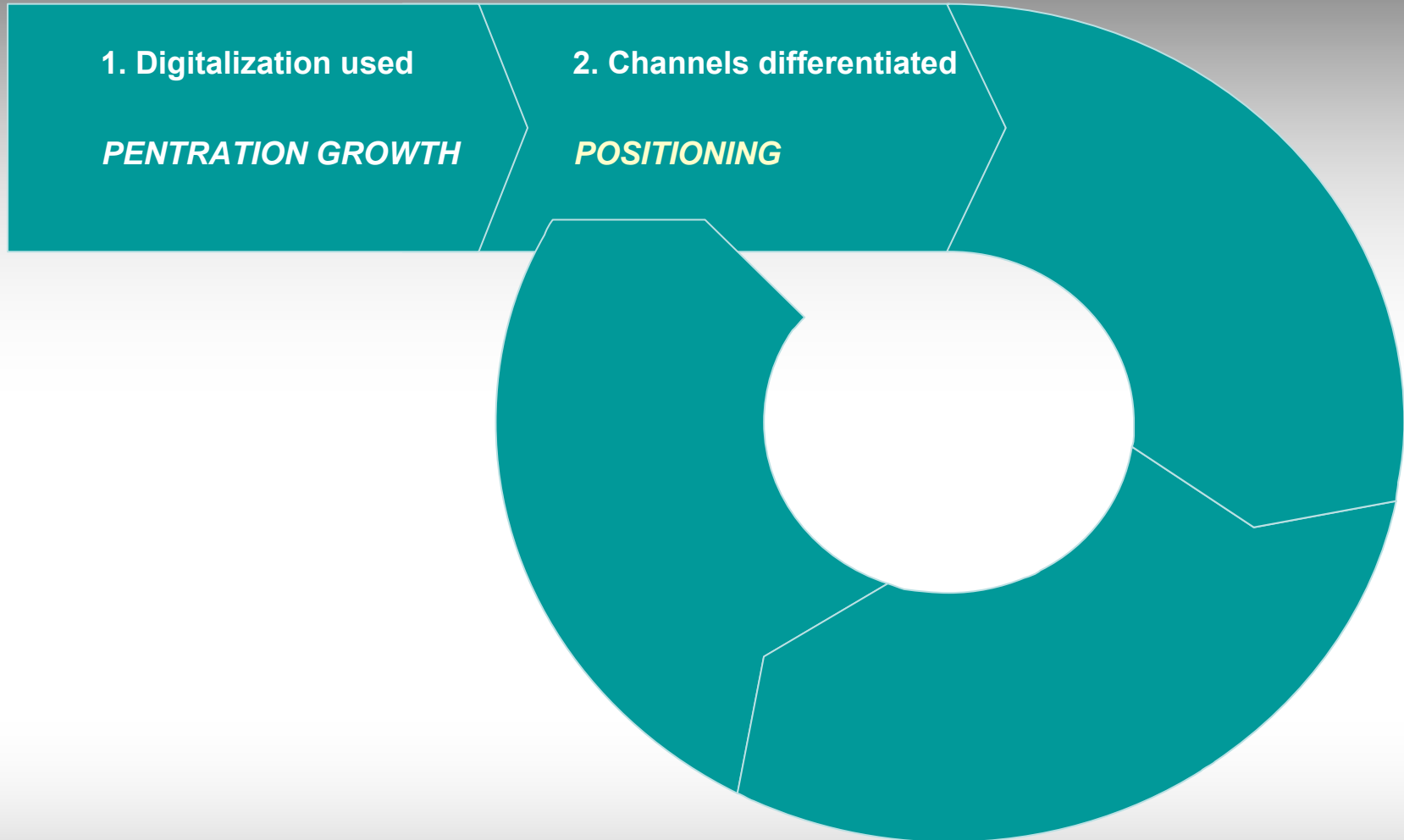


- **Channel penetrations significantly increased**
- **Well positioned MTG channel house has added reach and viewing share**
- **Bundling of channels maximise our inventory, adds value and avoids cheap eye ball trap**
- **Strategy seems to work, market shares grow last quarters**
- **Digitalisation in Norway shows early effects, roll out in rest of MTG countries**
- **And....**

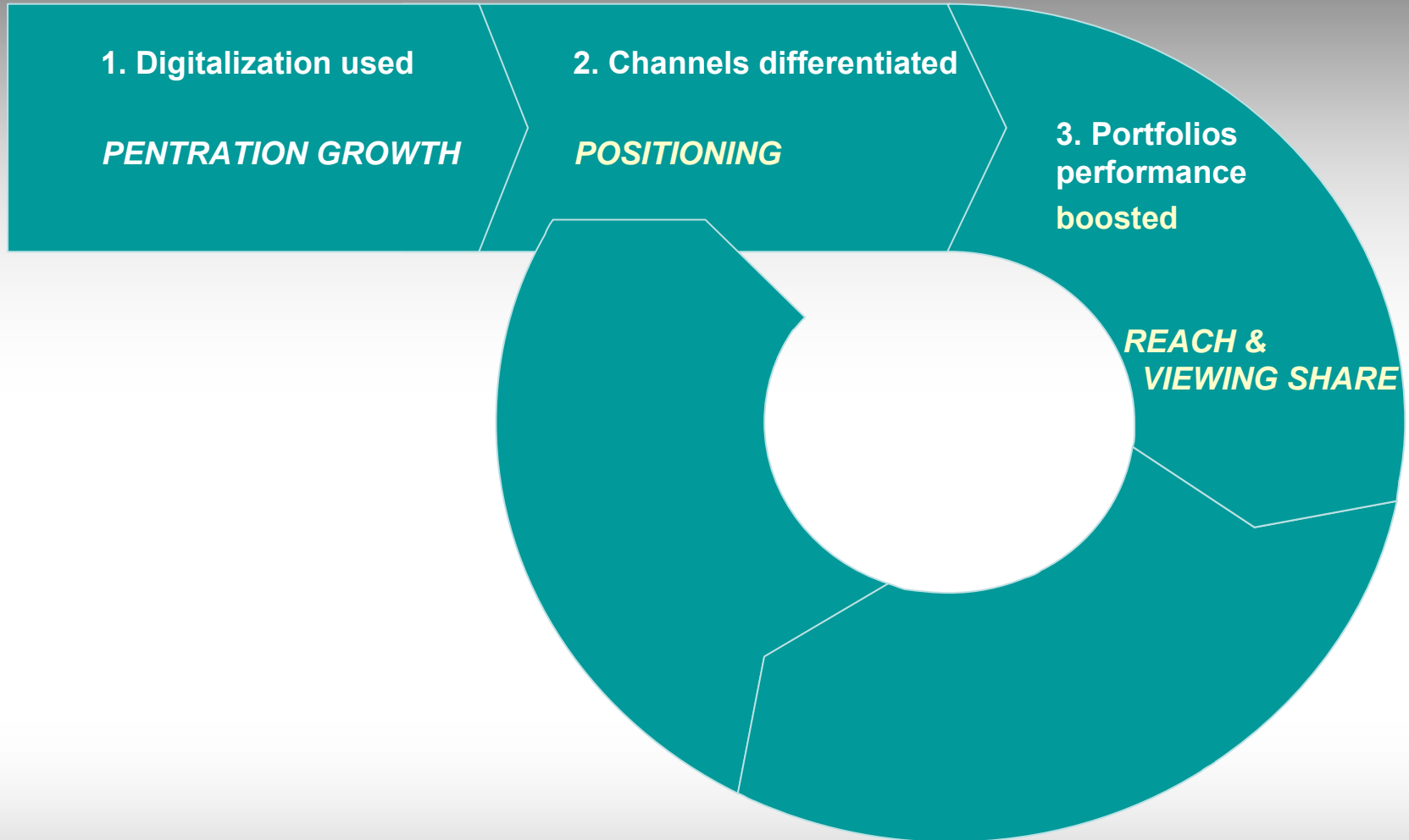
Conclusions



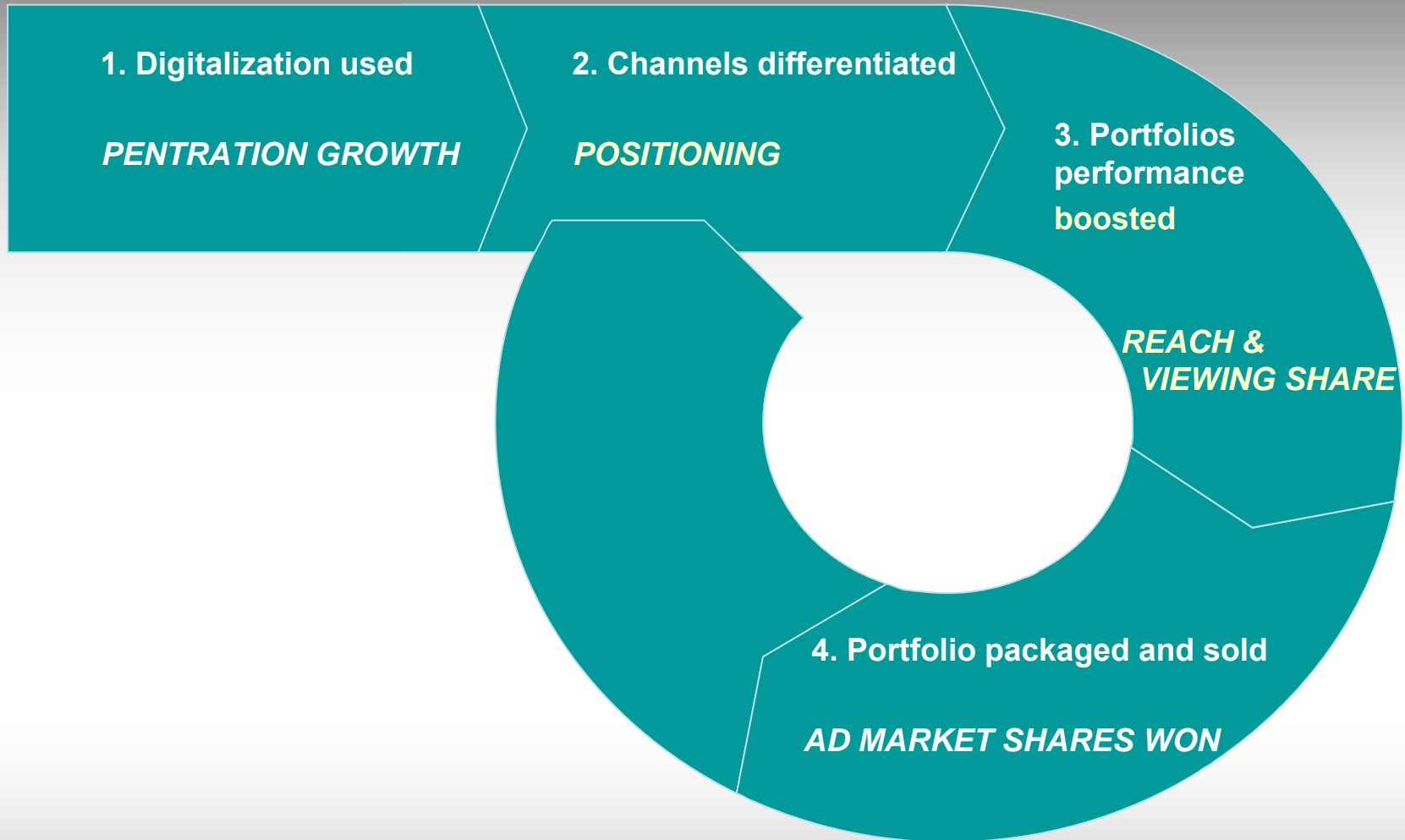
Conclusions



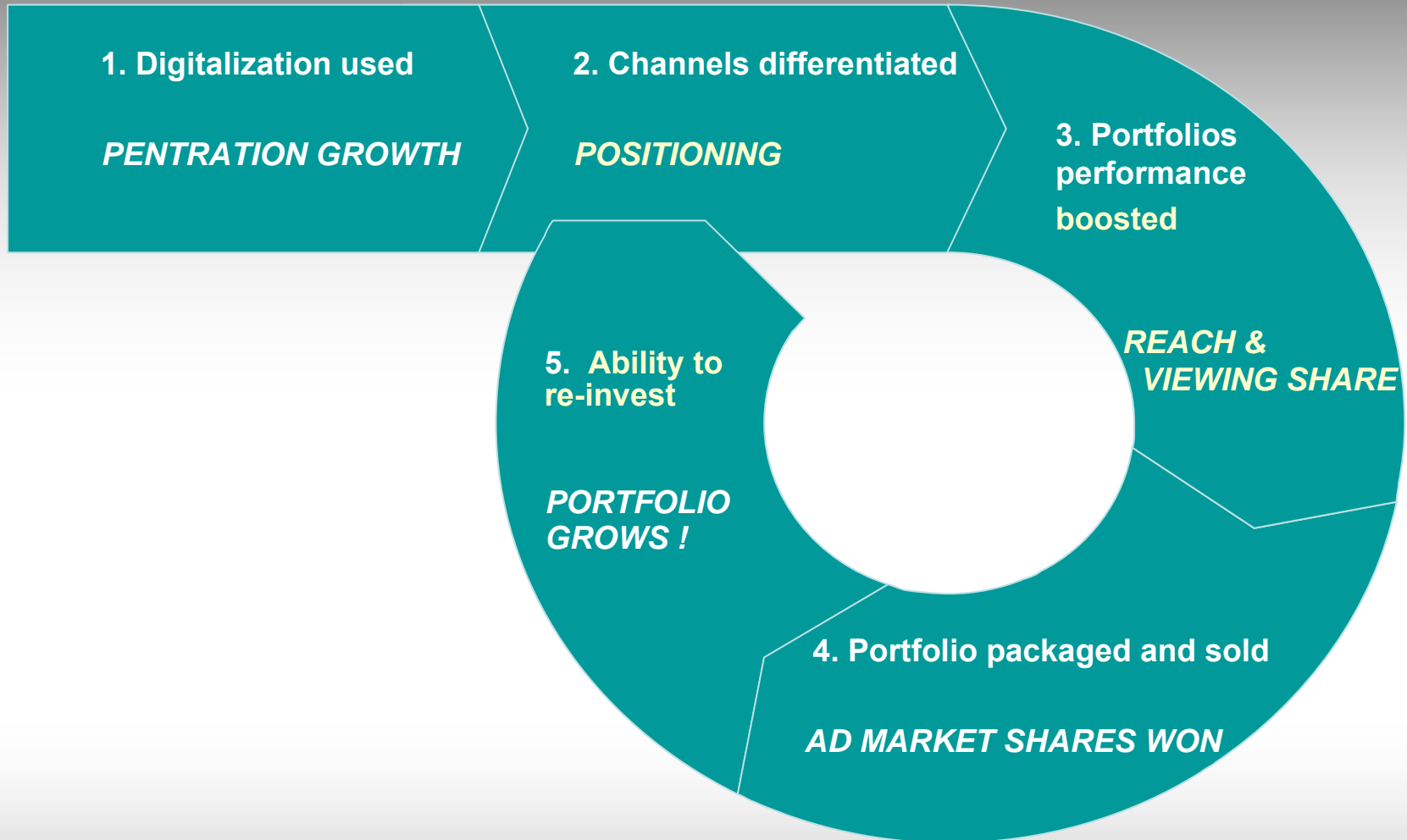
Conclusions



Conclusions



Conclusions



So....Incumbents better keep watching their backs !

