

# **MediaTainment**

# **FINANCE**

## The 1st Issue

**For Decision-Makers and Strategists  
Who Value Creativity and Appreciate the Value  
Creativity Brings to Business**

**In this edition: NEWS** of who is spending or seeking funds in the creative sectors - from the film industry to copyright organisations, via TV, music, games, photography, out-of-home entertainment and the world of fashion.

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# MediaTainment FINANCE

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April 2011

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# FILM

## **New Horizons for 3D director Kosinski**

**Warner Bros., Paramount Pictures,** 20<sup>th</sup> Century Fox and independent studio Mandate Pictures are among the companies said to be bidding to have a look at the treatment for Horizons, the US\$150m movie that whiz kid Joseph Kosinski has signed up to direct. The sci-fi movie is based on the Radical Publishing graphic novel Oblivion, which is scheduled to be published this summer.

The film was originally going to be made by the Walt Disney Motion Pictures Group. But movie-industry media claim Disney found the budget for Horizons too high and encouraged Kosinski to talk to rival studios.

Kosinski is still attached to Disney's remake of The Black Hole, the 1979 sci-fi film. Originally renowned for his expertise use of computer-generated graphics and imagery in TV commercials, Kosinski directed last year's 3D hit Tron: Legacy, his big-screen debut, for Disney.

Tron: Legacy made more than US\$390m in box-office receipts worldwide.

### **Warner Bros hires Thinkwell for Harry Potter tours**

**Hollywood studio Warner Bros** has appointed California-based Thinkwell Group to develop a behind-the-scenes tour based on the Harry Potter movies at the UK Warner Bros Leavesden Studios.

The deal is part of Warner Bros' pledge to invest £100m into the Leavesden film operation. The revamped site re-opens in 2012. It has spent nearly £2bn on UK films since using the studio from 2000.

Meanwhile UK studios Pinewood Shepperton is to invest in four £2m UK films a year.

### **Twilight producer Summit restructured in \$750m deal**

**Summit Entertainment,** producer of the Twilight franchise movies, is to be restructured with US\$750m in loans and line of credit covering five years-plus.

Despite a reported US\$1.5bn in revenues in 2010, the money is needed to reduce debts. Its investors include Participant Media, Nala, Rizvi Traverse Management, GE Capital, and Aramid Entertainment Fund.

Summit has the movie rights to the James Patterson book I, Alex Cross; Divergent, the new Veronica Roth novel; and a New York Times article about BP's oil catastrophe.

### **GK Films grabs new film rights to Lara Croft and Tomb Raider**

**GK Films,** owned by British producer Graham King, has acquired new movie rights based on blockbuster video-game Tomb Raider, famed for its archeologist heroine Lara Croft.

The first release is scheduled for 2013. The rights were sold by Japan-based Square Enix Holdings, which has sold over 35 million units of Tomb Raider games globally.

Paramount Pictures' two Tomb Raider movies in 2001 and 2003, starring Angelina Jolie, earned more than US\$400m internationally.

### **Hobbit movie spectacular to cost half a billion**

**Time Warner** subsidiary New Line Cinema is reported to be spending about US\$500m on The Hobbit, the two-part movie based on the iconic fantasy adventure stories by JRR Tolkien.

The film's first part is scheduled for a 2012 release. Co-producers are Metro-Goldwyn-Mayer, Spyglass Entertainment and WingNut Films, which is owned by the film's director Peter Jackson.

# TELEVISION

## Investors accuse News Corp of nepotism

**News Corp, the Rupert Murdoch-owned media conglomerate**, is being sued by two major shareholders: Amalgamated Bank of New York and the Central Laborers Pension Fund.

The lawsuit alleges News Corp's recent agreement to pay £415m for Shine Group, the independent production company owned by his daughter Elisabeth Murdoch, is funding nepotism. News Corp dismisses the charge.

Elisabeth Murdoch owns 53% of Shine, followed by Sony Entertainment's 20%, while 13% belongs to News Corp-controlled BSkyB, Europe's biggest satellite-TV operation. News Corp's move to buy Shine in February came just as the UK government approved its 100% takeover of BSkyB.

News Corp has a 39.1% share in BSkyB but has agreed to spin off the 24-hour Sky News channel to avoid a regulatory probe into the takeover.

Buying Shine is expected to give the new BSkyB access to hit TV programmes such as Merlin, MasterChef and Ugly Betty.

## Netflix enters original-content domain with House of Cards

**Netflix, the US streamed-video entertainment service**, is paying as much as US\$100m for the 26-episode House of Cards, a new adaptation of the hit BBC political drama series.

The move follows an auction held by Media Rights Capital, the independent US film/TV studio with ad agency giant WPP and Goldman Sachs among its investors.

It marks the first time Netflix has commissioned an original major programme from scratch. House of Cards will star Kevin Spacey and be directed by David Fincher, of Social Network fame.

## YouTube mulls over launching new streamed videos

**YouTube is reported** to be spending US\$100m to launch a subscription-based international streamed-video service to compete against US-based Netflix and Hulu Plus.

Media reports indicate Google has been in talks with the Hollywood studios about the new venture. Should the service get the go-ahead, it is expected to launch in Europe.

YouTube recently spent "less than US\$50m" buying New York-based web-TV producer Next New Networks. Social-media network Facebook is testing a similar on-demand movies service with Warner Bros films.

## TBS sparkles in acquisition of Sweden's Starlounge

**Turner Broadcasting System Europe**, owner of CNN and Cartoon Network, has acquired a minority stake in Starlounge, the Sweden-based international celebrity-news website, for an undisclosed sum.

Starlounge, which is available in 15 European countries and has more than 16 million unique visitors a month, was advised by investment firm GP Bullhound for the sale.

Turner has also taken over MMG (Millennium Media Group) to form a pan-Scandinavia TV service.

## German/French co-production in love with Michael Caine

**German production companies** Kaminski Stiehm Film and Bravaria Pictures and France-based Elzevir Films are co-producing the €6m TV feature film Mr Morgan's Last Love, based on the comedy melodrama of the French novel La Douceur Assassine by Francoise Dorner.

Starring two-times Oscar winner Michael Caine, the film is scheduled for a 2012 release.

# OUT-OF-HOME

## Spiderman musical: what a tangled web

**Spiderman: Turn Off the Dark**, the beleaguered theatrical musical, is going to be postponed for an indefinite period from 19 April while a new creative team is found to replace the original director Julie Taymor. Commercially scarred as the most expensive possible flop in Broadway's history, it was originally scheduled for a 15 March opening night.

Costing more than US\$65m (compared with the original US\$25m budget), the musical's original concept had been compared to an event movie and was described by Taymor as a "rock n' roll circus drama".

But elaborate on-stage stunts led to several accidents, technical breakdowns, numerous delays of the official opening night, plus more than 100 preview performances (another Broadway record), the production company 8 Legged Productions is delaying the launch to revise the show.

With Bono and The Edge, members of rock superband U2, writing the music and Taymor, famous for creating the immensely successful *Lion King* musical, the *Spiderman* musical once seemed a guaranteed hit.

### Disney's First Magic Kingdom in China slated for 2015

Construction for the first Disneyland resort on mainland China has started and is scheduled to complete in 2015.

The first phase of the 2.7 square-mile tourist destination is expected to cost US\$3.7bn, say spokespeople for the joint venture of The Walt Disney Company and the state's Shanghai Shendi Group Company.

With three major theme parks, a hotel, and a lake linked to the city's major subway stations, the resort is expected to attract more than 7.3 million visitors a year.

### New Nickelodeon Lands on major UK theme park

**Nickelodeon Land**, the new attraction at the leading UK amusement park Blackpool Pleasure Beach, is scheduled to launch in April.

The £10m six-acre themed area will feature 14 attractions and rides based on Viacom-owned TV networks.

These include an interactive ride *SpongeBob Splash Bash*; a flume ride (water-propelled logs) called *The Rugrats Lost River*; and *Nickelodeon Streak*, a wooden roller coaster.

The venture will be supported by a new restaurant and be hosted by life-size Nickelodeon characters interacting with visitors.

### Sir Paul McCartney pirouettes his first ballet music

**Pop music will leap into** the ballet world this September when *Ocean's Kingdom*, the first ballet composition by ex-Beatle Sir Paul McCartney, premieres with the New York City Ballet.

The 45-minute performance, a tale about star-crossed lovers from the kingdoms Ocean and Earth respectively, will feature 40-plus ballet dancers choreographed by Ballet Master in Chief Peter Martins. *Ocean's Kingdom* is McCartney's fifth classical work after *Liverpool Oratorio*, *Standing Stone*, *Working Classical*, and *Ecce Cor Meum*.

### Live Nation international spending spree uncovered

**Billboard.biz delved into** the 2010 annual report of Live Nation, the US-based international live-music giant and unveiled the company's most recent investment spree. It acquired or increased its stake in, among others, Gellman Management; Career Artist Management; SME Entertainment Group; Three Six Zero; Live Nation-Haymon Ventures; and Amsterdam Music Dome Exploitatie. Meanwhile, the European Union has awarded €2.1m to Eurosonic Noorderslag's European Talent Exchange Program, which promotes the participation of European acts in music festivals.

# MUSIC

## UK Music body wins fight for creatives

**The UK government is to launch** a Creative Industries Council (CIC). The initiative, originally proposed by UK Music, the trade association representing the country's music-related sectors, is designed to encourage investment in the country's creative industries, which include the music business, film, games, TV, design, and fashion, among others. Combined, they represent more than 8% of Britain's gross domestic product and employ an estimated 2 million people.

The CIC will bring together practitioners in these industries and the financial communities. Moreover, it will provide facilities for developing the relevant skills.

Additionally, it will lobby for stronger copyright laws. This will include asking for intellectual-property ambassadors to be appointed in the countries where the copyrighted works of British creators need protecting.

For more than a year, UK Music has been urging the government to recognise and acknowledge the UK creative industries' significant contribution to Britain's wealth.

### Private equity, labels bid for Warner Music Group

**Bidders for the financially** struggling Warner Music Group include Yucaipa Equity, Sony Music Group Entertainment, Platinum Equity, Access Industries and Liechtenstein-based private investment company Tamares.

WMG, including its publishing arm Warner/Chappell, is said to be valued at about US\$3bn.

It reportedly has US\$2bn of debts. A second round of bidding is expected in April.

### Wealthy pay singing stars more than \$1m for private gigs

**The wealthy are prepared** to pay between US\$1m - US\$2m for private gigs by global singing superstars.

That value was disclosed when it emerged that Beyoncé, Usher, Nelly Furtado, 50 Cent and Mariah Carey had performed privately for the family of Muammar Gaddafi, despot of the riot-torn Libya.

The performances took place between 2005 and 2009.

### China file-sharer Xunlei seeks \$200m on US stock exchanges

**Shenzhen Xunlei Network** Technology, the China-based music and video file-sharing operation, is said to be seeking advice on raising US\$200m via the US stock-exchange markets.

The move is controversial as Xunlei was sued by the Hollywood studios for copyright infringement in 2008.

However Google, Ceyuan Ventures, Fidelity Growth Partners Asia have all since invested in the venture. According to Reuters and other newswire services, Deutsche Bank and JP Morgan will be underwriting the flotation.

### MTV and Sony/ATV to Hype talent of unsigned artists

**Music-TV pioneer MTV** and Extreme Music, the production-library subsidiary of global music publisher Sony/ATV, have formed a joint venture called HYPE Production Music to invest in unsigned music talent.

HYPE will market and license the unsigned musicians' works to TV and video producers for synchronisation rights.

MTV will feature the resulting recordings on its networks and also sell the tracks as digital downloads. Fifty percent of all revenues apparently goes to the artists.

# BOOKS/PRINT

## Optimistic publishers pay \$1/2m deals

The international book-publishing industry continues to see major advances for authors despite the continuing book sales slump. Publishing rights to *The Age of Miracles*, the debut novel by American Karen Thompson Walker, was clinched by Simon and Schuster in the UK for a reported £500,000, and by Random House in the US for US\$1m.

The book has also been picked up in several major European countries. It was the subject of a five-round auction by nine publishers and is scheduled to be published globally in 2012 on June 21, the year's longest day. Cathryn Summerhayes, at William Morris Endeavor, handled the negotiations.

Another key deal saw the UK's Fourth Estate bid £500,000 for the UK and Commonwealth rights (except Canada) to *The Marriage Plot* plus a collection of short stories by Jeffrey Eugenides. It will be published in October. Farrar, Straus & Giroux won the US rights.

These lucrative contracts come just before the London Book Fair in 11-13 April. Meanwhile, France's president Nicholas Sarkozy is to host a meeting about authors' rights just before the G20 summit of heads of states in Cannes in November.

### AOL pays more than \$300m for Huffington Post

Web portal group AOL paid US\$315m for Huffington Post, the US aggregated-news website was founded by media commentator Arianna Huffington.

Huffington is now president and editor-in-chief of the newly created Huffington Post Media Group, which combines her site and AOL's myriad media and entertainment websites, including AOL Music, TechCrunch, StyleList, Moviefone, Black Voices and PopEater.

The merged entities attract 270 million online visitors worldwide. Since the move, AOL has announced plans to axe 20% of its staff.

### Daily Beast aims to save news icon with Newsweek relaunch

Newsweek, the once venerated US news weekly magazine, has been relaunched following its merger with news-and-opinion web service The Daily Beast.

The newly created operation The Newsweek Daily Beast Company is jointly owned by IAC, Barry Diller's online-media conglomerate, and entrepreneur Sidney Harman.

Harman acquired Newsweek from Washington Post Company for US\$1 plus outstanding debts. Ex Vanity Fair editor and Daily Beast co-founder Tina Brown is the editor-in-chief of both the new Newsweek and The Daily Beast.

### World Book Night campaign boosts print sales

The printed media apparently still rocks in the digital age as demonstrated by the success of World Book Night on March 5 when a host of avid readers gave away 1 million units of books to the general public in the UK and Ireland.

Campaigns for the event, to promote adult reading, saw the average 2011 sales of the selected 25 titles jump 185% by March compared with the same period in 2010, says bookseller.com and Nielsen BookScan.

Writers featured included Alan Bennett, Gabriel Garcia Marquez and Margaret Atwood.

### UK's William Reed buys pubs flagship magazine

UK trade-publications specialist William Reed Group is to pay £1.65m for The Publi-can, the weekly print publication aimed at the UK pubs-and-bars business, to its seller UK-based United Business Media (UBM).

The newspaper is part of a portfolio that comes with a website, trade shows and awards ceremonies.

Revenues for UBM's trade publications dropped 11.5% (on constant currency) to £144.1m in the year ending December 2010.

# ADS & MARKETING

## Coke globalises fizzy fun Fanta

**The Coca-Cola company has partnered** with the creatives at international advertising agency Ogilvy & Mather and US visual effects animation studio Psyop to produce a 190-country global marketing campaign for its Fanta fizzy-drink brand. The Fanta brand is said to generate US\$10bn in business for Coca-Cola.

In what the company describes as Fanta's "most unified and largest global campaign to date", Coca-Cola is targeting teenagers and their mothers worldwide.

In addition to the TV commercials, there will be billboard and print ads, plus digital content in ringtones, banner ads and websites.

The campaign kicked off 30 March in a TV spot during the transmission of American Idol, the hit TV talent show, on the Fox network.

Although the brand's message, have fun and be "less serious", will be consistent internationally, the campaign will include elements that allow the narrative in each country to be locally relevant.

### **WPP moots plans to return to London as corporate tax eases**

**Sir Martin Sorrell, CEO** of WPP Group, has declared that the company is likely to move its headquarters back to London after the British government announced plans to slash corporate tax to 23% from 28% in 2014.

WPP, the world's largest advertising group, moved to Dublin in 2008 in response to increasingly draconian corporate-tax rates.

Sir Martin disclosed his plans on the BBC's Today radio programme.

### **One in four UK advertisements is on the web**

**Online advertising accounted** for 25% of the UK's total advertising spend last year, according to the Internet Advertising Bureau (IAB). Of the total £16.6m spent on ads, £4bn was spent on the Internet, especially the social-media networks such as Facebook.

This represents a 13% jump from 2009, when online ads accounted for 23% of total advertising expenditure. The IAB says growth was driven by online display ads and videos.

Facebook, the world's biggest social-media network, hopes advertising will secure its long-term future.

### **Intel, Dell hike entertainment branding with online music**

**Two leading technology** marketers have invested in a new online music service called Noisey.com to raise brand awareness among music fans.

Computer-chip maker Intel and computer manufacturer Dell have partnered with US label Vice Records and its brand-strategy agency Virtue Worldwide to produce professionally crafted concert videos for online and mobile distribution.

Intel and Dell are among the growing number of technology companies seeking to be associated with entertainment via digital media.

### **Publicis snaps up several digital agencies**

**Paris-based Publicis Groupe**, the global advertising group, has been on a UK acquisition spree to boost its expertise in digital media and marketing. It acquired Holler, the branded-entertainment and social-media specialist, and digital-engagement agency Airlock for the UK arm of its subsidiary agency Leo Burnett.

The move was preceded by the acquisition of Chemistry Communications, the digital integrated-marketing operation.

In March, Publicis bought Kitcatt Nohr, which is to be merged with Digitas, Publicis' global digital-marketing network.

# SPORT

## Olympics praised amid legal wrangle

**Construction of the stadium for the** 2012 London Summer Olympic Games, on 27 July-12 August, has been completed in record time and under budget at £486m, according to the Olympic Delivery Authority (ODA).

Speaking on 29 March, during the week of the International Olympic Committee's inspection, the ODA said the structure of the 80,000-capacity venue is ready more than 480 days before the opening ceremony. After the Olympics and the Paralympics (29 August-9 September) end, the stadium will become a 60,000-seater for London's West Ham United football club.

But the ODA's good news comes during a legal dispute between the British Olympic Association (BOA), the Games' host, and the organisers LOCOG. The court of arbitration for sport in Switzerland is being asked to reassess the contract guaranteeing the BOA a major share of the Olympics profits.

The BOA says that the costs should centre on only the Olympics. If the Paralympics costs are also included, the BOA insists its share of the profits will be drastically reduced. LOCOG has banned BOA chairman Lord Moynihan and CEO Andy Hunt from its board meetings until the matter is settled.

### Digital sports firm Perform to raise £200m on LSE

**Perform Group, the digital** sports-media company, is seeking to raise £200m by float-ing the company on the London Stock Ex-change, Reuters reports.

Controlled by Access Industries, the invest-ment company of Russian-American mogul Len Blavatnik, with another 40% owned by management and employees, the planned listing values the company more than £650m.

Perform generates revenue by streaming ma-jor live sports events for third parties and from advertising. The company recently acquired the Goal.com football web service.

### Cancellation of Bahrain F1 a \$40m costly affair

**The cancellation of this year's** Bahrain For-mula 1 Grand Prix race is said to have cost Bernie Ecclestone, CEO of the tournament's rights owner Formula One Administration, a reported US\$40m. The contract was with Crown Prince Salman bin Hamad Al Khalifa. Originally scheduled for March 13, the event was postponed when the kingdom erupted with anti-government riots in February.

Meanwhile, last year's loss-making Mel-bourne F1 race cost more than US\$80m, with the Australian government paying an estimat-ed \$50m to cover the losses.

### Olympic chief says betting revenues should benefit sports

**Jacques Rogge, president** of the Interna-tional Olympic Committee, has publicly de-clared that sports organisations should be en-titled to a share of sports-gambling revenues.

Angered by the negative impact of illegal bet-ting, Rogge is urging governments to regulate gambling around sports events more tightly.

He called for a licensing system that would also ensure that illegal betting was not used for money laundering or could not lead to tam-pering of sports results.

### Abramovich spend on Chelsea Football Club disclosed

**Roman Abramovich, the** Russian mogul and Chelsea Football Club owner, has spent £403m on players since he acquired the team in 2003, according to the UK's Sunday Times newspaper.

The annual breakdown is as follows: £111.3m in 2003; £95.8m in 2004; £27.9m in 2005; £36.2m in 2006; £12m in 2007; £28.2m in 2008; £4.7m in 2009; £15.2m in 2010; and £72m this year.

# GAMES

## UK boosts tax incentives for games R&D

In its 23 March Budget, the British government announced plans to improve research-and-development (R&D) tax credits for the UK video-games sector. The tax breaks, announced as part of the country's coalition government's plans to revive the national economy, is welcomed by TIGA, the industry's trade association.

It means investors will benefit from greater tax relief for backing technological innovation. However, that positive step was negated by news that the government will not introduce tax breaks for general investment in the industry, which employs more than 9,000 people and brings in £1bn-plus to the UK.

Before the Budget was announced, TIGA had submitted a petition plus a report called "Budget for Growth: Powering the Video Games Sector to Support the Economic Recovery" to the government. In addition to the tax relief and enhanced tax credits, it proposed that the government should do more to encourage venture-capital investment plus funding for prototype concepts.

Failure to implement these recommendations, it said, will see Britain lose business to the games-development industries in the US, Canada, France and other foreign markets.

### Angry Birds creator Rovio clinches \$42m in funding

Rovio Mobile, the Finnish developer of the hit casual game Angry Birds, has raised US\$42m in its first round of funding.

The investors are led by Atomico, Accel Partners and Felicis Ventures. The money will be used to extend the Angry Birds brand into TV programmes, feature films and merchandise.

Brand extension has already begun with toy maker Mattel bringing out a board-game version. Also, Rovio's new game Angry Birds Rio is a tie-up with 20<sup>th</sup> Century Fox cartoon movie Rio.

### Electronic Arts expands into mobile, social games

US global console-games giant Electronic Arts (EA) is expanding into mobile-games development via two acquisitions made in the past two years.

Its EA Partners division is inviting independent developers to create mobile and social games using its international subsidiaries Chillingo and Playfish. EA bought Playfish for US\$275m in 2009 and Chillingo for about US\$20m last year.

Until now, EA Partners allowed mostly independent console-game developers to create games for EA.

### Activision slays the future of Guitar Hero

Activision, the US games developer majority owned by French media conglomerate Vivendi, is to discontinue one of its flagship series Guitar Hero. Sales had, apparently, started to slump from 2009.

As one of the pioneering music video games, which enable players to play virtual musical instruments to hit songs, the Guitar Hero series sold more than 25 million units internationally and generated US\$2.5bn in revenues.

It was originally published and released in 2005 by RedOctane, which was acquired by Vivendi in 2006.

### Games firm Ngmoco aspires to be multi-billion business

Ngmoco, the US mobile-game publisher acquired by Japanese social-games development group DeNA for more than US\$400m last year, is to be turned into a multi-billion dollar mobile entertainment operation.

The news was reported by Venturebeat.com from an interview with Ngmoco CEO Neil Young. The operation will centre on a global mobile social network.

# FASHION/LUXURY

## **LVMH adds Bulgari to bulging portfolio**

**LVMH Moet Hennessy Louis Vuitton** has agreed to take over Bulgari, the 127-year-old family-owned Italian jeweler, in a deal reported to be worth €3.7bn. In the all-share deal, the Bulgari family (led by Paolo and Nicola Bulgari and CEO Francesco Trapani) becomes the second biggest family-shareholder in LVMH.

The acquisition is the latest expansion move by LVMH, which operates an haute couture-luxury goods portfolio of 60-plus brands. They range from Louis Vuitton to the recently scandal-rocked Christian Dior, and include Dom Perignon and Krug champagnes, Fendi, and TAG Heuer watches.

Last year's revenues exceeded €20bn. London's Evening Standard newspaper recently predicted that the UK's Burberry, which is riding on a high in terms of popularity, is next on LVMH's targets. Nude Skincare, the beauty brand founded by Ali Hewson (wife of U2 lead singer Bono), recently became 70% owned by LVMH.

Led by Bernard Arnault, the LVMH conglomerate plans to extend its position in a sector that Goldman Sachs predicts could be worth US\$1 trillion by 2025.

### **Salvatore Ferragamo rumour: Hong Kong flotation**

**Italian luxury-goods** manufacturer and brand Salvatore Ferragamo is reported to be considering plans to raise US\$1bn at the Hong Kong stock exchange.

The news follows the sale of 8% of the company to Hong Kong entrepreneur Peter Woo and his family.

Rival fashion house Prada has also announced plans to list nearly 20% of the company in Hong Kong later this year.

### **UK bank RBS to invest in Erno Laszlo, a Hollywood favourite**

**RBS Special Opportunities** Fund, the private-equity arm of the UK's Royal Bank of Scotland, has joined forces with Molton Brown's former CEO Charles Denton to acquire 13% of US skincare manufacturer Erno Laszlo, for an estimated £30m.

Made famous by Hollywood stars like Marilyn Monroe and Audrey Hepburn, the Erno Laszlo range was bought from US investment firm Fox Paine.

### **Dior intends to retain the label of dismissed John Galliano**

**Christian Dior**, the haute-couture fashion design group and retailer, says it plans to continue to support the label of designer John Galliano, in which it has a 92% stake.

The company fired the designer in March for allegedly making racist and anti-Semitic remarks in a Paris café. Galliano's replacement will be announced shortly.

Meanwhile, an arbitrator at the UN's World Intellectual Property Organization has ruled that French company Web Intelligence should transfer the web address 'Galliano.fr' back to Galliano in a cybersquatting case.

### **Calvelax and Ollie & Nic saved from financial ruin**

**Calvelax**, the Portuguese clothes maker and supplier, has bought the high-end womenswear division of Ireland's Paul Costelloe, which had collapsed into administration.

Calvelax owner Cesar Araujo has opened a UK company to run the new acquisition. UK luxury handbag maker Ollie & Nic was rescued from administration by investment firm Onyx Retail.

# PHOTOGRAPHY/ART

## Arab photo collections to be preserved

**When the Egyptian government recently** disclosed the vast number of historical artefacts stolen from the Egyptian Museum during the country's recent political riots, experts discovered there were no quality photographs of the robbed items for identifying and recovering them.

The scarcity of such preservation skills in the Arab region has prompted Lebanon-based Arab Image Foundation (AIF) to embark on a series of initiatives to conserve and raise awareness of photography in the Middle East, North Africa and neighbouring territories.

The AIF has already amassed more than 300,000 photographs, and digitised more than 50,000, according to the Art Newspaper.

Additionally, it is collaborating with the University of Delaware's art conservation department, the Getty Conservation Institute and the US' Metropolitan Museum of Art.

The Getty Institute and the Andrew W Mellon Foundation has provided some funds. The works of photographers Hashem el Madani and Latif el Ani are being digitised with donations from the Bank of America Merrill Lynch Conservation Programme.

### Photographer Patrick Cariou wins infringement court case

**French photographer Patrick Cariou** has won a copyright-infringement lawsuit against American artist Richard Prince in a US district court.

Prince originally claimed "fair use" for appropriating works from Cariou's Yes, Rasta photography book in his Canal Zone series of paintings. But the judge disagreed.

The suit was also filed against art dealer Larry Gagosian and his Gagosian library, which allegedly sold more than US\$10m worth of Prince's paintings and exhibition catalogues featuring the now illegal use of Cariou works.

### New York art gallery to be novel distributor of books

An art gallery is to distribute *The Final Testament of the Holy Bible*, the latest novel from US author James Frey.

The controversial fiction, which features Jesus Christ as an ordinary man with vices such as drug-taking and promiscuity, is to be sold via New York's Gagosian Gallery, online and in the digital format for mobile devices.

The book is scheduled to be published on April 22, Good Friday in the Christian calendar.

### Global arts market valued at €43bn by art foundation

**A report called The Global Art Market in 2010: Crisis and Recovery** concludes that the US is the world's biggest art market with a 34% market share, followed by China's 23% share, and the UK (22%).

Commissioned by the Netherlands-based European Fine Art Foundation, the report says the global fine arts market is worth €43bn.

The report also notes that from 2012, a European Union tax on the sale of artworks by living and dead artists will extend to the UK, Ireland, the Netherlands and Austria.

### Oscar-nominated movie about photographic rubbish on TV

**After its DVD and digital release** on 15 April, Lucy Walker's photography-themed Oscar-nominated documentary *Waste Land* receives its TV premiere on US public network PBS on 19 April.

The 93-minute feature documentary follows US-based Brazilian artist/photographer Vik Muniz and his work with the catadores, the destitute rubbish scavengers who live by selling recyclable items from waste dumps.

Sales of Muniz' resulting photographic collages, called *Pictures of Garbage*, raised more than \$250,000 for the catadores' association.

# COPYRIGHT

## **Ansel Adams 'lost negatives' case over**

**The bitter lawsuit over the rights to** the US\$200m worth of alleged "lost negatives" of legendary American photographer Ansel Adams is over. The litigation was settled out of court, although the terms of the settlement remain undisclosed. Ansel, who died in 1984, pioneered large-format and black-and-white techniques in landscape photography.

He was arguably singlehandedly responsible for unveiling the awesome beauty of America's topography. So when California-based Rick Norsigian announced he had discovered missing negatives of Ansel works, it caught the attention of the Ansel Adams Publishing Rights Trust last year. The trust sued Norsigian for alleged trademark infringement. He countersued the trust for defamation, among other allegations. The trust has a monopoly over Ansel's works and name, and the University of Arizona's Center for Creative Photography has the US' biggest archive of the photographer's work.

In a statement, Norsigian and his legal representative "agree to not use Ansel Adams' name or likeness or the Ansel Adams trademark in connection with the sales, promotion or advertisement of negatives, prints, posters, or other merchandise based on negatives".

### **Judge declares Google Book Settlement illegal**

**A US judge has rejected** the controversial US\$125m Google Book Settlement Agreement, claiming it infringes the rights of authors whose works were being included without permission. The Google Book Settlement stems from an agreement between search-engine giant Google, the US' Authors Guild, and the Association of American Publishers in 2008. The settlement, to enable Google to realise its goal to create a universal digital library, followed a lawsuit by the AAP and the guild. Google is reported to be considering its options, including appealing against the ruling.

### **UK Court to rule on Star Wars stormtrooper helmet design**

**Hollywood producer George Lucas'** lawsuit against a UK movie prop-designer has reached the country's UK Supreme Court.

Lucas and his production company Lucasfilm, which made the iconic Star Wars movie franchise, claims the defendant Andrew Ainsworth was breaching Lucasfilm's copyright by selling replicas of the films' famous stormtrooper helmets.

The dispute rests on whether the helmet is a work of art or a function prop. Lucasfilm won £12.4m in damages in the US.

### **Australia's internet trade body to publish first copyright code**

**Australia's Internet Industry Association (IIA)**, the organisation representing Internet service providers (ISP), is to draw up its first ever Industry Copyright Code.

This comes after a local ISP, iiNet, won a copyright-infringement lawsuit brought by the Australian Federation Against Copyright Theft (AFACT). Australia's Federal Court dismissed AFACT's case.

But the IIA says the dispute has prompted its management to consider "clearer standards" for when a similar legal case arises again.

### **CISAC contributes to world's biggest copyright database**

**CISAC**, the umbrella organisation for the world's royalties-collecting societies, has announced plans to work with the Global Repertoire Database (GRD) Working Group. The GRD plans to build a comprehensive database containing information about who owns the copyright to all the recorded musical works in existence. This a mammoth task, as most songs and music have numerous contributors and rights owners. The Working Group's members include EMI Music Publishing, collecting societies PRS for Music, SACEM, and STIM, and Universal Music Publishing.

# FEATURE

## A country profile

### INDIA:

#### Sub-continent is buzzing with creative energy

India, the world's largest democracy by population, is a hub of creativity.

Innumerable are the local and global entrepreneurs and investors prepared to stake a claim in its future as an international media-and-entertainment vortex.

#### Global local mediainment moguls

Among the world's biggest financiers of the popular cultural arts and creative businesses are India-originated international conglomerates, including Reliance ADA Group, Tata Group and United Breweries Group.

#### Reliance ADA Group

Reliance ADA is a multinational conglomerate led by chairman Anil Dhirubhai Ambani. With a reported market capitalisation of more than US\$80bn and annual revenue of about US\$15bn, the operation has made Ambani India's fourth richest individual and member of one of the world's wealthiest dynasties.

Reliance is a major influence in the creative sectors via its subsidiaries Reliance MediaWorks and BIG Entertainment.

Reliance MediaWorks offers motion-picture services, including 3D facilities, through subsidiaries such as California-based Lowry Digital. It has worked on Hollywood and international movies such as Avatar, Journey to the Centre of the Earth, and Step Up.

When acquired by Reliance in 2008, the company that became Lowry Digital brought a legacy of film-restoration and special-effects expertise on a large catalogue of Hollywood hits, including several James Bond movies, The Godfather II, Once Upon A Time in the West and classics like Citizen Kane and Sunset Boulevard.

In India, the company operates BIG TV, a direct-to-home satellite TV network with 240 free-to-air channels plus more than 30 pay-TV services offering Hindi-languages movies and programmes. It also transmits local editions of high-profile global US-TV networks, including CNN, MTV Networks, Turner Broadcasting, Discovery Networks and AETN.

Reliance's other local assets include radio stations in more than 50 cities, the country's largest cinema chain with 500-plus screens. Its ad-funded social-media network BIGADDA invites India's youth to share music, blogs and photos.

The company has media interests in the Netherlands, Malaysia, Nepal as well as the US. In the games sector, Reliance owns Zapak, the casual-games and MMOG (massively multiplayer online games) publisher and mobile-games developer Jump.

#### Reliance friends in Hollywood

The group's international profile, however, shot up in 2008 when it paid US\$825m for a 50% stake in DreamWorks, the Hollywood movie studio co-founded by US entertainment moguls Steven Spielberg, David Geffen and Jeffrey Katzenberg. It has also formed partnerships with major Hollywood stars such as Tom Hanks and his Playtone production company.

Via another subsidiary IM Global, Reliance distributes and invests directly in soon-to-be-released international movies such as W.E., a film about Wallis Simpson and her role in the abdication of England's King Edward VIII, which is the directorial debut for iconic pop star Madonna. IM Global is also attached to the US\$65m BBC-produced Walking with Dinosaurs in 3D; Dredd, the US\$45m 3D movie of the Judge Dredd comic brand; plus new films starring Sylvester Stallone and Jason Statham.

#### Reliance and digital entertainment

Reliance has acquired interests in Codemasters, a leading UK-based console-games publisher. It has formed a strategic partnership with GetJar, the independent US mobile-apps retailer. It joined forces with Universal Music Group last year to launch a mobile-music service and, in a US\$500m deal, Reliance hooked up with computer-software giant Microsoft to introduce an IPTV (internet-delivered TV) service to India.

# FEATURE

## **Tata Group**

With assets valued at more than US\$70bn and operations in 40 countries, Tata is a global powerhouse with international interests in the motor industry (it acquired the Jaguar and Land Rover brands from Ford Motors in 2008 for £1.8bn as well as Spain's Hispano Carrocera bus and coach range.

Tata is the world's second largest tea manufacturer and owner of the Tetley brand, among other consumer goods and services. It operates a global chain of luxury hotels under the Taj Hotels Resorts & Palaces, including the opulent Mumbai-based Taj Mahal Palace & Tower, the Crowne Plaza in London and The Pierre in New York.

## **Tata and consumer media**

It launched India's first private-sector 3G mobile network Tata DoCoMo (a joint venture with Japan's NTT DoCoMo) in 2010.

On the home-entertainment front is Tata Sky, a direct-to-home nationwide satellite TV network jointly owned with STAR, the Indian TV-network subsidiary of News Corporation.

Tata Elxsi is the subsidiary that offers a direct another pipeline into the international creative industries. Headquartered in Bengaluru (aka Bangalore), it has offices in Europe, the US, the Middle East and South-East Asia. It offers design services and solutions to a host of entertainment-production industries, including feature films, animation, TV commercials, special effects and games.

In 2008, it handled the special effects on 3D animated film *Roadside Romeo*, co-produced by Walt Disney Company and Yash Raj Films. In January, Tata Elxsi announced a memorandum of understanding with A Squared Entertainment, a Los Angeles-based children's brands enterprise, to create, develop and distribute animated entertainment and games. The celebrity brands involved include the revered financier Warren Buffet, super model Gisele Bundchen, comic-book publishing legend Stan Lee, as well as US TV personality Martha Stewart.

Education books remain a key Tata interest via Tata McGraw-Hill Education, the Indian subsidiary of the major US publishing, education and information group.

## **United Breweries**

Another significant investor in media, leisure and contemporary arts is Dr Vijay Mallya, the billionaire entrepreneur and chairman of The United Breweries (UB) Group, India's largest beer maker and distributor. Dutch brewery giant Heineken has a 37.5% stake in UB.

UB's Kingfisher is the country's best-selling beer brand. Famed for its "King of the Good Times" slogan, the alcoholic beverage is sold in more than 50 other countries.

UB also owns Whyte & Mackay whisky distillery company in Scotland.

Additionally, the group is famous in India for the local airline Kingfisher Airlines.

## **UB sports investments**

Sports entertainment figures high on UB's agenda. India's inaugural Formula 1 Grand Prix race takes place near Delhi on 30 October on the newly built Jaypee International Race Circuit.

UB's Force India team, renamed after UB (and co-investor Michiel Mol) acquired the Spyker F1 team for €88m in 2008, ranked 7<sup>th</sup> place in last year's Grand Prix.

UB's other sports assets include the Royal Challengers Bangalore, a team in the super-rich Twenty20 cricket Indian Premier League, for which Dr Mallya paid a reported US\$112m. Other sports interests, whether as owner, shareholder or sponsorship partner, are the Kingfisher East Bengal Football Club (soccer); the Aircel Chennai Open Tennis; the Bangalore Derby horse race; and the non-professional element of this year's Mumbai Marathon (part of Standard Chartered's Greatest Race on Earth event).

Kingfisher has hosted numerous live-music events, including the Kingfisher Voice of Goa talent contest; the Great Indian Octoberfest at the Big Mushroom Cloud Festival, featuring rock acts, electronic bands and DJs; and the India International Salsa Congress.

The company has positioned itself as synonymous with glamour by holding on-the-ground celebrity and entertainment events at fashion fairs such as the Bangalore Fashion Week and the Chennai International Fashion Week and film festivals, including last year's International Film Festival of India. It is publisher of the Kingfisher Swimsuit Calendar of scantily clad glamour models in its tribute to the original Pirelli Calendar.

## **Domestic issues and the diaspora**

Although India is economically poorer than China, the world's only other country with a population of more than 1 billion, its economy is growing faster in 2011, *The Economist* says. At US\$1,520, India's gross domestic product (GDP) per capita is less than half of the China's \$4,800 GDP per capita.

However, about 50% of India population is under 25 years old.

# FEATURE

By 2014, the number India youths will amount to more than their counterparts in China, which is now officially recognised as the world's second biggest economy after the US. In terms of national security, the conflict with neighbouring Pakistan and the fragile domestic politics influenced by the caste system have made India vulnerable to terrorism. In 2008, the country was subjected to a series of terrorist bomb attacks.

The carnage at the luxury Taj Mahal, the Trident-Oberoi hotels and the architecturally admired Chhatrapati Shivaji Terminus train station brought India's internal conflicts to the world's attention.

Visits from the major economies' heads of state (UK prime minister David Cameron, US president Barack Obama, French president Nicolas Sarkozy, Russia's Dmitry Medvedev and Chinese president Wen Jiabao) in 2010, confirmed India's growing economic status on the global map. The National Congress Party controls the country's current coalition government until the next national election in 2014. The country's influence is also spreading on the world's stage, according to various official data. India's diaspora comprises more than 25 million Indians residing and working in other parts of the world.

## India on the global business map

The CEOs of some of the world's global companies originate from India: PepsiCo's chairperson/CEO Indra Nooyi; Lakshmi Mittal, chairman of Arcelor Mittal, the world's biggest steel maker and Europe's richest man; Azim Premji, chairman of the Wipro technology conglomerate; Shashi and Ravi Ruia, founders of the ESSAR multinational; India's wealthiest woman Savitri Jindal; and the brothers Anil and Mukesh Ambani, of the Reliance group.

## Media and entertainment

The Indian media-and-entertainment business is forecast to generate INR (Indian Rupee) 1,275bn (US\$28bn) by 2015 at a compounded annual growth rate of 14% from 2010. That is the conclusion of the FICCI Frames Report 2011, which was commissioned by the Federation of Indian Chambers of Commerce & Industry (FICCI) from consultancy group KPMG. By the end of 2010, the sector was valued at INR625bn (US\$14.5bn) and is expected to grow 13% this year.

The predicted buoyancy is being attributed to a number of factors.

These include a revived advertising sector, the burgeoning digital media (especially via social media, games and mobile media), growth in TV and entertainment subscription revenues, the introduction of 3G (third-generation) mobile networks, improved audience segmentation by advertisers and media providers, expanding literacy in both English and local dialects and growth in more regional media, which are communicated in Hindi and other local vernacular (as opposed to English-language media).

Consequently, the report also foresees increased investment from foreign media owners and private-equity firms, a development that would only be held back by the relatively stringent internal investment laws for international investors.

Still, the digitisation of media has attracted the attentions of global media-and-technology groups such as Sony Corp, which opened a Media Technology Centre in Mumbai in March to train local producers in 3D and HD technologies. Sony hopes such investments will boost 3D production, which it believes will yield US\$12bn worth of entertainment products globally by the end of 2011.

As one of the Brazil, Russia, India and China (BRIC) emerging economies, India is increasingly part of global business strategies. Most global conglomerates have significant stakes in India or plan to do so. However, being part of a global operation has its drawbacks. When US internet-media group AOL recently spent US\$315m acquiring news-aggregation portal The Huffington Post, the inevitable job losses saw AOL reduce the number of its employees in India to 100 from 1,000, according to reports in India's Economic Times.

## Bollywood and the film industry

The 2011 FICCI-KPMG report on media and entertainment (see above) concluded that revenues from the Indian cinema business will jump to INR132bn (US\$2.9bn) from INR83bn (US\$1.82bn) in 2010.

Despite a slump in 2009 and most of 2010, caused by fewer blockbuster hits and a decline in investments in cinema theatres, steady growth is expected for the Indian film business the next five years.

Practitioners in the world's most prolific film industry say they do not call their sector Bollywood and that only the world outside India does.

Whether or not it is called Bollywood (after its origins in Bombay/Mumbai), the productive India film industry permeates all walks of life in India.

# FEATURE

## INDIA—FACTS & FIGURES

**POPULATION: 1.2 billion**

**GDP PER CAPITA: US\$1,520**

**INTERNET USERS: 61.3 million**

**MOBILE PHONE SUBSCRIBERS: 670 million**

**FIXED-LINE TELEPHONE PREMISES: 35.8 million**

**CURRENCY EXCHANGE RATE:  
INR100 = £1.37; US\$2.12; €1.56**

**ORGANISATIONS TO KNOW:  
Federation of Indian Chambers of Commerce & Industry**

**International Film Festival of India**

**CASBAA**

**Indian Association of Amusement Parks & Industries**

**Indian Music Industry**

**Mobile Music Exchange**

**Fashion Design Council of India**

**Internet and Mobile Association of India**

**Board of Control for Cricket in India**

# FEATURE

From politicians to the working-class consumer, via the most adored celebrities and the fashion business, Indian movies appear to touch everyone. As one journalist recently wrote in Businessworld.in, "they are part of the lifeblood of the nation".

Famous for their lavish settings, songs and dances, Indian films, in the Hindi, Bengali, Tamil and Marathi languages, are the among the world's most lucrative popular entertainment.

About 900 multiplexes and 10,000 single-screen theatres serves a nation still enthralled by the prospect of watching films starring their larger-than-life idols in an auditorium.

## 'Bollywood's' value

The local cinema generates an estimated US\$1bn-plus a year, reaching more than US\$4bn when the growing export via DVDs and online distribution to the India diaspora is taken into account.

It is small fry compared to the 2010 global box-office revenues for the Hollywood studios, which hit nearly US\$32bn, an 8% jump from 2009 (Motion Picture Association of America figures).

Indian cinema is also feeling the pain of the global recession. Studies by PricewaterhouseCoopers and KPMG indicate that the phenomenal popularity of the India Premier League cricket events, high cinema ticket prices and the growing sophistication of piracy offline and online have hurt box-office receipts.

The growing popularity of Bollywood and Indian cinema worldwide is expected to make up for the shortfalls.

The impact of India cinema has inevitably attracted the attention of the Hollywood studios, which have some vested interest there, although the major players are local film producers and distributors such as Essel Group, UTV Motion Pictures, Sun Pictures, Reliance's AdLabs, Yash Raj Films, Dharma Productions, Eros International, Aamir Khan Productions and Suresh Productions.

## India's film creators

The works of revered and renowned Indian directors such as Satyajit Ray, Vidhu Vinod Chopra, Jahnur Barua, Pan Nalin and Sudhir Mishra are in turn said to have influenced movies by international directors like Danny Boyle (*Slumdog Millionaire*), Baz Luhrmann (*Moulin Rouge*), James Ivory, Martin Scorsese, Francois Truffaut, Elia Kazan and Isao Takahata.

Some Indian productions have been receiving theatrical releases in the Western markets.

These include the Oscar-nominated *Lagaan* (2001), *Three Idiots* (2009) and *My Name Is Khan* (2010). Shahrukh Khan, the star of *My Name Is Khan*, appeared on high-profile UK TV chat shows to promote the film.

As Bollywood's influence grows, the international film industry is also seeing the emergence of first and second-generation Indian directors born, raised, or based overseas: Mira Nair (*Salaam Bombay!*; *Monsoon Wedding*; *Kama Sutra: A Tale of Love*), Asif Kapadia (*The Warrior*); Shekhar Kapur (*Bandit Queen*; *Elizabeth*); Deepa Mehta (*Hollywood Bollywood*); and Gurinder Chadha (*Bhaji on the Beach*; *Bend It Like Beckham*; *Bride and Prejudice*; and *Angus, Thongs and Perfect Snogging*).

These film-business trends are supported by an array of film festivals in India and abroad.

In addition to the state-organised International Film Festival of India, there are festivals in Mumbai, Kolkata, Hyderabad, the Mumbai Queer Film Festival and the Third Eye Asian Film Festival. Overseas, you can catch the London Indian Film Festival (in association with the Satyajit Ray Foundation), the New York Indian Film Festival, the Indian Film Festival of Los Angeles, and the Bollywood Film Festival in Prague.

## Varied film investment sources

The Indian film business is now extending its reach to its rival emerging economy: China. Eros International has linked up with China Film Group and Hong Kong's Light House Productions to produce *Gold Struck*, a US\$10m project that has been described as "the first-ever Sino-India co-production". Filming is scheduled to start later this year.

The Indian business media have also noted that the success of foreign-made Indian movies such as the Oscar-winning *Slumdog Millionaire* has caught the attention of venture-capital firms. They include Dar Capital Group in London and Mumbai-based Vistaar Religare Film Fund.

## Television

CASBAA, the Asia-Pacific pay-TV trade association, estimates the number of Indian consumers with access to TV comes to more than 215 million; but while growth in the pay-TV sector (satellite and cable) soars, the free-to-air terrestrial audiences are declining.

The number of pay-TV subscribers shot up to 40.2 million in 2010 from 27.6 million in 2008. The terrestrial TV market is slowly being eroded by the popularity of digital cable and direct-to-home (DTH) satellite services.

# FEATURE

DTH's share of India pay-TV homes grew to 23.8% from 1.2% in 2005 in 2010. The major DTH service providers in India are Tata Sky, Sun Direct, Dish TV, Bharti Airtel and the Reliance conglomerate.

Reliance is boosting its commitment to English-language channels with the recent plans to form a joint venture with RTL Group, the Luxembourg-based pan-European TV operator. RTL Group owns FremantleMedia, one of the world's biggest format-TV producers and famous for the Pop Idol, X-Factor and Got Talent formats. Its joint venture with Reliance is expected to produce more reality-based TV entertainment. The agreement follows a similar deal that Reliance has with US TV-production giant CBS. That joint venture is called Big CBS.

The steady adoption of digital media can be seen in the growth of the burgeoning internet protocol TV (IPTV) sector, which has opened up the pay-TV market to telecommunications companies. Although a minuscule 0.2% market share last year, IPTV did not exist at all in 2008.

## **The value of TV in India**

The FICCI-KPMG report sees the TV market, in its various permutations, dominating India media for several years. The number of DTH subscribers jumped 12 million (75%) in one year to reach 28 million in 2010. The number of TV homes (as opposed to viewers) is expected to touch 156 million by 2015. Revenues from pay-TV subscription are forecast to reach US\$9.25bn.

Such potential has seen various international media groups set their sights on India. One of the first international operators in the market was MTV Networks (MTVN), a subsidiary of the US-based Viacom group. Through a joint venture with Global Broadcast News called Viacom 18 Media, MTVN channels such as MTV, Nickelodeon and VH1 have a significant presence in the country.

They have also introduced localised channels dominated by Hindi-language programming and original content such as MTV India Lycra Style Awards and the IMMIES (Indian Musical Excellence Awards).

## **Advertising and marketing**

Advertisers will spend INR266bn (US\$5.8bn) in 2015, a 17% jump from 2010, says the FICCI-KPMG report. Ad expenditure will be dominated by TV and print media.

Meanwhile, media agency ZenithOptimedia predicts that India ad spend will grow to about US\$7.5bn in 2013. Whatever the actual outcome, the international advertising industry sees India as a flourishing market.

Britain's Sir Martin Sorrell, CEO of the world's largest advertising group WPP Group, has publicly declared that India has been the fourth most important market in his company's global business during the past couple of years.

## **Rival global agencies in India**

WPP rival Groupe Publicis, of France, plans to expand its presence in India from 2010 to support its global agency networks Publicis, Saatchi & Saatchi and Leo Burnett. Its biggest investment since then has been a majority-stake acquisition in Watermelon Healthcare Communications Private Ltd, a healthcare advertising agency, in March 2011. Last year, it also became the majority owner of local PR firms 20:20 MSL and 2020Social.

Although the presence of Omnicom and Interpublic Group (IPG), the two other leading global marketing conglomerates, in India is not as pronounced as WPP and Publicis', they cannot ignore the territory either.

Last year June, IPG subsidiary Mediabrands formed a joint venture with India's Interactive Avenues to form Reprise Media, a digital media-and-creative agency.

In November, IPG introduced 'Equal & Opposite', its gender-equality initiative via its Women's Leadership Network India. With women forming a significant part of India's advertising workforce, the initiative aims to encourage more of the differences that female executives bring to business tables.

Earlier this year, Japanese ad agency giant Dentsu bought out entrepreneur Sandeep Goyal, its partner in four Indian agencies they co-founded (Dentsu Communications, Dentsu Marcom, Dentsu Creative Impact and Dentsu MediaTech) for a reported US\$50m. The fully owned Dentsu India is expected to have client billings valued at more than US\$250m.

## **Leading local ad agencies**

Among the country's leading independent ad agencies are Madison World, Triton Communications and Mudra Group, although the last has a partnership with US agency DDB.

In 2010, US private-equity group Blackstone bought a stake in Jagran Media Network, which has interests in online media, mobile media and outdoor advertising. It also owns Dainik Jagran, the Hindi-language daily newspapers with more than 50 million readers.

# FEATURE

The country's largest advertising festival and awards event is the Goafest, jointly organised by the Advertising Agencies Association of India and The Advertising Club Bombay. It is scheduled for 5-9 April this year at the Zuri White Sands' resort and casino in Goa.

## Music

According to the most recent figures available from IFPI, the global music-industry trade organisation, India was ranked the world's 17<sup>th</sup> biggest music market in 2009 (its most recent figures).

This takes into account the legal sales of copyrighted physical recordings (CDs, cassettes, vinyl), which represents about 50% of total sales.

Digital sales (dominated by online distribution and mobile ringback tones) accounted for about one-third, with the remainder coming from performance rights (the use of recorded music at public venues and broadcast). Combined, the music industry generated US\$128m in 2009, representing a 2% increase from the year before.

In addition to the four major multinational recording labels (Universal Music Group, Warner Music Group, Sony Music Entertainment and EMI Music), the leading local independent labels are Saregama India, Venus Records & Tapes, Tips Industries, Times Music, Aditya Music and Super Cassettes Industries. Locally, the labels are represented by the trade body Indian Music Industry, which replaced the original Indian Phonographic Industry.

Like most developed and developing economies, India's local music business has been badly hurt by digital and physical piracy (see section on Copyright). The damage has seen the requirements for the much coveted Gold and Platinum sales certification fall to 100,000 units and 200,000 units respectively. It used to be sales of 500,000 units for Gold and 1 million for Platinum.

## Hindi music rules

According to various media analyses, the genre of Hindi film music dominates sales, followed by repertoire from regional-language movies and then international and foreign music.

Film music, locally known as *filmi*, is performed mostly by the professional 'Playback' singers, whose voices are the ones the actors mime to. It accounts for more than 70% of the nation's music sales. The works of composer AR Rahman is universally in demand.

For such a massively populated music-loving country, India's non-film music business should be healthier. The labels argue that it could be, but piracy and unauthorised usage are preventing all potential prospects.

Nokia's Comes with Music/Ovi Music Store is one of the very few internationally owned digital-music services in India. Saregama also operates its own online services.

Apple's iTunes does not sell music in India and iPhones, although present, are considered too expensive for the average consumer. Yet, the emergence of digital sales and the significant penetration of mobile phones are having an impact on local music sales.

## MMX licenses mobile music

With more than 500m mobile phone subscribers, India's mobile-music sector requires attention. Nearly 100,000 street-side vendors are known to illegally download music and other entertainment content on to their PCs and sell them by uploading them on to consumers' mobile-phone memory cards.

Having acknowledged that mobile handsets make ideal music-distribution devices, more than 100 music labels in India have joined forces to launch an initiative called Mobile Music Exchange (MMX).

Its mission is to grant these street-side sellers official licences, ensuring that copyright owners have an opportunity to recoup remuneration of some kind. Such local initiatives are expected to help spur the growth of digital music to catch up with and even surpass soon.

Non-film music also gets limited airplay on TV and FM radio. That situation has prompted the leading labels such as Sony Music and Saregama to diversify. They are investing in regional music in southern India, such as the rapidly growing Tamil music that had suffered in the rest of the country at the expense of Bollywood music, plus classical and devotional music. They are also entering the live-music business, which is proving to be healthier than recorded music in terms of revenue at home and abroad.

Sony Music India appointed Windchimes Communications, a Mumbai-based social-media marketing agency, to raise awareness of the international music not gaining traction with Bollywood-obsessed consumers.

## Games

Zynga, the world's biggest casual games developer and publisher, opened an office in Bengaluru last year.

# FEATURE

The move confirmed the trend of international games developers setting up infrastructures and outsourcing services in India.

ZDNet Asia reported that India is forecast to become the world's third largest online market by 2013, after China and the US, a set-up that should accelerate growth in India's online-games business.

As 3G wireless networks become more established, the Mobile Marketing Association's Asia-Pacific division expects mobile games to generate more than US\$3bn this year.

## Major local games companies

Zynga joins major local developers Hungama Mobile, Mobile2win (owned by Norwest Venture Partners, Nexus Venture Partners, Softbank China Venture Capital and SVB India Capital Partners Fund); Indiagames, which is partly owned by Indian media-and-entertainment giant UTV; mobile-games specialist Mauj, and Dhruva Interactive.

Gameshastra, a games-service provider, expanded its Japanese business last year. It launched the Sony PlayStation version of Desi Adda: Games of India, a mixture of traditional leisure and board games that became the country's first indigenous PlayStation Portable game and the first PlayStation 2 game to be available in three Indian languages: Hindi, Tamil and Punjabi.

The games sector's growth rate might, however, end up be slowed down by various ongoing issues. Games piracy is rampant. The required broadband-internet infrastructure remains underdeveloped, and high import duties for consoles is not helping, although investors still remain optimistic.

US research firm iSuppli predicts that, although expensive compared with their mobile and online counterparts, console games are gaining significant ground in India. It calculates that revenues from console games leapt to US\$125m last year from US\$13m in 2006.

## Fashion and luxury

The size of India's middle class and the wealthy is growing. They have disposable income to spend on luxury goods, including the latest domestic and international design labels. Accompanying that trend is an expanding host of home-grown haute-couture designers.

Sabhyasachi Mukherjee, Ritu Beri, Neeru Kumar, Rohit Bal, the sisters Gauri and Nainika Karan, designer duo Rohit Gandhi and Rahul Khanna, Tarun Tahiliani and Wendell Rodricks are among those making an international impact or have ambitions to do so.

Their styles invariably combine indigenous and international influences. Beri, for example, has capitalised on that trend, leading to famous clients such as former US president Bill Clinton, Hollywood elite such as Nicole Kidman, plus leading Bollywood actresses Madhuri Dixit and Preity Zinta.

## Fashion weeks all year

Their works are supported by The Fashion Design Council of India, which is behind the Wills Lifestyle India Fashion Week. It takes place 6-10 April this year in New Delhi for the autumn/spring collection and during 14-18 September for the spring/summer 2012 collection.

Other fashion events supporting the industry include the Lakme Fashion Week, which is jointly organised by beauty-and-cosmetics brand Lakme, a joint-venture subsidiary of the Unilever behemoth and IMG Fashion.

As in Europe and the US, the fashion week events in India have become popular hubs of entertainment, where the rich, famous and other celebrity types want to be seen. Consequently, in India alone, you will also find the Vibrant Fashion Week, the Hyderabad Fashion Week, plus fashion weeks in Bangalore, Chennai and other variants.

Conde Nast, the US publisher of glossy, high-end aspirational magazines such as the monthlies Vogue and GQ, distributes localised editions in India. In addition to marketing its high-profile print editions to the country's wealthy, it is investing in digital platforms to reach the 2 million "premium" households.

These consumers are generally broadband-internet connected, use smartphones and social media networks.

## LVHM, Donald Trump commit

French fashion house Louis Vuitton opened its first store in India in 2003 and has opened several others since. Last year, it celebrated India's most popular festival Diwali (festival of lights) by decorating its store windows worldwide with an India theme. It is also forming partnerships with local designers and has bought an estimated 20% stake in Hidesign, the Puducherry-based handbag maker owned by Dilip Kapur.

Donald Trump, the US real-estate mogul, has announced his first investment plans for India. The Trump Organization has formed a partnership with Mumbai-based Rohan Lifescapes to build a Trump-branded luxury residential tower in the country.

# FEATURE

## Sports

Local and global investors are focusing their attention on Indian talent on the sports fields. The country is holding its first Formula 1 Grand Prix race in October.

Elsewhere, conglomerate Reliance recently teamed up with international talent agency IMG Worldwide to sponsor the country's All India Football Federation for US\$115m during the next 15 years. The Reliance-IMG partnership has also signed a commercial agreement with the Basketball Federation of India.

Tata Group is sponsoring the Open India International Challenge Badminton Tournament and recently extended its partnership with the Prakash Padukone Badminton Academy, which is attached to the Badminton Association of India, until July 2013.

Herbalife, a US nutrition company, is a sponsor of MC Mary Kom, four-time women's world boxing champion and an International Boxing Association's ambassador.

## IPL dominates sports

The country's devotion to sport is encapsulated in the phenomenally rapid rise of the Indian Premier League (IPL). Launched in 2008 by its controversial visionary and architect, Lalit Kumar Modi, with the backing of the Board of Control for Cricket in India (BCCI), the fourth IPL season takes place 8 April-28 May.

Today, the IPL is considered the second highest paid sports league after the US' National Basketball Association with the average player's salary exceeding US\$3.5m. In 2010, it became the first sporting event to broadcast live on the video-sharing website YouTube.

As a brand, the IPL was valued at US\$4.13bn in 2010, based on figures published by UK-based Brand Finance. It has attracted some major local and international sponsors, ranging from Sony Pictures Entertainment, Singapore's World Sport Group, car manufacturer Honda, soft-drinks giant PepsiCo, sports apparel Nike, India's biggest mobile operator Bharti Airtel, Indian entertainment group Zee and India's giant brewery Kingfisher.

IPL started with eight team franchises attached to a region or major city, growing to the current 10. Each franchise has been valued between US\$30m and US\$50m as a brand. The brand of last year's IPL champion Chennai Super Kings is said to be worth US\$48.4m. The League has also attracted high-profile international cricket players with the UK's Kevin Pietersen a member of the Deccan Chargers; Adam Gilchrist signed to Kings XI Punjab and Australian Shane Warne on the Rajasthan Royals team.

When Modi made a surprise appearance at a sports-marketing conference held at Twickenham Stadium, west London, last year, he said he had been influenced by the US National Football League. Moreover, he added, the IPL's success sent out a message to the rest of the world about India's prowess as a sports nation.

## Lalit Modi scandal

The BCCI ousted him as the IPL's chairman/commissioner in April 2010 after he was charged with alleged impropriety. Following threats to his life, the now UK-based Modi and his family are under round-the-clock security protection. His replacement as IPL chairman/commissioner is Chirayu Amin.

In March this year, Indian media organisation Bennett, Coleman & Co (BCC), which controls the Times of India group, paid US\$58m for the 2011-2014 rights to the online, mobile, radio and some TV-broadcast transmissions of IPL games. Nimbus Communication is handling the TV rights. BCC's investment looks set to pay off. US digital media-measurement company comScore reported that internet traffic to cricket sites such as ESPNcricinfo, Yahoo! Cricket, and CricBuzz soared in India during the 2011 Cricket World Cup.

Despite its reputation as a nation of sports lovers, the Modi controversy points to problems that constantly plague high-profile events held in the country. Suresh Kalmadi and Lalit Bhanot, respectively the chairman and secretary general of the organising committee for last year's Delhi Commonwealth Games, were fired from their jobs following allegations of corruption during the event.

## Copyright

In its February 2011 report, the US-based International Intellectual Property Alliance (IIPA) stated that "India has the potential to be a leading market for the creative industries – both foreign and domestic". Yet, while continued growth is forecast, "piracy stifles the market".

Rapidshare.com, one of the world's most notorious pirate websites and a cyberlocker that allows users to store large amounts of unauthorised internet files, has its biggest audience in India, says the Alexa Internet's web-measurement system.

The IIPA blames the country's ineffective national copyright law and inefficient 2010 Copyright Bill.

# FEATURE

The latter was designed to bring India in line with international copyright legislation as defined by Geneva-based World Intellectual Property Organisation (WIPO).

The IIPA is urging the government's Ministry of Human Resource Development to install an anti-piracy task force, train police officers to identify and block digital piracy, and increase the quantity and reach of anti-piracy raids. Until they are implemented, India is on the IIPA's 2011 Priority Watch List.

## **'Bollywood' composers demand rights**

There are, however, efforts that have yielded some positive results. In January, CISAC (the umbrella organisation for the world's royalties' collection societies) reported that, for the first time, the new Copyright Bill acknowledged that music composers had as many rights as movie producers to the music used in Bollywood movies. This would entitle composers to a share of the royalties from future sales, which is currently not the case.

Unsurprisingly, the country's producers are lobbying against such a legislative move, on the grounds that the producers own the copyright because of the investment they put into the films. Even then, film directors and screenwriters are not recognised as copyrighted authors of their works.

Should the Bill be made law, it would be a bonus for music composers.

## **Local book publishers fear losses**

Ironically, though, book publishers have been caught in the cross-fire of the negotiations. The Bill will make parallel importing by foreign book publishers legal for the first time.

Until now, a publisher had to acquire exclusive Indian territorial rights to sell books by a national or international author in the domestic book-publishing market.

Local book publishers fear the move will encourage overseas publishers to import the same titles at a much lower price and thereby hurt local publishers income and their ability to offer fair advances to Indian writers. *MTF*

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# FEATURE

## ZYNGA: THE Q&A SESSIONS

### Mark Skaggs, at the US games powerhouse, talks about Farmville, Dr Dre, Winning Awards and Fun

- Job: Vice president of product development, Skaggs is an award-winning game developer and creator of global games sensation FarmVille
- Joined Zynga in November 2008
- Reports to Steve Chiang, Zynga's president of studios
- First ever job in a creative-related industry: Played in a funk band in Dallas in the 1980s.

Skaggs has been in the gaming business for more than 17 years, has won awards and created games that have sold more than 16 million copies, including *Command and Conquer: Generals* and *Lord of the Rings: Battle for Middle-Earth*

#### **MTF: What is the source of inspiration for the content in Zynga games?**

**Skaggs:** The core ideas can come from anywhere; from the players, Zynga employees, other popular games, or events taking place around the world. For FarmVille, my inspiration was to bring the best of what we know about creating great games to the farming game category. This means making it very approachable with intuitive controls, with happy, fun and light art and great simple game play that players would enjoy. We wanted everyone's farm to be a special place for fun and game play that they could share with their friends. For CityVille, my inspiration was to create a new type of "city game". We wanted players to have fun building the homes, businesses and skyscrapers with a light touch to keep their cities functioning,

#### **MTF: What has made Zynga's games so popular among consumers?**

**Skaggs:** There's an awakening of a new type of gamer, thanks to Facebook. Facebook has taken relationships on the Internet to a whole new level. After FarmVille became successful, we saw the emergence of a new audience for games. Many are women between 35 and 50, who play every single day even though they insist they are "not gamers", which is a fundamental shift in thinking for those interested in games. With social games, you strengthen your online relationships.

#### **MTF: Is it possible to place a financial value on the creative elements within any game?**

**Skaggs:** Instead of thinking of the financial value, we focus on what's right for the players. There is a difference between the cost and value. If the games weren't fun and didn't give what people were looking for, no one would play them. That makes them valuable.

#### **MTF: As in film, TV, music, could the graphics and narrative in games ever be considered works of art?**

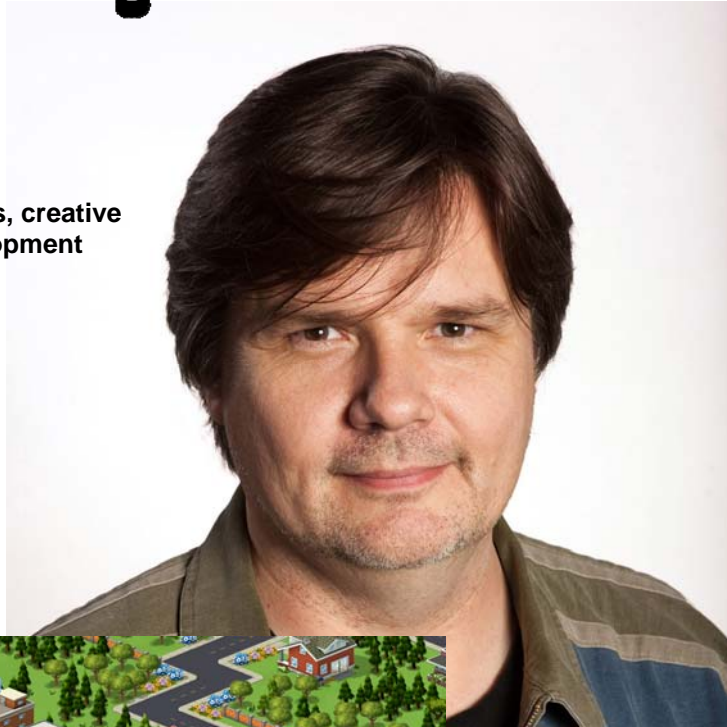
**Skaggs:** Absolutely! The music industry features commercial music created with commercialism in mind. It might be a piece of commercial art, but it is still art. The Academy of Interactive Arts & Sciences gives awards for games. Last year, we won the Best Social Networking Game award and for this year's event, CityVille and FrontierVille are both nominated. Also, note the cinematic visuals in console games today.

# FEATURE



Left: Country girl in FarmVille game

Right: Mark Skaggs, creative and product development supremo at Zynga



Left: A scene from CityVille

# FEATURE

**MTF: When a game developer is looking for investments, to what extent is the quality of the storyline as important as the underlying technology?**

**Skaggs:** Investors focus on the team and whether they can pull off its vision. You can come up with all the best plans and ideas, but it is not until you start the execution that you see how strong the team is. There is the technical execution and there is the craftsmanship. But, the question is, can the team create a predictable and reliable entertainment system? As well as the skills and the creativity, do they have the emotional compatibility (for working together)? It's a question of looking at the individuals within a team and their past performance and asking whether they can execute.

**MTF: To what extent are fans consulted about the storylines and visuals?**

**Skaggs:** Rather than treating (each game development) as a single event, it should be treated as a process. Once we understand what we're trying to achieve, it then depends on the development cycle, which could be six months or one year. We do early 'looks' by bringing in a small number of people for online tests. We show them the software and the concept and the art. You want to give them something new and exciting but you don't want to go too far to lose your fans. We've 1,400 employees at Zynga we can also check in with.

**MTF: Why is the deal with Dr Dre so important for the Zynga brand? Are there plans for more such partnerships with creative artists in other sectors such as music, films, TV, or even theme parks?**

**Skaggs:** We're always exploring ways to work with celebrities. It's not part of our key strategy, but it responds to players' interests. We're in the entertainment business. We know certain players like to interact with celebrities, who are also beginning to understand how the games business works.

**MTF: How different is the approach to developing a casual game compared with creating a game for a console?**

**Skaggs:** Radically different. For traditional games on PCs, consoles or DVDs, the development cycle can take two or more years. Once that hits retail, it's a huge dice roll that can cost at the very least \$30m. It requires heavy-duty planning, technical, financial and people investments. Social games can get to market much faster. It is much more fluid to develop. You can release a (social) game and, within minutes, know whether or not people like it. Social games can be cutting edge. I tell people not to be misled by their (apparent) simplicity. I compare console games to the feature film industry. After several years in development, a feature film becomes a major event in a cinema theatre. Social games remind me of a TV series; you don't reveal everything in the first episode. Instead, you continue to build, change and enhance the experience with each episode.

**MTF: Does the company ever plan to go console?**

**Skaggs:** Zynga focuses on creating great, exciting social games that connect people to their family and friends all over the world. You can count on us to be where the players are. Right now, players are on Facebook and we expect them to be there a long time. We'll look at other platforms like console machines when the time is right. *MTF*

**ZYNGA—THE FACTS & FIGURES ON PAGES 27-28**

# FEATURE

**ZYNGA'S HISTORY:** Founded by Mark Pincus in July 2007, Zynga operates one of the world's largest casual-games platforms. The company's stated mission is "connecting the world through games" and its users play games in virtual online worlds. It boasts more than 297 million monthly active users and 54 new players every 10 seconds via games portals on Facebook, MySpace, iPad and iPhone apps, MyYahoo and the Farmville.com website. Launched in June 2009, Farmville invites players to harvest their own virtual farms online. It is Facebook's most popular games app with more than 130 million unique players (54.9m DAU (daily active users)/16.5m (monthly active users)). Zynga and Facebook embarked on a five-year partnership in May 2010. Zynga's most recent creation CityVille, launched in December 2010, has already surpassed Farmville in terms of the number of daily users, hovering around 18 million daily active users as of mid-January 2011. Zynga branded goods, including physical card games, are sold in major US retail outlets. The company has started forming creative partnerships in other sectors, including a music partnership with rap pioneer and record producer Dr Dre in December 2010, and collaboration with Hollywood's Dreamworks Animation in November 2010. It has raised more than US\$6m for social causes, including Haiti's earthquake victims.

## ZYNGA: INVESTMENT HISTORY

More than US\$360m in funds from investors, including Digital Sky Technologies, Softbank Group, Kleiner Perkins Caufield & Byers, Andreessen Horowitz, Avalon Ventures, Foundry Group, Institutional Venture Partners, The Pilot Group, Tiger Global Management, Union Square Ventures, and private investors

DATE	FUNDS
JAN 2008	US\$10m first round
JULY 2008	US\$29m in Series B funds
NOV 2008	US\$15.8m in second round of Series B
DEC 2009	US\$180m funding led by Digital Sky Technologies

# FEATURE

## ZYNGA: ACTIVE USERS (February 2010)

GAME	DAU	MAU
FarmVille	54.9	16.5
Zynga Poker	36.7	6
FrontierVille	28.2	7
Mafia Wars	23.2	3.6
CityVille	19	100
Café World	17.8	4
Treasure Isle	13..8	3.1

Source: Zynga; Notes: DAU = daily active users; MAU = monthly active users

## ZYNGA: INTERNATIONAL REACH

HQ	San Francisco
US	Offices/studios in Baltimore, Los Angeles, Austin, Dallas
India	First international office in Bangalore
China	Acquires XPD Media
Japan	Joint venture with Softbank Corp; acquires social-game developer Unoh
Germany	Acquires games-engine developer Dextrose and forms Zynga Germany

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# FEATURE

# THE CREATIVE CORPORATE

# PROFILE

## RED BULL GmbH, Austria

The beverage manufacturer Red Bull might be famous for its carbonated energy drinks of the same name. Yet, last year, it was described by US business magazine Fast Company as renowned for its creative prowess by “blurring the lines between retail, sports marketing and entertainment”.

### **Red Bull the drink**

Founded in 1984, the company started selling its flagship carbonated beverage Red Bull in 1987. The key ingredient that forms the basis of the drink, popular with athletes and night-clubbers alike, is the Thai beverage Karting DEng.

Last year, the privately held company sold more than 4 billion units of Red Bull, including the Red Bull Cola variant, in 160 different markets and CEO Dietrich Mateschitz told the Austrian media it is aiming to sell almost 8 million units before this decade’s end.

Despite its once controversial reputation for containing traces of cocaine and being banned in some European markets for ill-defined side effects, Red Bull is now positioned as mainstream for energetic young adults.

### **Red Bull the Company**

With its advertising brand message “Red Bull gives you wings”, the company promotes energy, freedom and empowerment.

Turnover in 2010 was €3.78bn from €3.323bn the year before. The Red Bull brand’s value is worth about €8.9bn, says Millward Brown, the WPP-controlled market-research group.

The company has an intriguing global marketing strategy . But nearly €400m a year is spent on media and entertainment, covering the worlds of music, TV, radio, mobile games, print magazines, sports, and the sponsorship of more than 450 male and female athletes.

Moreover, it melds several activities to create customised events, including the Red Bull Crashed Ice tournament that mixes ice hockey, downhill skating and snowboard cross. Spain’s Red Bull Flamenco Flatland event combines the country’s native dance with freestyle BMX.

### **Red Bull Media House**

The Red Bull Media House division centres on the Austrian TV station ServusTV, an advertising-funded cable-and-satellite general-TV service. It currently targets German-speaking Europe. In February, Mateschitz told the Austrian press that he plans to extend the service into English-speaking markets.

Its online Web-TV platform transmits scheduled one-hour ‘webisodes’ covering sports events organised by the company.

The group’s other media-and-entertainment units include Red Bull Publishing, which licenses the music made by the label Red Bull Records for third-party media companies to use. The online Red Bull Radio services can be embedded into third parties’ websites. Red Bull Mobile hooks up with local mobile-phone operators to offer Red Bull-branded content. Red Bull Digital oversees the localised Red-bull.com websites in about 50 countries, and it also offers games for PCs, consoles, mobile handsets and computer tablets.

### **International print media**

Red Bull Media House also owns a printed-media unit that includes The Red Bulletin, a monthly satirical look at the sectors the company identifies with such as sport and music.

Red Bulletin is usually distributed with a national newspaper. In the UK, it comes free with the Sunday Telegraph. The supplement is also distributed in Germany and Northern Ireland. It is a paid-for publication in New Zealand, South Africa and Kuwait. It appeared with the New York Times in June 2010 to promote the Red Bull Air Race in the city.

### **Music interests**

Red Bull Records is a small California-based independent label. Its artists include US indie rock band AWOLNation, and Scottish alternative rockers Twin Atlantic, but it is the Red Bull Music Academy that has absorbed most of the company’s attention. Launched in Berlin in 1998, it aims to support up-and-coming singers, producers, DJs and musicians by partnering them with industry professionals.

# FEATURE

Sixty finalists are selected from applicants worldwide to be trained during two sets of fortnights.

The training takes place in a different city each year and is scheduled for Tokyo in October and November this year, although Japan's earthquake disaster and nuclear-plant fallout in March might force the company to relocate the event.

The company has also got involved in live music having brought in rap superstar Eminem to judge and perform at the 2010 Red Bull EmSee: The Road to Eight Mile, a free-style rap competition inspired by Eminem's movie 8 Mile.

## Red Bull sports

Red Bull's association with youth, boundless energy and entertainment has seen most of its marketing budget focussed on sport. The company might sponsor athletes, but wherever possible, it owns its sporting events, whether via acquisition or from original production.

In addition to the Red Bull Crashed Ice, its annual global sport events include the Red Bull X-Fighters, the Red Bull Cliff Diving World Series, and the Red Bull Air Race, the aerobic competition famous for taking place near city skylines, airfields and monuments.

The Air Race has been cancelled this year following its first serious accident in April 2010, when Brazilian pilot Adilson Kindlemann crashed into the River Swan in Perth, Australia. Although, he suffered only minor injuries, Red Bull has put the event on hold to implement new safety measures.

## Soccer shots

Redbull.com says €48.5m was spent on soccer superstar Thierry Henry, who had played for Monaco, Juventus, London's Arsenal, Barcelona, before he joined the US' Major Soccer League team New York Red Bulls in 2010 for a reported £2m a season (excluding endorsement deals).

The Red Bulls' home is the New Jersey-based 25,189-capacity Red Bull Arena. It also owns the Austrian football team FC Red Bull Salzburg at the 31,895-capacity Red Bull Arena. The team has won the national Bundesliga six times. Also, on the company's books is German football club Red Bull Leipzig (at that city's 44,345-capacity Red Bull Arena).

## Ice hockey kicks

Additionally, Red Bull has interests in the frenetic sport of ice hockey with the EC Red Bull Salzburg, the current defending champion of the Erste Bank Hockey League. The team was the 2010 Continental Cup Winner.

## Motorsport drive

On the global map, Red Bull appears to be excelling in the F1 Grand Prix tournament. The Red Bull Racing team won the 2010 F1 Constructors' Championship, with the 23-year-old German Sebastian Vettel the 2010 world champion (the youngest winner in F1 history). Red Bull acquired the team in 2004 from the Ford Motor Company for a "symbolic" US\$1 but agreed to take on the commitment to invest US\$400m over three seasons.

Scuderia Toro Rosso is Red Bull's other F1 racing team, where Vettel was originally a driver before he joined Red Bull Racing.

The company's other motor-racing interests include sponsoring Red Bull Junior Team drivers, participants of the GP2 Series, considered the ideal training ground for F1, and the Team Red Bull at NASCAR, the US' largest stock-car racing event.

## Athlete endorsements

Although originally associated with only extreme sports, Red Bull is forming partnerships with more athletes from mainstream sports. In addition to US skateboarding champion Ryan Sheckler, the sports stars backing the Red Bull brand include European footballer Thierry Henry, alpine ski Olympic gold medallist Lindsey Vonn, UK cricketer Andrew Flintoff, and Reggie Bush, the first US National Football League player to endorse Red Bull.

## Red Bull Creative

Handling the strategic and creative marketing for Red Bull, the company, is Red Bull Creative, its in-house marketing agency.

However, the company has worked with outside agencies, such as Sydney-based Kastner & Partners, on specific projects like Red Bull Cola.

Last year, Red Bull appointed Los Angeles-based boutique agency Mistress, which produced On the Wings of Glory, a five-episode spoof comedy that aired on the US Fox Sports Network.

It was based on Red Bull's Flugtag, which invites contestants to see how far they can get with their human-powered flying machines from a 30-ft seaside pier before plunging into nearby water below. *MTF*

# FEATURE

## **BILLION DOLLAR BLAST**

### **Investor Spotlight Gilles Babinet**



*In each issue of MTF, an investor specialising in the media, entertainment and the cultural arts, is invited to go on a Creative Spending Spree.*

*In this fantasy column, the investor has access to US\$1 billion to spend on ten categories of the arts and entertainment business, explaining why they believe the work's creativity and genius deserve the money allocated*

*Every single penny and cent must be spent. The works may be admired for their originality, imagination, inventiveness, audacity or even sheer simplicity.*

*In this issue, Paris-based Gilles Babinet, the serial international investor, indulges in some creative retail therapy.*

**Movies:** \$75m - Into the Wild, the 2007 non-fiction film directed by Sean Penn.

Based on the true but movingly tragic story of a young man who gives up his suburban conventional life to live in the remote wilderness of Alaska. A great movie, extreme in all aspects, and so well produced.

**Musical Recording:** \$100m each – For the last two albums by the Beatles: Abbey Road (1969) and Let It Be (1970). The first is really a masterpiece in terms of the mastering and mixing of instruments at that time, the other is rough but so magical in terms of the compositions. And US\$25m - Horses, by Patti Smith.

**Live Entertainment:** \$150m - Woodstock, the seminal music festival held in New York State in 1969. Almost everyone who performed then has since had a brilliant career. I also gave more money, not because I preferred it to the Beatles' albums, but to prevent food shortages and people starving, which really happened.

**Sport Event:** \$50m - To revive the Camel Trophy, the international motor rally across challenging landscape, which ended in 2000 after 20 years. I know it was attached to a cigarette brand and that is bad, but it was so extreme and fascinating!

# FEATURE


**Video Game:** \$175m - To roll out the new MXP4 social music game. I know it is not fair because it is by my company, but we need that money. Also, I think we will really revolutionise the gaming AND the music industry at the same time!

**TV show:** \$100m - Seinfeld, the TV series. It was hard-hitting but so funny.

**Advertising Campaign:** \$75m - Shoot the Bear by Paris ad agency Buzzman. Who can forget this YouTube phenomenal interactive video campaign for Tipp-Ex? It invited the viewer to use the computer keyboard to complete the phrase "A Hunter [...] a bear". That was amazing! <http://www.youtube.com/watch?v=4ba1BqJ4S2M> It deserves its popularity (14m page views).

**Work of Art:** \$150m - I would invest that amount to clean up and repair India's mystical city of Banaras (aka Varanasi), where Buddhism is said to have been founded.

**Book:** \$100m – The World of Yesterday (Die Welt von Gestern) by the Austrian Stefan Zweig and originally published in 1943. This majestic piece of writing is stunning as a novel, a real historical narrative and a deeply educational masterpiece. Zweig didn't need money but this money would be a well-deserved blessing.

**Luxury item:** \$50m - Well, let us be a little frivolous... I would love to see Christian Louboutin get the money for his trademarked red-sole high heels. 

**ABOUT GILLES BABINET:** Gilles Babinet, 43, successfully created and managed various successful businesses as CEO. At the age of 24, he created Absolut, a product design firm that he sold in 2000 to Euro-RSCG. The same year, he founded Musiwave, which he sold to Openwave for US\$139M in Jan 2006. Since then, Gilles has co-founded several businesses: **Eyeka**, a platform that gathers 75,000 video makers, answering to pitches posted by brands. Eyeka is backed by Ventech Ventures, SFR Ventures and DN Capital; **Mxp4**, a company developing a new interactive music format, backed by Ventech and Sofinnova; **Digicompanion**, a company using film and music to organise marketing operations for the brands, backed by Alven Capital; **Sawnd**, a music publishing company that helps musicians to increase their presence over the Internet. And in November 2009, Babinet co-founded CaptainDash, a company that provides a revolutionary Dashboard software-management tool that enables marketing experts to gain easy access to all types of business data, and eventually increase the marketing efficiency. Gilles is serving as Chairman at Eyeka and Mxp4. He is also a business angel for several companies.

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# ABOUT

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From the film industry to the fashion business, from television shows to theme-park attractions, from musical recordings to marketing campaigns, from concerts to computer games, and from printed books to photography, the creative work and content form the heart that beats inside the body of these sectors.

The creativity brings pleasure and value to consumers' lives and lifestyles (either en masse or as a niche service), generating millions in revenue and boosting economies in its own right, while adding financial worth when attached to other businesses.

However, popular and commercial creativity needs cash to thrive and its success stories, especially in Hollywood and the music business, inevitably attracts investors. But money is coming in at all levels, from works of epic scale to independent originality.

**MediaTainment Finance** aims to report on deals that indicate where the money is being spent or cut, and analyse such deals' impact on commercial culture worldwide.

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