
Broadcast / Telecom

“Marriage” Gaining Steam

– Capital Linkups, TV Program Delivery via Internet on the Rise –

JAPANESE TV networks are stepping up moves aimed at the “marriage” of broadcasting and telecommunications. Tokyo Broadcasting System (TBS) has decided to raise ¥28 billion by allocating and selling new shares to finance new mobile phone and Internet-related businesses, with some of the funds to be invested in eMobile, a company that aims to be a new mobile carrier. Japan’s largest advertising agency, Dentsu, has raised its stake in Fuji Television Network in a bid to bolster its alliance with the TV broadcaster in such new business areas as distribution of TV content via the Internet.

Methods of distributing TV programs have begun to diversify. Nippon Television Network (NTV) will launch a pay-per-view service via the Internet on an on-demand basis in October. Fuji TV has also kicked off a video-on-demand service in which sub-

scribers can view news, dramas and other programs in the archives whenever they want. TV Asahi has started offering a pay-per-view service in which subscribers can view performers on popular entertainment programs chatting with one another after the broadcasts. TV companies are now locked in a fierce competition to integrate broadcasting and the Internet.

TV companies had previously been reluctant to promote such broadcasting/telecommunications combinations, bringing up the issue of copyrights belonging to program performers and scriptwriters. Spending on Internet-based advertising in Japan, however, surged 53% in 2004 from the year before to ¥181.4 billion, exceeding radio-based advertising outlays. This has prompted the broadcasting sector to see online advertisements as a “new source of revenue” that should not be missed. The

industry’s about-face also seems to stem from repeated remarks made by Horie Takafumi, the president of the Internet service provider livedoor. During his bid to acquire Fuji TV, Horie said he wanted to utilize TV content in his company’s Internet services.

The Council for Regulatory Reform, a government advisory body, has cited the need to take measures to spur competition to integrate broadcasting and telecommunications as one of its policy priorities for 2005. The marriage of the two business areas, however, is gathering steam at a much faster pace than the government can deal with.

Editorial note: In a related development, Internet shopping portal Rakuten has emerged as the largest shareholder in TBS, seeking to create a global media group based in Japan.