

Eastern Europe: New Opportunities for Business

Interview with Alexander van Duermen, CEO, A Company, Germany (organizer of European Television Dialogue in Munich, a forum devoted to relationship between Western and Eastern European countries)



In what countries of Eastern Europe does the industry develop quicker and in what countries much slower and why?

The speed of the industry's development is a function of many different circumstances. First of all, there are the political and legal conditions. In some countries like Croatia it has been so complicated to get a TV license that public broadcasting kept its monopoly until very recently. Now that the conditions have improved, private channels and foreign investors are present, too. In the beginning new players usually find a hungry market followed by a boom lasting 5 to 6 years. Then the first dents in the advertising market appear and lead to a phase of consolidation. On the other hand, Hungary with its well developed TV industry was a country offering appropriate conditions at an earlier stage. But there is also the size of a country that matters. The technical costs of running a TV channel are similar everywhere in the region, but the advertising market is not. Therefore you can't compare the television landscape of a fairly large country as Poland with small countries like the Baltic States that are even bilingual. Also, the more consolidated a TV-market is, the stronger it reacts to ups and downs in the advertising market. Russia is an absolute exception, that marketplace is undergoing great changes and could develop into a syndication television market like the US and is eventually going to be completely different like the rest of Central and Eastern Europe. During the past 2 years we are experiencing a phase, where the large Western media groups are heavily investing in Central and Eastern European channels.

What are the main changes of the situation due to the fact that many Eastern European countries have joined the EU? What are benefits from this membership?

I don't believe that due to the EU-enlargement the audiovisual industry is going to grow faster in Central and Eastern Europe than it would have without it. But there is

most definitely a greater security concerning the legal and economical conditions in these countries. Not having to deal with customs in the day-to-day-business is a great relief compared to Russia. The negotiations for the EU accession lead also to less corruption in the respective territories. All this helps to reduce prejudices and to increase the business in general.

What genres are popular in Eastern Europe?

The 3 constant factors in television all around the world are news, feature films and sports. The other formats like series, TV-movies, etc. are mainly developed inhouse by the TV channels in cooperation with local producers and they generate higher profits. These formats are exchanged faster than in Western Europe. Right now in Slovakia the main competition is between two Big Brother - like formats, in Germany between telenovelas, in Russia between locally produced series, whereas in other countries between courtroom-shows. It is impossible to predict which programming trend is coming to which country and when. As I said before, the differences in the Eastern European countries are greater than the similarities. In some countries, like Poland or Hungary there is a market for arthouse films, in others not. Naturally, mainstream US films and global success formats work practically everywhere. But apart from that you have in every country own developed formats that are not only successful but substantial for the national. E.g. in Slovakia, the market leader Markiza TV based its success almost entirely on own developed, national formats.

Tendencies of export and import:

The television landscape of each country is - apart from the US imports, global formats and surprisingly successful German formats - a national business, linked to the respective language and taste and of each country and fairly resistant towards "euro-pudding". Nevertheless there is a small but growing number of Eastern Europeans selling formats to their neighbours and even to Western European TV stations. "Poor Nastya" from Russia was bought from 14 countries outside the CEE. Valovilag from Hungary was also a huge success at MIPCOM, the format has been sold to 16 countries. But of course we have to realize that these are exceptions. There is still a long way to go by reducing prejudices, increasing the interest and the dialogue until it will show significantly in the export of programs from Central and Eastern Europe. In this process TV executives in all European countries have a key responsibility.