

DIGITAL TELEVISION IS NEXT CONQUEST FOR GMM GRAMMY'S ENTERTAINMENT EMPIRE

BAMRUNG AMNATCHAROENRIT
THE NATION

Paiboon Damrongchaitham, chairman and co-founder of GMM Grammy, has waited for the launch of digital television for 15 years. It is the last piece in the jigsaw as he integrates all of his businesses from upstream and downstream to create the country's biggest media and entertainment empire.

GMM Grammy's new businesses also include satellite television, pay TV, and TV home shopping, while its traditional business include music, music downloading, radio, printing, and movie and event management

via its subsidiaries. Through its nearly three decades of operation, he has come to realise that it is essential to have its own television channels, especially mainstream outlets, to maximise the value of its content and boost profitability, as a way to secure its business in the long run.

Paiboon raised television Channel 3 is an example. The around-the-clock channel owns a big slot of airtime and can generate a profit margin of more than 40 per cent. Meanwhile Grammy plays a role as a content provider by buying airtime, with a profit margin of only 10-15 per cent.

"This is a big shift for Grammy in

the new era of doing business. From now on, new business will be a key driver to spur a big growth to Grammy in the long run," Paiboon said.

He hopes the company's total sales will double to Bt20 billion by 2016. New business will generate two or three times the profit of existing ones, whose profitability rate is 10-15 per cent of total sales. Over the next five years, sales of traditional and new businesses are expected to be almost equal.

Even as the firm operates 11 satellite television channels, advertising rates are still low compared with traditional channels. It charges a minimum rate of Bt5,000 per minute and the highest at about Bt 15,000, while the prime-time rate of Channel 3 is Bt500,000 per minute.

According to Nielsen (Thailand), advertising spending last year was estimated at Bt117.7 billion, about 58 per cent of which went to conventional TV platforms.

Paiboon said the company had prepared Bt4 billion to invest in three digital channels, one for children's programming, and two variety channels, in high and standard definition. Before the end of this year, the



PAIBOON

National Broadcasting and Telecommunications Commission will open bidding for 24 digital channels.

Two of the channels Grammy plans to operate – the one for children and the high-definition (HD) variety channel – will be operated under 50:50 joint ventures with separate partners. The firm is in talks with them.

Pay TV is a promising market because of its low penetration in Thailand. In the United States, its penetration rate is 80-90 per cent, while in Thailand it is only 10 per cent. So there is a lot of room for expansion.

At present, 22 million households nationwide have TV sets and 80 per cent of them are watching programmes via satellite and cable services.

Focusing on new businesses does not mean ignoring the existing ones, especially music. Paiboon said the music business unit was stable, holding 80 per cent of the market.

Beyond digital TV, Paiboon said he planned to launch a quality daily newspaper as well. This would be aimed mainly at strengthening the journalistic foundation of its media platforms, especially television news. Currently, the firm also operates Money Channel.