

MIPCOM–OCTOBER 2017

**MEDIA MASTERMIND
KEYNOTE:
BENJAMIN SALINAS,
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Jerome Delhaye

Good afternoon, ladies and gentlemen. My name is Jerome Delhaye and I'm the Head of the Entertainment Division for Reed Midem. It's a pleasure to welcome you all to this Media Mastermind Keynote session given to us by TV Azteca Chief Executive, Benjamin Salinas. This year TV Azteca celebrates its 25th anniversary and, since taking over the leadership of the company in 2015, Benjamin Salinas has launched the exciting Reinventing TV Azteca and Vision 20-20 Strategies; I'm sure he will tell you more. He has moved TV Azteca beyond being mainly a broadcasting company into a group that is now producing or co-producing high-end content. He has spearheaded a new look for TV Azteca's theatre and Azteca Trece Channels, and established important production partnerships with major international companies. We heard about one such partnership on the eve of MIPCOM between TV Azteca and Sony Picture Television; we know that there are more to be announced in the next few days.

Ladies and gentlemen, these are exciting times for TV Azteca and, at Reed Midem, we are proud that Benjamin Salinas has chosen MIPCOM to share his Vision 20-20 with all of us. I'd like to also thank a good friend of MIPCOM, Anna Carugati-Guise, Group Editorial Director of World Screen, who will be talking with our Media Mastermind Keynote in a few minutes. But, now, please join me in welcoming your Media Mastermind Keynote, TV Azteca Chief Executive, Benjamin Salinas.

Anna Carugati-Guise

Good afternoon. Thank you all for joining us. Benjamin, thank you for being here.

Benjamin Salinas

Hello.

Anna Carugati-Guise

First of all, happy 25th anniversary to TV Azteca. Right?

Benjamin Salinas

Thank you, thank you. Really honoured to be here on our 25th birthday.

Anna Carugati-Guise

That's right. You have been with the company for a little bit more than two years, correct?

Benjamin Salinas

Yes. I joined in October 2015.

Anna Carugati-Guise

Okay, two years.

Benjamin Salinas

Yes. It's been a couple of fun two years.

Anna Carugati-Guise

A lot has been accomplished. Tell me a little bit about what the company was like, what you saw when you joined and what did you at first identify as things that you wanted to fix or change?

Benjamin Salinas

Well, I guess the most important part is the cultural aspect. Of course, a 23 year old company, with a single management for all those years, grows old and the cultural part of it was a mess. We had a lot of individualism, no teamwork, no creative ideas flowing anywhere and, basically, we had to start the change from inside, start producing better and start reconnecting with our audiences. I think that was the main strategy of my plan; to undertake a deep cultural change, start teamwork and Candace so that you start to tolerate criticism. I think that's been a wonderful couple of steps with my team. We want to have the best people with us in TV Azteca, and we've done our fair share of recruiting but, also, some of our co-workers are here with us - everyone started sharing and team working. I think you can tell that culture is really different now but it is still a work in progress, right?

Anna Carugati-Guise

I can imagine; it doesn't change overnight.

Benjamin Salinas

That's right. But I'm actually really happy with the results. When I arrived we had 28% share in

prime time, now we're well over 35, and that's with small changes and just having fun in what we're doing, enjoying it.

Anna Carugati-Guise

You changed a lot of the production, right? Telenovelas are not what you produce any more, you replaced those with series, correct?

Benjamin Salinas

The thing is when I just arrived, we had no own telenovelas, we just bought international and aired them. We had a big lag in the pipeline and right now we started producing nine to ten and that was really successful. We did this show with Sony that's called ... and it's the first time we ever beat Televisa in ratings; so the first time ever. Things just start going from there and now I can probably say that next week we'll be airing three dramas, seven, eight and nine o'clock; so now we're airing our three own dramas. That's great.

Anna Carugati-Guise

Right. I imagine that those dramas have sold internationally as well? And that's doing well also?

Benjamin Salinas

Yes. It's case by case, of course, but, yes, it's part of the strategy. We're now facing a complex environment, and international players and other platforms are key players in the industry, so, of course, now I'd like to co-produce everything we are doing. It just makes sense to do something with a bigger budget and share platforms and windows.

Anna Carugati-Guise

Because the audience is seeing things from outside and they're getting more sophisticated aren't they?

Benjamin Salinas

Audiences are getting very demanding and that's why we're doing big changes in the future. I'll come back to that.

Anna Carugati-Guise

Just to give a little bit of a description of the landscape, in Mexico free TV is still strong, it still has a place, right? It's still watched quite a bit.

Benjamin Salinas

Oh, yes, most definitely. Mexican television is huge. You've got millions and millions of people impacted daily, even if we broadcast it in different platforms. For example, we have this dating show that we uploaded every day to YouTube and Facebook and every day we get a million views in both of them, and that's just after it airs in television. Mexico's market is huge and we're aiming to be better at what we do; we need to reconnect with our audiences, we need to fully understand what their behaviour is. What I mean by their behaviour is their consumption, because television is mass media by excellence but it's the most effective tool by far in marketing.

Anna Carugati-Guise

And for advertisers?

Benjamin Salinas

Yes, by far. What we're trying to do now, with big data, is try to understand their consumption behaviour; this guy that watches box, is he drinking beer? Now we're actually doing these very creative commercial plans which involve consumer rating points, so no audience waste; we basically guarantee your audience is a consumer of your category. This is very new but, with the technology nowadays, it's possible.

Anna Carugati-Guise

It gives an advertiser a more efficient buy.

Benjamin Salinas

Oh, yes, they're very happy; the ones that have been venturing are very happy.

Anna Carugati-Guise

Free TV is very strong but you have, a little bit, reinvented that as well. Azteca traditionally had two channels and there have been two news ones. Tell us a little bit about what that strategy was.

Benjamin Salinas

We had our two main television channels, 13 and Channel Seven, and then just this year we aired this new television channel, it is a 24 hours' news channel, but it's free over the air television throughout Mexico, and it's been wonderful. I think, in the first two months, we became the number one news channel in Mexico; when I say number one in ratings, I mean by triple, because all other other news channels were in paid television. That tells us how massive free over the air television still is in Mexico and will continue to be because, even though the audiences are pulverising - they're not moving to a single other platform, they're pulverising - it's very difficult to access this long tail of audiences but in the mass media, even though it's shrinking, they're still there and it's fairly easy to communicate a message. Our other channel is called A+ (A Más) and that's completely local television, so on our 32 States we have in Mexico we have a local television with only local content; in the north they like baseball so we put baseball and then, in the south, they like basketball so basketball, and so on. It's part of the same strategy to connect with our audiences.

Anna Carugati-Guise

Within the free TV playground you're offering them a lot of choice; general entertainment, news, I imagine sports, and local.

Benjamin Salinas

Yes, sports is big. Every year we have a number one show in ratings in the whole year, in the whole television, it's usually a boxing match; boxing is really big in Mexico.

Anna Carugati-Guise

But so is football.

Benjamin Salinas

Football's big, but there's a lot of football.

Anna Carugati-Guise

That's true.

Benjamin Salinas

You've got nine matches a week; a lot of football.

Anna Carugati-Guise

Yes. Is Mexico moving up for the World Cup? Did they just qualify?

Benjamin Salinas

Yes.

Anna Carugati-Guise

Very happy about that, they didn't do that last time, right?

Benjamin Salinas

Very happy about that. No, we did, we did.

Anna Carugati-Guise

You did?

Benjamin Salinas

Yes.

Anna Carugati-Guise

Excellent. Everywhere the landscape is changing, not only in Mexico, and as we said viewers are exposed to a lot so, starting first with Azteca, tell me what is your vision for the next few years?

Benjamin Salinas

What are we looking at, everyone here in this room? We all know there's demanding audiences, and each day they consume more and more entertainment. There's multiple distribution platforms now. The ecosystem is growing, there's a lot of new players and we've seen a fair number of production companies growing and they're producing content but I'm not really sure that's exactly the content the audiences want to see and, taking this into account, we see there's definitely opportunities there. There is an imbalance between supply and demand, there's

definitely more demand than there is supply, this is why we're all here, right? I think that's a clear opportunity for us in the future, and this disparity between supply and demand is how we think we should seize the opportunity, and I would like to show you a quick video on how we're planning to do that, then shift the conversation towards that.

Anna Carugati-Guise

Fantastic.

VIDEO CLIP

Benjamin Salinas

Dopamine is our newest venture, it's a completely independent production company, and when I say completely independent I mean management, budget and strategy. What we're planning to do with Dopamine is start producing top-tier prime content, original content. Why are we doing it with a separate company? The answer's really simple. In our industry, in Azteca, there's a market size and we're local players, and that's the size of the market, we cannot invest more money there, and we cannot compete with content worldwide that's been done with much larger budgets than ours. With Dopamine we'll be able to do that, we're fairly confident to invest money there and we know the business plan, we feel very confident with that. What we're aiming for is original and premium content, and I think it's really going to be a next level production in Latin-America. Of course, we're starting with Spanish language but we could do English too. We're really excited, I'd like to point out that the Head of the company will be Fidela Navarro, and she's been doing a magnificent job. I'm actually very happy with her, I know she'll perform excellent in Dopamine, she's an expert in this.

Anna Carugati-Guise

Dopamine will also have its own sales arm, right? This is completely separate from TV Azteca.

Benjamin Salinas

Completely separate. TV Azteca comes here to MIPCOM and acquires content from all the big players. Hopefully, Dopamine will become one of these big players too and if TV Azteca wants to buy the content, that's great, but if they don't, that's great too. Dopamine will have its own business model and that's exactly the point - if we need to be producing to a different platform or

a competitor that's great too.

Anna Carugati-Guise

In a different format, right? I mean free TV requires X number of episodes with commercial breaks, here the creators will have more freedom to tell the story they want.

Benjamin Salinas

That's exactly the point. Everyone that's in the television business knows that time is our biggest enemy, we need to produce a lot of hours every week, and there's no pause button so you just have to keep going. When we start producing for the television, the number one component is how many hours are we are going to get because that's our business; we need to have something on air.

Dopamine is different, we're aiming for the really high quality, if it's four, ten or 15 episodes that's fine, if it's a movie that's fine too, documentaries or, for example, children. In Mexico, unfortunately, because of regulations, you cannot do anything for children in television. Why? Because there is this ridiculous law that prevents advertising to children, so no calories, no toys that become animated because they think you'd get the animation. It's very ridiculous because of that. Now we don't produce anything for kids, but still the kids are there watching, just adult content. Just because of that, TV Azteca would never produce anything for kids, but with Dopamine, of course, right? Whoever the buyer would be.

Anna Carugati-Guise

Are there projects already in the works at Dopamine?

Benjamin Salinas

Yes. We actually just announced a co-production with Sony. We're going to do Mary Magdalene, and the Secret Life of Mary Magdalene, it's going to be huge. It's a huge budget per episode, and that's exactly the point, we could not have done that with TV Azteca, because it would not be profitable. It's as simple as that. We're going to be doing this with Dopamine and, if by any chance TV Azteca could get some money to buy it, the window in Mexico, that would be great, but, if not, I'll sell it to anyone who's here.

Anna Carugati-Guise

Are you going to have any management position in Dopamine or is it completely separate?

Benjamin Salinas

It's completely separated, but I'll be over-watching Dopamine and TV Azteca because it's my job.

Anna Carugati-Guise

Right. Exciting times.

Benjamin Salinas

It is, but I'm fairly confident. Actually, we've been having a lot of fun doing this. Investing money in a new business like Dopamine, it's always exciting, but it's not really something extremely risky for us, because we've been doing it all along, we're just expanding our scope and we're fairly confident in that.

Anna Carugati-Guise

It allows you to be flexible. You were just mentioning you have a young child and another one soon to come.

Benjamin Salinas

Yes, two weeks.

Anna Carugati-Guise

Who knows how they're going to be watching in five years time. You have to have something that is flexible to the needs of the next generation too.

Benjamin Salinas

Correct. We've been seeing a lot of new companies doing good productions, and we're as good or better than them. Why am I limiting our capabilities, our production capabilities? Because of the window? It just doesn't make sense. It's two different business models, the broadcasting/distribution and the production side, and we plan to do a pretty good job in production. Actually, we plan to have in working capital \$200 million, that's the plan, big bed for us.

Anna Carugati-Guise

You can make a lot of hours of programming with that.

Benjamin Salinas

We do, but, if they're top premium content then not really.

Anna Carugati-Guise

That's true. Many linear channels, or companies that run linear channels, have been threatened by over the top, OTT platforms, does this give you a way to work with them, to produce for them, or to act as a bridge, rig?

Benjamin Salinas

I've always seen OTT as allies here. They're just part of the ecosystem and there's different windows or different needs for audiences, and I think it's complementary; I don't see them as a major risk for linear television, I see it as a complement, that's how we've been facing this, and are very happy with it. Most of our production right now is being sold to OTTs.

Anna Carugati-Guise

Again because the viewers have this insatiable appetite don't they for something new and different.

Benjamin Salinas

Yes. I think we could work together in the future, definitely.

Anna Carugati-Guise

Sure. You said for now you're producing in Spanish but you're open for Dopamine to produce in other languages as well.

Benjamin Salinas

Yes. English of course, but our speciality is US Hispanic. Right now, were working on that and we're focussing our pipeline in Spanish speaking content but premium.

Anna Carugati-Guise

That's right, because Azteca has holdings in the United States as well.

Benjamin Salinas

We do, but it's not only because of that, it's because we understand the market and we understand the key players there.

Anna Carugati-Guise

And they need content.

Benjamin Salinas

They need a lot of content, and there's not a lot of people producing quality content.

Anna Carugati-Guise

That's right. Well, unfortunately, our time is almost at an end. Will you join me, please, in thanking Benjamin for being here and happy 25.

Benjamin Salinas

Thank you very much.