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BC — SPAIN — SEX (BUSINESS FEATURE) RAUNCHY SEX LINES SEDUCE SPANISH MARKET

By Caitlin Randall

MADRID, July, 1992, Reuter — Spain's state-owned telephone monopoly has just discovered what phone companies in the U.S. and Britain have known for years --- sex sells.

Adult entertainment lines with names like Eroticon and Adrenaline, introduced just over five months ago, are now the hottest business in Spain and proving a gold mine for both Telefonica SA and owners of sex phone services. The lines draw an average of 18,000 calls a day at a rate of around 900 pesetas (\$9.00) for one lusty fantasy, according to the sex line owners.

"The response has been incredible," said Hugo Vailante who with his wife and two Dutch partners run Passionline, the country's first adult entertainment line.

His company, Telelinea SL, expects revenue to top 500 million pesetas (\$5 million) in its first eight months in operation and Vailante predicts that figure will at least double in 1993.

For Telefonica, the potential to turn huge profits from the sex lines and other dial data services is even greater. One steamy call costs an average of 60 pesetas per minute of which Telefonica nets 40 pesetas, said Marta Echavarri, who runs the phone company's data lines.

To buy access to Telefonica's brand new digital system, a subscriber pays an initial outlay of 1.21 million pesetas (\$12,000) plus a monthly fee of 20,000 pesetas (\$200) and a yearly charge of 200,000 pesetas (\$2,000). Six companies currently offer sex line services, including one reportedly owned by a former Telefonica chairman.

"We still don't have precise data on how much revenue the lines have generated for Telefonica in the first six months, but it's well beyond expectations," Echavarri said. "It's certainly a good business for us."

She said 66 companies have asked Telefonica to set up the service in five months, about the same number of petitions British Telecom received in five years.

Spain, famed for its rigid Roman

Catholicism, has been eager to establish sex lines for some time---Telefonica saw the potential long ago from the number of calls placed to U.S. sex services ---but the digital technology was not available until this year.

"Hola, I can fulfil your every fantasy," the tape begins with a woman's husky tones promising a gamut of sexual pleasures.

The quality of the lines range from slick profession services that contract pornographic film dubbers for the taped fantasies, to cut-rate versions where "actresses" often bungle their parts and callers can hear script pages turning. But they all offer a big advantage over many of their foreign counterparts ---callers can just dial and listen without the hassle of giving special codes or credit card numbers.

The phone company says it is acting on its own to limit abuse of the lines, but reports of private businesses and individuals racking up enormous phone bills may be spurring the telephone monopoly to act.

"It's not up to Telefonica to say who should or should not call the lines, but we expect to help users rationalize costs," Echavarri said. She did not detail what measures were under consideration.

"We have 20,000 people calling us every day who would strongly object to any kind of blocking," Vailante contends, but like his colleagues he's preparing for the worst. The company is researching a slew of less salacious data lines from horoscope readings to dial-a-joke. And while they don't intend to drop their hardcore mainstay, more modest services are in the works where clients can arrange dates or just chat with fellow users.

And in case the novelty of the lines wears thin, advertisements picturing scantily clad models caressing telephones beckon callers from every leading newspaper and magazine in Spain.

"It's getting a bit out of control, you can't open the paper without seeing a porno ad," said one local resident.